ABU DHABI SHIP BUILDING

2021 ANNUAL REPORT

ADSB
ABU DHABI SHIP BUILDING

BEYOND SHIPBUILDING


ADSB

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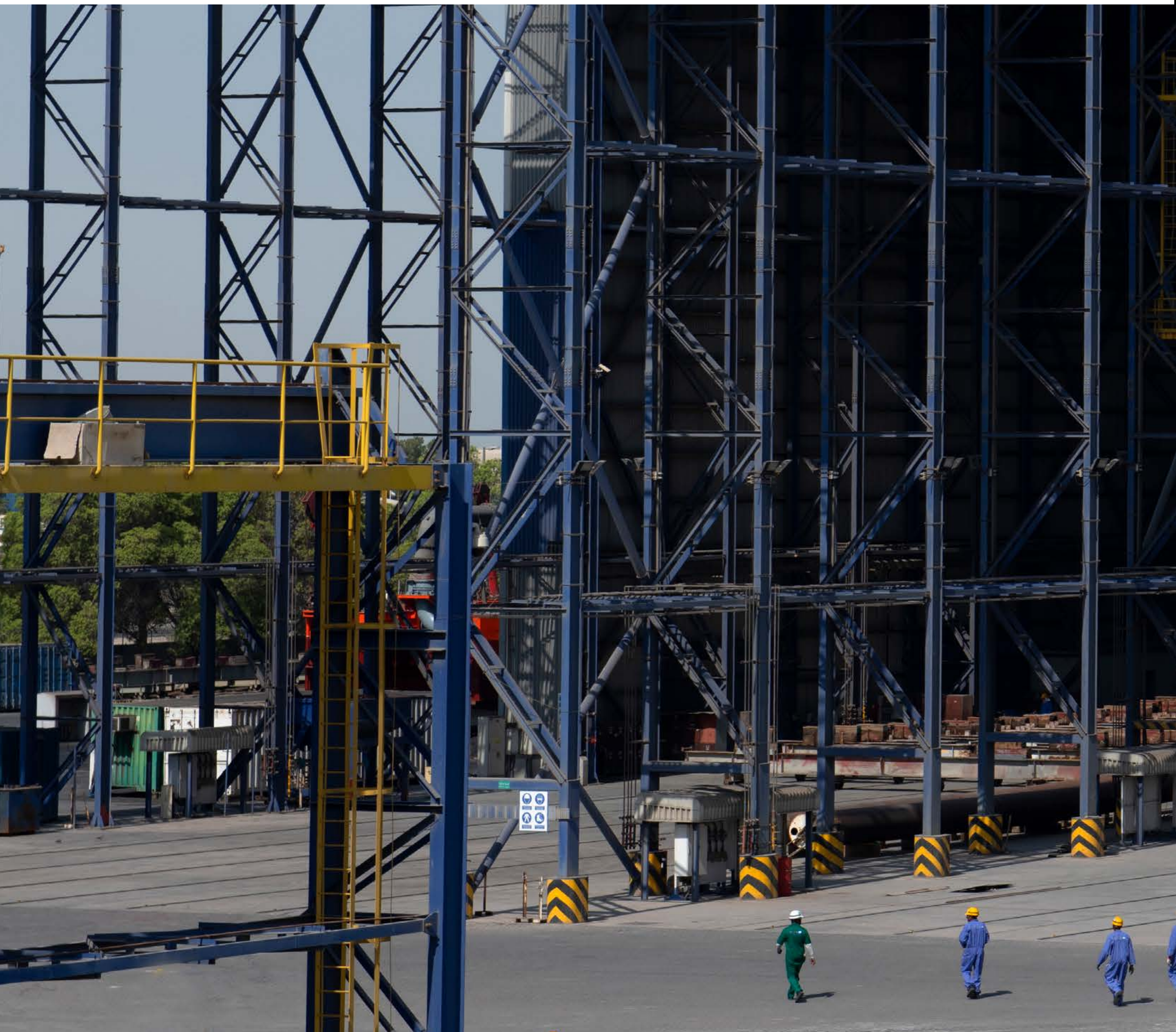



ADSB
ABU DHABI SHIP BUILDING

MESSAGE FROM THE CHAIRMAN

Dear Valued Shareholders,

On my behalf, and on behalf of my fellow board members, I would like to share with you the annual report of Abu Dhabi Shipbuilding Company PJSC (ADSB).

First of all, I would like to convey our sincere appreciation to the UAE President, His Highness Sheikh Khalifa bin Zayed Al Nahyan, and His Highness Sheikh Mohamed bin Zayed Al Nahyan, Crown Prince of Abu Dhabi, Deputy Supreme Commander of the UAE Armed Forces, and Chairman of the Abu Dhabi Executive Council, for their vision, leadership and continued strong support. ADSB is also grateful to its customers for their invaluable support and business during this year of recovery.

The year 2021 represents a turnaround in the performance of ADSB as the Company has returned to a net profit of AED 11.0 million in this year compared with a net loss of AED (21.7) million in 2020, and losses in the two previous years.

The profit for the year was attributable to the reduced cost base of the Company as a result of the cost optimisation exercise implemented at the end of 2020, the disposal of floating dock, contribution from new contracts, and the settlement of legacy contracts which saw reversal of provisions that had previously been made.

The Falaj3 contract to build four new offshore patrol vessels for the UAE Navy was signed earlier in the year but work commenced only in the middle of Q4 so the contribution in 2021 to revenues and profits was limited; however there will be a full year's contribution in the current year onwards and ADSB will see a significant growth in revenues. This prestigious five-year ship building contract as well as the Military Support Services contract with its primary customer together with the existing commercial business, will provide ADSB with a basis for sustainable growth in revenues and profits in the future.

This will be complemented by an increased emphasis on diversification, the further development of a product range both designed and built in-house at ADSB and with leading industry partners, export sales, and expansion into the luxury and commercial markets.

During the Company's Annual General Meeting on 28 April 2021, through a special resolution, the Board recommended to write-off the full accumulated losses as of 31 December 2020 of AED (81.4) million against the Company's legal reserve of AED 88.7 million, which the shareholders have approved. This was in response to the Company's accumulated losses as of 30 September 2020 being in excess of 50% of share capital putting ADSB in "Red" category with ADX.

The Company continues to benefit significantly from the marketing and branding support it receives as an EDGE entity, and from greater access to high level decision making - both in the UAE and overseas. It also continues to benefit from the support of a stable board and management team that are steadily steering the Company towards a more strategic business. This will facilitate a return to dividend payments.

Established through Emiri Decree No. 5 of 1995 (as amended), ADSB is mandated to create an industrial base to build various types of best-in-class vessels, marine components and equipment, perform all associated maintenance and repair work, and develop local capability to deliver on its scope. I am pleased to report that the Company continues to competitively support its primary customers that include the UAE Navy and Critical Infrastructure and Coastal Protection Authority (CICPA) as well as commercial customers – primarily ADNOC.

In closing, I want to extend a heartfelt thank you to all ADSB employees for their outstanding efforts during yet another challenging year due to the prolonged pandemic, and to our shareholders for your confidence and trust in ADSB. With your commitment, we will continue to deliver exceptional quality of products and services under all circumstances and strive to remain one of the most pioneering and strategic companies in the UAE.

KHALID OMAR AHMED NAJEEB ALBREIKI

Chairman of the Board

BOARD OF DIRECTORS

KHALID OMAR AHMED NAJEEB ALBREIKI

Chairman

ANAS AL BARGUTHI

Chairman of Executive Committee & Member of Operational & Technical Committee

ARIF MOHAMED AL ALI

Chairman of Business Development Committee & Member of Executive Committee

CHRISTOPH GEORDT KUSE

**Chairman of Audit Committee & Member of Executive Committee

HAMAD ABDULLAH AL QAYDI

Member of Audit Committee & Nomination & Remuneration Committee

* Joined in January 2022 and appointed on February 2022

** Replaced in January 2022

KHALIFA ABU SHAHAB
Chairman of Audit Committee &
Member of Executive Committee

MOHAMMED ABDULLAH AZAIZ ALSHERAIFI
Member of Nomination &
Remuneration Committee

RASHED AL BLOOSHI
Chairman of Nomination &
Remuneration Committee & Member of
Business Development Committee

RODRIGO CARNEIRO DA CUNHA TORRES
*Member of Audit Committee & Member of
Executive Committee

SAEED SALIM AL SUWAIDI
Chairman of Operational &
Technical Committee

MANAGEMENT DISCUSSION AND ANALYSIS

HIGHLIGHTS

Revenue for the year was level with the previous year at AED 254 million but after three years of net losses the Company returned to profit with a net profit of AED 11 million. This profit was primarily due to a reduction in the cost base, reversal of provisions as a number of legacy contracts were settled and receivables collected, and the profit on disposal of the Floating Dock. In total, AED 23.7 million of Other Income was attributable to net reversal of provisions and AED 17.6 million to the profit on disposal of the Floating Dock.

Revenues were static and this reflected a consistent performance on both the Military and Commercial repair and maintenance operations, which have been the primary revenues of ADSB over the last three years. We were also pleased to be awarded an order to build three VIP Limos which were delivered in early 2022.

The most important development of the year was the award of the prestigious Falaj3 contract to build four new Offshore Patrol Vessels for the UAE Navy. This five-year contract will provide ADSB with a sustainable basis for future growth and profitability and enable it to continue to support its primary customer as a strategic partner. Since the project only commenced in the late fourth quarter of this year, the financial impact in the current year was limited while 2022 will see a full year's contribution.

The Company has been implementing its strategy of expanding its product range and portfolio of design intellectual property developed in-house, and we were very pleased to demonstrate the first 100% ADSB designed and built prototypes at NAVDEX in February 2021. These were well received and ADSB now has a strong pipeline of potential sales, and we hope to be able to announce our first military sales outside the GCC region in 2022. ADSB has also been diversifying its activities into the commercial and luxury markets and we hope to have further announcements in the course of 2022.

ADSB saw a very significant cash inflow in the year with over AED 480 million received from operations, disposals and legacy contract settlement. A very large part of the legacy contracts have now been settled, for which thanks is owed both to the work of the ADSB team and that of our prime customer. This, combined with the receipt of initial payment on the Falaj3 contract, significantly improved the cash position as the Company ended the year with net cash at bank of AED 788 million. A large part of the Falaj3 payment will in due course be paid out to sub-contractors but the cash position of ADSB is projected to remain much improved for the whole of 2022.

While the UAE Navy will always be the Company's main customer, and indeed ADSB was set up to be a strategic national asset for the UAE, ADSB continues to explore opportunities to reduce the dependence on UAEN and diversify into other markets, including a greater emphasis on export sales. This will help to smooth the effects of the ship building cycle and improve profitability.

I would like to take this opportunity to thank our wise leadership for their patronage, and for their continuous support of ADSB. I also wish to thank our Board of Directors for their invaluable direction and guidance, our esteemed customers and partners for their trust, and finally, our senior management and staff for their dedication and commitment towards ADSB's success amidst this prolonged Covid-19 pandemic.

We continue to serve our military and commercial customers and look to the future with increased confidence.

DAVID MASSEY
Chief Executive Officer

EXECUTIVE MANAGEMENT

DAVID MASSEY
Chief Executive Officer
(CEO)

David Massey is CEO of ADSB, an EDGE entity that specialises in the building, maintenance, repair, refitting, and conversion of naval and commercial vessels. In this role, he is responsible for managing the overall operations of the company, which deploys the latest technologies to extend ship lifetimes and to lower overall lifecycle costs.

Prior to joining ADSB, Massey was Consultant on financial and strategy issues at Velius, a strategic consultancy company that provides programme management, decision-making, and system integration support for complex multi-disciplinary projects in the military, national security, and critical infrastructure protection domains for EDGE.

Previously he served as Consultant for Eden Corporate Finance, which advised smaller companies involved in mergers and acquisitions (M&A) and initial public offering (IPO) transactions on short-term funding and corporate strategy, corporate finance, and turnaround solutions.

He was also a consultant to Falanx Group Limited, a cybersecurity company that specialises in protecting, defending, and informing businesses in the face of growing political and cyber risks.

In earlier roles, he was Managing Editor of the international financial news service AFX News, where he oversaw 120 journalists in 22 bureaux worldwide, and worked in financial markets as analyst, fund manager and corporate financier.

David Massey holds a bachelor's degree in law from Oxford University in the UK.

MARIAM AL MOOSAWI

Chief Financial Officer (CFO)

Mariam Al Moosawi is Chief Financial Officer at ADSB, an EDGE entity and regional leader in the build, repair, maintenance, refit and conversion of naval and commercial vessels. In this role, she is responsible for managing the finance and for liaising with the CEO and board of directors to implement strategic initiatives towards business transformation.

Mariam brings to her role more than 10 years of experience in project management, budgeting, ERP and process enhancements, and business transformations.

Prior to her current role, she was Acting Head of Budgeting and Projects, where she managed the financial planning and analysis team focusing on business models, budgeting, and forecasting. She was credited with transforming the cost allocation model from a traditional to a performance focused one to reflect accurate business profitability.

Earlier, she was Corporate Governance Manager at ADSB, and oversaw Oracle automation, quantifying risks and opportunities and transformed the payables and payroll processes through the application of LEAN principles to speed up process times.

In a previous role, as Head of Financial Planning and Analysis, she led the reorganisation and development of the function, with a focus on cost optimisation and accurate forecasting to support net profit growth aligned with the budget. She also led the annual budget preparation through generating the group five year business plan, overheads report, and HR plan.

Early in her career, she worked as Senior Project Accountant at Tourism Development and Investment Company. She handled over 15 prestigious projects worth more than AED 3 billion, including The Louvre Abu Dhabi, Zayed National, and Guggenheim museums, improving the capitalisation process for the completed projects through the implementation of LEAN principles, and saving consultancy costs of over AED1 million.

Mariam Al Moosawi holds an MBA in Finance and Strategy from Columbia Business School in New York, USA and London Business School in the UK. She also has to her credit a BA in Business Sciences with a focus on Accounting from Zayed University in the UAE.

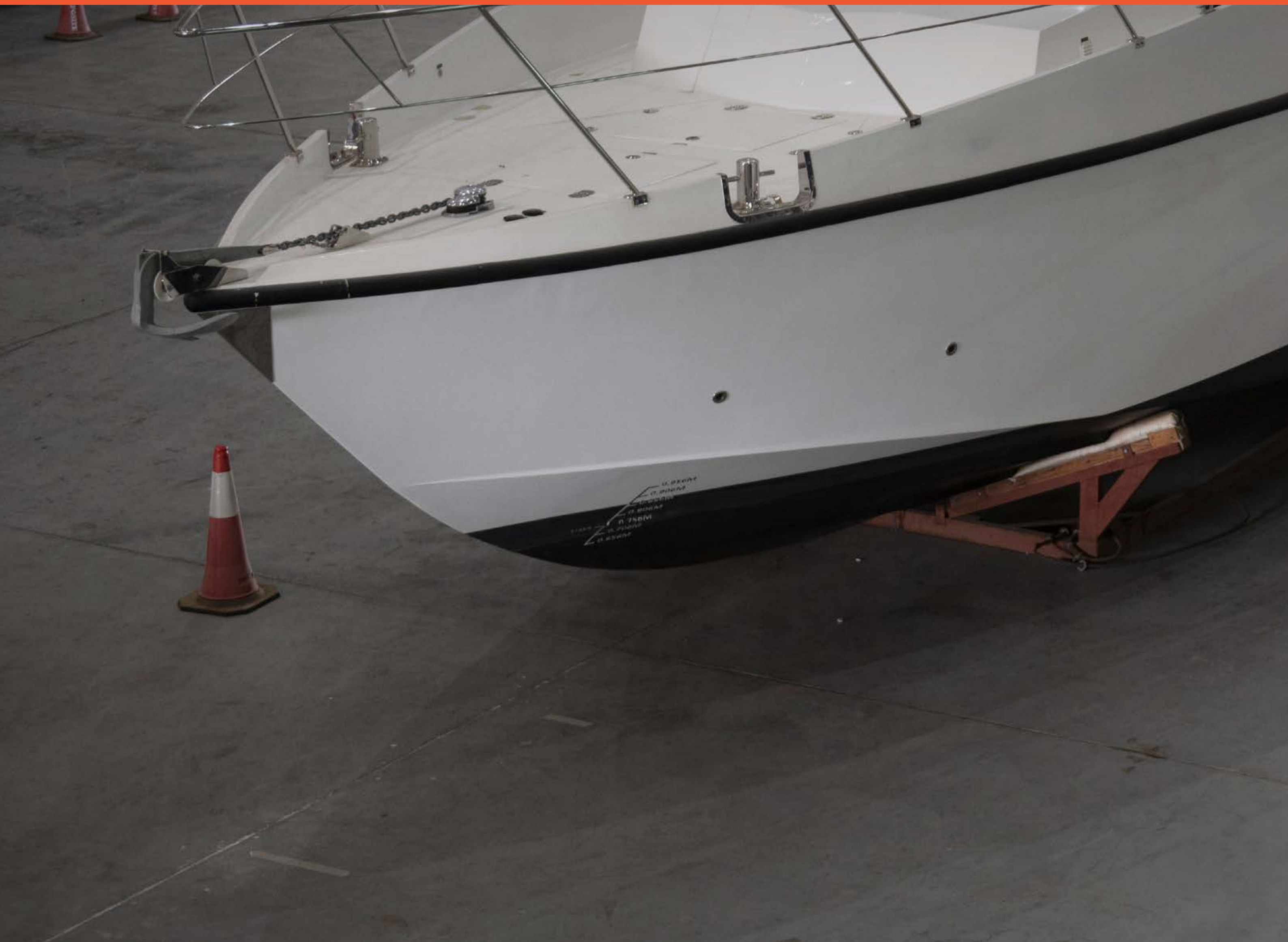
ALI MOHAMMED AL SHEHHI

Chief Operating Officer (COO)

Ali Mohammed Ali Al Shehhi is Chief Operating Officer of ADSB, an EDGE entity that specialises in the building, maintenance, repair, refitting, and conversion of naval and commercial vessels. In this role, he is tasked with providing strategic direction and overseeing the administrative and operational functions of the company, as well as maintaining synergies with clients, business partners, and stakeholders.

Prior to his current role, Al Shehhi was the Production and Operations Director at ADSB. Earlier, Al Shehhi was Deputy Programme Manager at EDIC land systems, a renowned UAE-based manufacturer of weapons and other defence products, where he was responsible for managing the scope, cost, and schedule of projects, as well as preparing and updating project plans and status reports. Previously, he served in the UAE Navy in several positions such as technical workshops in various naval bases.

Ali Mohammed Ali Al Shehhi holds a bachelor’s degree in Mechanical Engineering from the Military Technical College (MTC) in Egypt. After retiring from the Navy where Al Sehhi worked in technical, engineering and administrative fields, he completed various technical and personal development training courses, including the Lean Six Sigma Green Belt and several courses at DynCorp International, such as Performance Management.



CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2021

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INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS
ABU DHABI SHIP BUILDING PJSC

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Opinion

We have audited the consolidated financial statements of Abu Dhabi Ship Building PJSC (the "Company") and its subsidiaries (together the "Group"), which comprise the consolidated statement of financial position as at 31 December 2021, and the consolidated statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2021, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs").

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISA). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with the requirements of the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of matter

We draw attention to note 8 and 9, which state that as at 31 December 2021, the Group has gross outstanding balances of contract assets and trade receivables amounting to AED 218,110 thousand and AED 215,305 thousand, respectively (with an allowance for expected credit losses of AED 6,896 thousand and AED 26,919 thousand, respectively) of which AED 74,539 thousand and AED 105,883 thousand, respectively have been outstanding for more than 1 year. Most of the long outstanding balances pertain to contracts and work orders with one customer and its related entities. Management has assessed that a significant amount of cash is expected to be collected from this customer through active communication and follow-ups. On the other hand, the amendment of another existing contract from this customer is still under discussion. The management is actively pursuing collection of long outstanding balances and during the year the Group has collected contract assets and trade receivables outstanding for more than 1 year in the amount of AED 264,430 thousand.

Our opinion is not qualified in respect of this matter.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

Report on the Audit of the Consolidated Financial Statements continued

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the Group for the year ended 31 December 2021. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

Key audit matter	How our audit addressed the area of focus
Recognition of revenue from ship building and repair services contracts A significant portion of the Group's revenues is derived from ship building and repair services contracts and revenue on such contracts is recognised over time as performance obligations are fulfilled over time. As disclosed in note 18 to the consolidated financial statements, during the year 2021, the Group has earned AED 254,334 thousand (2020: AED 254,784 thousand) revenue from ship building and repair services contracts. This area was important to our audit due to significant estimates involved in the determination of stage of completion and measurement of progress towards the satisfaction of performance obligations and estimating costs to complete on each contract	We obtained an understanding of and walked through the Group's controls over the revenue and cost recognition process to assess the design of the key controls in place. Our substantive audit procedures included the following, amongst others: • review of the contracts and service orders to evaluate management's assessment of performance obligations in accordance with IFRS 15; • obtaining an understanding of the performance and status of the contracts through discussions with project teams (management's specialists) and the finance team; • obtaining cost estimation schedules approved by project teams and verifying the costs to complete by agreeing to evidence of committed spend, budgeted rates or actual costs incurred to date; • evaluated Group's positions through examination of customer and subcontractor correspondences, contract amendments, variation orders and milestone acceptances; and • review of correspondence from legal advisors and minutes of the key meetings to corroborate management's assessment of claims and penalties recorded.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

Report on the Audit of the Consolidated Financial Statements continued

Key audit matters continued

Key audit matter	How our audit addressed the area of focus
Recoverability of contract assets and trade receivables As at 31 December 2021, the Group has significant balances of contract assets and trade receivables, and the recoverability thereof has been assessed as a key audit matter. As disclosed in notes 8 and 9, an amount of AED 6,896 thousand (2020: AED 10,908 thousand) and AED 26,919 thousand (2020: AED 59,227 thousand) has been recognised as a provision for Expected Credit Loss ("ECL") against contract assets and trade receivables respectively in accordance with IFRS 9. This area was important to our audit due to significant estimates involved in the recoverability assessment of long outstanding trade receivables and contract assets. Significant estimates made by management include, amongst others, probability of customers' default, loss given default, exposure at default, expected dates of collection and discount rates.	Our audit procedures included the following, amongst others: • obtaining an understanding of the Group's process for estimating ECL and assessing the appropriateness of the ECL methodology against the requirements of IFRS 9; • assessing the reasonableness of management's key assumptions and judgements made in determining the ECL including the segmenting of trade receivables and contract assets, selection of ECL model and macroeconomic factors; • testing key inputs into the model and comparing these to historical data; • assessing reasonableness of forward-looking factors used by the Group by corroborating with publicly available information; and • verifying billings post year end and ensuring that these were in line with contractual terms where applicable as they related to unbilled work in progress at the reporting date. Refer notes 8 and 9 to the consolidated financial statements which disclose the significant judgements made by the management in relation to recoverability of these balances.

Other information

Other information consists of the information included in the Group's 2021 Annual Report, the Corporate Governance report, the Message from the Chairman and the Management Discussion and Analysis other than the consolidated financial statements and our auditor's report thereon. We obtained the Message from the Chairman and the Management Discussion and Analysis prior to the date of our auditor's report, and we expect to obtain the remaining sections of the Group's 2021 Annual Report and Corporate governance report after the date of our auditor's report. Management is responsible for the other information.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed on the other information obtained prior to the date of the auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

Report on the Audit of the Consolidated Financial Statements continued

Responsibilities of the management and those charged with governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with IFRS and in compliance with the applicable provisions of the Company's Articles of Association and the UAE Federal Law No. (2) of 2015, as amended, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objective is to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatements, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

Report on the Audit of the Consolidated Financial Statements continued

Auditor's responsibilities for the audit of the consolidated financial statements continued

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

Report on Other Legal and Regulatory Requirements

As required by the UAE Federal Law No. (2) of 2015, as amended, we report that:

i. we have obtained all the information and explanations we considered necessary for the purposes of our audit;

ii. the consolidated financial statements have been prepared and comply, in all material respects, with the applicable provisions of the Articles of Association of the Company and the UAE Federal Law No. (2) of 2015, as amended;

iii. the Company has maintained proper books of account;

iv. the financial information included in the Message from the Chairman and the Management Discussion and Analysis is consistent with the books of account and records of the Company;

v. based on the information that has been made available to us, the Group has not purchased or invested in any shares or stocks during the year ended 31 December 2021;

vi. note 25 reflects the material related party transactions and the terms under which they were conducted;

vii. there were no social contribution made during the year;

viii. based on the information that has been made available to us nothing has come to our attention which causes us to believe that the Group has contravened, during the financial year ended 31 December 2021, any of the applicable provisions of its Articles of Association or of the UAE Federal Law No. (2) of 2015, as amended, which would have a material impact on its activities or its consolidated financial position as at 31 December 2021.

GRANT THORNTON

Farouk Mohamed

Registration No: 86

Abu Dhabi, United Arab Emirates

Date: 21 March 2022

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2021

	Notes	2021 AED '000	2020 AED '000
ASSETS			
Non-current assets			
Property, plant and equipment	5	**143,617**	159,673
Intangible assets	6	**123**	632
Right-of-use assets	23	**11,357**	13,380
Advances to suppliers	9	**47,429**	26,824
TOTAL NON-CURRENT ASSETS		**202,526**	200,509
Current assets			
Inventories	7	**15,729**	11,283
Contract assets	8	**211,214**	202,178
Trade and other receivables	9	**204,870**	377,831
Cash and bank balances	10	**895,923**	18,706
TOTAL CURRENT ASSETS		**1,327,736**	609,998
Non-current asset held for sale	22	**-**	14,511
TOTAL ASSETS		**1,530,262**	825,018
EQUITY AND LIABILITIES			
Equity			
Share capital	11	**211,992**	211,992
Statutory reserve	12	**8,399**	88,718
Retained earnings/(accumulated losses)		**9,929**	(81,422)
Equity attributable to owners of the parent		**230,320**	219,288
Non-controlling interests		**(138)**	(138)
TOTAL EQUITY		**230,182**	219,150
LIABILITIES			
Non-current liabilities			
Employees' end of service benefits	13	**21,634**	22,184
Advances from customers	14	**928,698**	25,032
Lease liabilities	23	**9,772**	11,565
TOTAL NON-CURRENT LIABILITIES		**960,104**	58,781
Current liabilities			
Trade and other payables	15	**157,183**	198,185
Advances from customers	14	**72,947**	77,113
Lease liabilities	23	**1,792**	1,685
Bank overdrafts	16	**77,151**	211,245
Term loans	17	**30,903**	58,859
TOTAL CURRENT LIABILITIES		**339,976**	547,087
TOTAL LIABILITIES		**1,300,080**	605,868
TOTAL EQUITY AND LIABILITIES		**1,530,262**	825,018

Khalid Omar Ahmed Najeeb Albreiki
Chairman of the Board

David Massey
Chief Executive Officer

Mariam Al Moosawi
Acting Chief Financial Officer

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2021

	Notes	2021 AED '000	2020 AED '000
Contract revenues	18	**254,334**	254,784
Contract costs	19	**(225,223)**	(234,699)
GROSS PROFIT		**29,111**	20,085
General and administrative expenses	20	**(43,541)**	(51,213)
Depreciation and amortization	5,6,23	**(7,404)**	(10,561)
Finance costs		**(6,108)**	(6,578)
Other income, net	21	**38,974**	26,575
PROFIT /(LOSS) AND TOTAL COMPREHENSIVE INCOME /(LOSS) FOR THE YEAR		**11,032**	(21,692)
Attributable to: Equity holders of the parent		**11,032**	(21,692)
Non-controlling interest		**-**	-
BASIC AND DILUTED EARNINGS/(LOSS) PER SHARE (AED)	24	**0.05**	(0.10)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2021

	Share capital	Statutory reserve	Retained earnings/ (accumulated losses)	Equity attributable to owners of the parent	Non-controlling interests	Total equity
	AED'000	AED'000	AED'000	AED'000	AED'000	AED
Balance as at 1 January 2021	**211,992**	**88,718**	**(81,422)**	**219,288**	**(138)**	**219,150**
Total comprehensive income for the year	**-**	**-**	**11,032**	**11,032**	**-**	**11,032**
Transfer to statutory reserve	**-**	**1,103**	**(1,103)**	**-**	**-**	**-**
Absorption of accumulated losses (Note 12)	**-**	**(81,422)**	**81,422**	**-**	**-**	**-**
Balance as at 31 December 2021	**211,992**	**8,399**	**9,929**	**230,320**	**(138)**	**230,182**
Balance as at 1 January 2020	211,992	88,718	(59,730)	240,980	(138)	240,842
Total comprehensive loss for the year	-	-	(21,692)	(21,692)	-	(21,692)
Balance as at 31 December 2020	211,992	88,718	(81,422)	219,288	(138)	219,150

The accompanying notes from 1 to 31 form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2021

	Notes	2021 AED'000	2020 AED'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit/(loss) for the year		**11,032**	(21,692)
Adjustments for:			
Depreciation and amortization	5,6,23	**20,321**	29,428
Provision for employees' end of service benefits	13	**2,871**	3,330
Reversal of expected credit losses	8	**(283)**	(5,361)
Recovery of impaired receivables, net		**(27,212)**	(20,171)
Reversal of provision of slow moving inventories	7	**(54)**	(112)
Gain on sale of non-current assets held for sale	22	**(17,593)**	-
Finance costs		**6,759**	8,365
Operating profit before working capital changes:		**(4,159)**	(6,213)
Changes in working capital:			
Change in inventories		**(4,392)**	8,508
Change in contract assets		**(5,024)**	82,684
Change in trade and other receivables and advances to suppliers		**175,839**	56,643
Change in trade and other payables		**(43,302)**	(3,400)
Change in advances from customers		**899,500**	(5,936)
Cash generated from operations		**1,018,462**	132,286
Payment of employees' end of service benefits	13	**(3,421)**	(2,087)
Net cash generated from operating activities		**1,015,041**	130,199
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment	5	**(1,730)**	(3,221)
Purchase of intangible assets	6	**(3)**	-
Proceeds from disposal of non-current asset held for sale	22	**34,510**	-
Net cash generated from/(used in) investing activities		**32,777**	(3,221)
CASH FLOW FROM FINANCING ACTIVITIES			
Proceeds from term loans		**87,048**	86,107
Repayment of term loans		**(115,004)**	(112,645)
Finance costs paid		**(6,035)**	(6,495)
Payments of lease liabilities	23	**(2,516)**	(2,516)
Net cash used in financing activities		**(36,507)**	(35,549)
Net increase in cash and cash equivalents		**1,011,311**	91,429
Cash and cash equivalents, beginning of year		**(192,539)**	(283,968)
Cash and cash equivalents, end of year	10	**818,772**	(192,539)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2021

1 ACTIVITIES

Abu Dhabi Ship Building PJSC (the "Company") was established by Emiri Decree No. 5 of 1995 on 12 July 1995. The Company's registered office address is P.O. Box 8922, Abu Dhabi, United Arab Emirates.

The Company's ordinary shares are listed on the Abu Dhabi Securities Exchange.

The Company and its subsidiaries (together referred to as the "Group") are engaged primarily in the construction, maintenance, repair and overhaul of commercial and military ships and vessels.

The principal activities, country of incorporation and operation, and ownership interest of the Company in the subsidiaries are set out below:

Name of subsidiary	Interest (%) 31 December 2021	Interest (%) 31 December 2020	Country of Incorporation	Principal activity
Abu Dhabi Systems Integration LLC ("ADSI")	**100%**	100%	UAE	Import and commissioning of integrated electronic systems and computer programs
Gulf Logistics and Naval Support LLC ("GLNS")	**100%**	100%	UAE	Provision of naval support services
Safwa Marine L.L.C.	**100%**	100%	UAE	Trading of ships and boats
ADSB Investments Limited	**100%**	100%	UAE	Holding of investments
Frontiers Industrial Investment LLC	**99%**	99%	UAE	System integration and technology development and implementation
High Speed Craft Company LLC	**100%**	100%	UAE	Marine machine and equipment repairing and maintenance

The Federal Decree-Law No. 26 of 2020 on the amendment of certain provisions of Federal Law No. 2 of 2015 as amended, on Commercial Companies was issued on 27 September 2020 and shall take effect starting from the 2 January 2021. The Group shall apply and adjust their status in accordance with the provisions thereof by no later than one year from the date on which this Decree-Law takes effect.

Federal Law by Decree No. 32 of 2021 on Commercial Companies (the "New Companies Law") was issued on 20 September 2021 with an effective date of 2 January 2022, and will entirely replace Federal Law No. 2 of 2015 (as amended) on Commercial Companies, as amended. The Company has twelve months from the effective date to comply with the provisions of the New Companies Law.

2 FUNDAMENTAL ACCOUNTING CONCEPT

The consolidated financial statements of the Group are prepared on the going concern basis.

2.1 BASIS OF PREPARATION

Statement of compliance

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by International Accounting Standards Board ("IASB") and applicable requirements of the UAE Federal Law No. (2) of 2015, as amended.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2021

2 FUNDAMENTAL ACCOUNTING CONCEPT continued

2.1 BASIS OF PREPARATION continued

Statement of compliance continued

The consolidated financial statements of the Group have been prepared on an accrual basis and under historical cost convention.

The consolidated financial statements have been presented in United Arab Emirates Dirhams ("AED"), which is the functional and presentation currency of the Group, all values have been rounded to the nearest thousand (AED '000) except when otherwise indicated.

Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at 31 December each year. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
- Exposure, or rights, to variable returns from its involvement with the investee; and
- The ability to use its power over the investee to affect its returns.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of financial position and consolidated statement of comprehensive income from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- Derecognizes the assets (including goodwill) and liabilities of the subsidiary
- Derecognizes the carrying amount of any non-controlling interest
- Derecognizes the cumulative translation differences, recorded in equity
- Recognizes the fair value of the consideration received
- Recognizes the fair value of any investment retained
- Recognizes any surplus or deficit in profit or loss
- Reclassifies the parent's share of components previously recognized in other comprehensive income to profit or loss or retained earnings, as appropriate as would be required if the Group had directly disposed of the related assets or liabilities.

The consolidated financial statements of the Group represent the financial statements of the Company and its subsidiaries mentioned in note 1.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2021

2 FUNDAMENTAL ACCOUNTING CONCEPT continued

2.2 APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS)

In the current year, the Group has applied the following amendments to IFRSs issued by the International Accounting Standards Board ("IASB") that are mandatorily effective for an accounting period that begins on or after 1 January 2021. The application of these amendments to IFRSs has not had any material impact on the amounts reported for the current and prior years but may affect the accounting for the Group's future transactions or arrangements.

- COVID-19-related rent concessions beyond 30 June 2021 (Amendments to IFRS 16)
- Interest Rate Benchmark Reform Phase 2 IFRS 9, IAS 39, IFRS 7, IFRS 4, and IFRS 16.

These amendments do not have a significant impact on these consolidated financial statements and therefore the disclosures have not been made.

2.3 FUTURE CHANGES IN ACCOUNTING POLICIES – STANDARDS ISSUED BUT NOT YET EFFECTIVE

Standards	Effective date
Amendments to IAS 1 to address classification of liabilities as current or non-current providing a more general approach based on the contractual arrangements in place at the reporting date.	1 January 2023
Amendments to IAS 16 'Property, Plant and Equipment' regarding proceeds from selling items produced while bringing an asset into the location and condition necessary for it to be capable of operating in the manner intended by management.	1 January 2022
Amendments to IAS 37 amending the standard regarding costs a company should include as the cost of fulfilling a contract when assessing whether a contract is onerous.	1 January 2022
Amendments to IFRS 3 'Business Combinations' that update an outdated reference in IFRS 3 without significantly changing its requirements	1 January 2022
Annual improvements to IFRS Standards 2018–2020 (Amendments to IFRS 1, IFRS 9, IFRS 16, IAS 41)	1 January 2022
Amendments to IFRS 17 Insurance Contracts (Amendments to IFRS 17 and IFRS 4)	1 January 2023
References to the Conceptual Framework	1 January 2022
Deferred Tax related to Assets and Liabilities from a Single Transaction	1 January 2023
IFRS 17 Insurance Contracts	1 January 2023
Amendments to IFRS 10 'Consolidated Financial Statements' and IAS 28 'Investments in Associates and Joint Ventures (2011)' relating to the treatment of the sale or contribution of assets from an investor to its associate or joint venture	Effective date deferred indefinitely. Adoption is still permitted.

Management anticipates that these amendments will be adopted in the financial information in the initial period when they become mandatorily effective. The impact of these standards and amendments is currently being assessed by the management.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2021

3 SIGNIFICANT ACCOUNTING POLICIES

Revenue from contracts with customers

Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes and duty. The Group assesses its revenue arrangements against specific criteria to determine if it is acting as principal or agent.

Revenue is recognized to the extent it is probable that the economic benefits will flow to the Group and the revenue and costs, if applicable, can be measured reliably.

Construction contracts

Management assesses construction contracts and considers IFRS 15 guidance on contract combinations, contract modifications arising from variation orders, variable consideration, and the assessment of whether there is a significant financing component in the contracts, particularly taking into account the reason for the difference in timing between the transfer of control of goods and services to the customer and the timing of the related payments.

The Group primarily has two types of construction contracts: (1) naval ship building and (2) small boats construction.

Revenue from the naval ship building construction contracts is recognised over time based on the criteria that the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance obligation completed to date. The Group becomes entitled to invoice customers for construction contracts based on achieving a series of performance-related milestones. When a particular milestone is reached the customer is sent a relevant statement of work and an invoice for the related milestone payment. The Group will recognise a 'contract asset' for any work performed.

The Group uses the input method to measure the progress towards complete satisfaction of these performance obligations under IFRS 15. The complete satisfaction of the performance obligation is determined based on the proportion of contract costs incurred for work performed up to the end of the reporting period relative to the estimated total contract costs. The contract costs recognised at the end of the reporting period is equal to the actual costs incurred to date with the corresponding revenue and margin recognised in proportion to the work completed.

For certain small boat construction contracts, when the Group does not have an enforceable right to receive payment for work done as construction progresses, revenue is recognized when control of the goods has been transferred to the customer, being the point in time of delivery.

Contract modifications are accounted as a separate contract when the scope of the contract increases because of the additions of promised goods or services that are distinct and the price of the contract increases by an amount of consideration that reflects the Group's stand-alone selling process of the additional promised goods or services and any appropriate adjustments to that price to reflects the circumstances of the particular contract.

Contract liabilities represents the obligation to transfer goods or services to a customer for which consideration has been received from the customer. Contract assets represents the right to consideration in exchange for goods or services that have been transferred to a customer.

An asset is recognised for the costs incurred to fulfil a contract only if those costs are directly related to a contract, the costs generate or enhance resources of the Group that will be used in satisfying a performance obligation in the future and the costs are expected to be recovered. Any amount previously recognised as a contract asset is reclassified to trade receivables at the point at which it is invoiced to the customer. The Group assesses contract assets for impairment in accordance with IFRS 9 Financial Instruments.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2021

3 SIGNIFICANT ACCOUNTING POLICIES continued

Revenue from contracts with customers continued

Repairs and services

Revenue from fixed price contracts for the repair of ships and vessels is recognised based on the percentage of completion on the basis of total costs incurred to date to estimated total costs.

Revenue from cost plus contracts for the repair of commercial and military ships and vessels is recognised by applying the margin allowed per the respective contracts to the cost incurred to date.

Services

Revenues from services are considered as distinct on the basis of below:

- The customer benefits from the service on its own or together with other resources that are readily available to the customer; and
- The Group's promise to transfer the services to the customer is separately identifiable.

Revenue from contracts relating to services is recognised over time since the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs. The Group considers the best measure of progress towards complete satisfaction of the performance obligation over time is a cost-based input method and it recognises revenue on this basis. In case of variable efforts or inputs, the performance obligation is measured at the cost-plus margin.

Property, plant and equipment

Property, plant and equipment is stated at cost less accumulated depreciation and any impairment in value.

Depreciation is calculated on a straight line basis over the estimated useful lives of assets as follows:

Buildings and structures	
- Concrete	30 - 40 years
- Steel	20 - 30 years
- Prefabricated and other structures	10 years
- Other small structures	5 years
Production and other equipment	2-25 years

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets are written down to their recoverable amount being the higher of their fair value less costs to sell and their value in use.

Expenditure incurred to replace a component of an item of property, plant and equipment that is accounted for separately is capitalised and the carrying amount of the component that is replaced is written off. Other subsequent expenditure is capitalised only when it increases future economic benefits of the related item of property, plant and equipment. All other expenditure is recognized in the consolidated statement of comprehensive income as the expense is incurred.

The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the net disposal proceeds and the carrying amount of the asset and is included in the consolidated statement of comprehensive income when the asset is derecognized.

Assets under construction are recorded at cost and represents costs based on contractual payments for the design, development, construction and commissioning of the Group and those other costs incurred during the development stage directly attributable to the construction of the Group. Assets under construction are transferred to the appropriate asset category and depreciated in accordance with the Group's policies when construction of the asset is completed and commissioned.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2021

3 SIGNIFICANT ACCOUNTING POLICIES continued

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognized in consolidated statement of comprehensive income in the period in which they are incurred.

Impairment of non-financial assets

The Group assesses at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use and it's determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded subsidiaries or other available fair value indicators.

Impairment losses of continuing operations are recognised in the consolidated statement of comprehensive income in those expense categories consistent with the function of the impaired asset.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the assets' or cash-generating units' recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the consolidated statement of comprehensive income.

Financial instrument

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition as financial assets at fair value through profit or loss, fair value through OCI or amortized cost. All financial assets are recognized initially at fair value plus in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2021

3 SIGNIFICANT ACCOUNTING POLICIES continued

Financial instrument continued

Financial assets continued

Initial recognition and measurement continued

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

a) Financial assets at amortised cost;
b) Financial assets at fair value through OCI with recycling of cumulative gains and losses;
c) Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition; and
d) Financial assets at fair value through profit or loss.

The Group does not have any assets which are classified in categories b, c and d.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, cash at banks net of bank overdrafts.

Financial assets at amortised cost

This category is the most relevant to the Group. The Group measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognized in the consolidated statement of comprehensive income when the asset is derecognized, modified or impaired. Financial assets at amortised cost include bank balances, trade and other receivables, advances to suppliers and contract assets.

Impairment of financial assets

The Group recognises a loss allowance for expected credit losses on financial assets measured at amortised cost. The amount of expected credit losses is updated at the end of each reporting period to reflect changes in credit risk since initial recognition of the respective financial instrument.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2021

3 SIGNIFICANT ACCOUNTING POLICIES continued

Financial instrument continued

Financial assets continued

Impairment of financial assets continued

For trade receivables and contract assets, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Group considers a financial asset in default when contractual payments are 30 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire; or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities consist of trade and other payables, bank overdrafts, term loans and lease liabilities.

Subsequent measurement

The measurement of financial liabilities depends on their classification. The category of financial liabilities most relevant to the Group is loans and borrowings.

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in IFRS 9 are satisfied. The Group has not designated any financial liability as at fair value through profit or loss.

Loans and borrowings

After initial recognition, loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the EIR amortisation process.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2021

3 SIGNIFICANT ACCOUNTING POLICIES continued

Financial instrument continued

Financial liabilities continued

Loans and borrowings continued

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the consolidated statement of comprehensive income.

Derecognition of financial liabilities

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the consolidated statement of comprehensive income.

Offsetting

Financial assets and financial liabilities are only offset and the net amount reported in the consolidated statement of financial position when there is a legally enforceable right to set off the recognised amounts and the Group intends to either settle on a net basis, or to realise the asset and settle the liability simultaneously.

Inventories

Inventories are stated at the lower of cost and net realisable value. Costs are those expenses incurred in bringing each product to its present location and condition, and are determined on weighted average basis. Net realisable value is based on estimated selling price less any further costs expected to be incurred on completion and disposal.

Foreign currencies

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the reporting date. All differences are taken to the consolidated statement of comprehensive income.

Provisions

Provisions are recognised when the Group has a legal or constructive obligation as a result of a past event, it is probable that an outflow of resources will be required to settle the obligation, and the amount can be reliably estimated.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation at the end of the reporting period, using a rate that reflects current market assessments of the time value of money and the risks specific to the obligation.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of receivable can be measured reliably.

Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2021

3 SIGNIFICANT ACCOUNTING POLICIES continued

Fair value measurement continued

The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs. All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- **Level 1:** Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- **Level 2:** Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- **Level 3:** Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognized in the consolidated financial statements on a recurring basis, the Group determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

Leases

The Group as a lessee

The Group makes the use of leasing arrangements principally for plot of land. The rental contracts for land are typically negotiated for terms of between 3 and 8 years. The Group does not enter into sale and leaseback arrangements.

The Group assesses whether a contract is or contains a lease at inception of the contract. A lease conveys the right to direct the use and obtain substantially all of the economic benefits of an identified asset for a period of time in exchange for consideration.

Measurement and recognition of leases as a lessee

At lease commencement date, the Group recognises a right-of-use asset and a lease liability in its consolidated statement of financial position. The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Group, an estimate of any costs to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net of any incentives received).

The Group depreciates the right-of-use asset on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The Group also assesses the right-of-use asset for impairment when such indicators exist.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2021

3 SIGNIFICANT ACCOUNTING POLICIES continued

Leases continued

The Group as a lessee continued

Measurement and recognition of leases as a lessee continued

At the commencement date, the Group measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the Group's incremental borrowing rate because as the lease contracts are negotiated with third parties it is not possible to determine the interest rate that is implicit in the lease. The incremental borrowing rate is the estimated rate that the Group would have to pay to borrow the same amount over a similar term, and with similar security to obtain an asset of equivalent value. This rate is adjusted should the lessee entity have a different risk profile to that of the Group.

Lease payments included in the measurement of the lease liability are made up of fixed payments (including in substance fixed), variable payments based on an index or rate, amounts expected to be payable under a residual value guarantee and payments arising from options reasonably certain to be exercised.

Subsequent to initial measurement, the liability will be reduced by lease payments that are allocated between repayments of principal and finance costs. The finance cost is the amount that produces a constant periodic rate of interest on the remaining balance of the lease liability.

The lease liability is reassessed when there is a change in the lease payments. Changes in lease payments arising from a change in the lease term or a change in the assessment of an option to purchase a leased asset. The revised lease payments are discounted using the Group's incremental borrowing rate at the date of reassessment when the rate implicit in the lease cannot be readily determined. The amount of the remeasurement of the lease liability is reflected as an adjustment to the carrying amount of the right-of-use asset. The exception being when the carrying amount of the right-of-use asset has been reduced to zero then any excess is recognised in consolidated statement of comprehensive income.

Payments under leases can also change when there is either a change in the amounts expected to be paid under residual value guarantees or when future payments change through an index or a rate used to determine those payments, including changes in market rental rates following a market rent review. The lease liability is remeasured only when the adjustment to lease payments takes effect and the revised contractual payments for the remainder of the lease term are discounted using an unchanged discount rate. Except for where the change in lease payments results from a change in floating interest rates, in which case the discount rate is amended to reflect the change in interest rates.

The remeasurement of the lease liability is dealt with by a reduction in the carrying amount of the right-of-use asset to reflect the full or partial termination of the lease for lease modifications that reduce the scope of the lease. Any gain or loss relating to the partial or full termination of the lease is recognised in consolidated statement of comprehensive income. The right-of-use asset is adjusted for all other lease modifications.

The Group has elected to account for short-term leases and leases of low-value assets using the practical expedients. Instead of recognising a right-of-use asset and lease liability, the payments in relation to these are recognised as an expense in consolidated statement of comprehensive income on a straight-line basis over the lease term.

Intangible assets

Intangible assets acquired separately are reported at cost less accumulated amortisation and impairment losses, if any. Amortisation is charged on a straight-line basis over the assets' estimated useful lives. The estimated useful lives are reviewed at the end of each annual reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets include computer software with an estimated useful life of 4 years.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2021

3 SIGNIFICANT ACCOUNTING POLICIES continued

Employees' end of service benefits

The Group provides for end of service benefits of its non-UAE national employees in accordance with UAE labour law. The entitlement to these benefits is based upon the employees' length of service and completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment.

Pension and national insurance contributions for UAE citizens are made by the Group in accordance with Federal Law No. 2 of 2000.

Current versus non-current classification

The Group presents assets and liabilities in the consolidated statement of financial position based on current/ non-current classification. An asset as current when it is:

- Expected to be realized or intended to be sold or consumed in normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realized within twelve months after the reporting period; or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period; or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Group classifies all other liabilities as non-current.

Non-current asset held for sale

Non-current assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use and a sale is considered highly probable. They are measured at the lower of their carrying amount and fair value less costs to sell. An impairment loss is recognised for any initial or subsequent write-down of the asset to fair value less costs to sell. A gain is recognised for any subsequent increases in fair value less costs to sell of an asset, but not in excess of any cumulative impairment loss previously recognised. A gain or loss not previously recognised by the date of the sale of the non-current asset is recognised at the date of derecognition.

Non-current assets are not depreciated or amortised while they are classified as held for sale.

Non-current assets classified as held for sale are presented separately from the other assets in the balance sheet.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2021

4 SIGNIFICANT MANAGEMENT JUDGEMENT IN APPLYING ACCOUNTING POLICIES AND ESTIMATION UNCERTAINTY

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

While applying the accounting policies as stated in note 3, management of the Group has made certain judgments, estimates and assumptions that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revision to accounting estimates are recognised in the period of the revision in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Significant management judgements

In the process of applying the Group's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the consolidated financial statements:

Determining the lease term of contracts with renewal and termination options – Group as lessee

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Group applies judgement in evaluating whether it is reasonably certain to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise the renewal or termination. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise (or not to exercise) the option to renew or to terminate (e.g., a change in business strategy).

Key sources of estimation of uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Useful lives of property, plant and equipment

The management determines the estimated useful lives of its property, plant and equipment for calculating depreciation. This estimate is determined after considering the expected usage of the asset or physical wear and tear. Management reviews the residual value and useful lives annually and the future depreciation charge would be adjusted where management believes that the useful lives differ from previous estimates.

Leases - estimating the incremental borrowing rate

The Group cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group 'would have to pay', which requires estimation when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease. The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2021

4 SIGNIFICANT MANAGEMENT JUDGEMENT IN APPLYING ACCOUNTING POLICIES AND ESTIMATION UNCERTAINTY continued

Key sources of estimation of uncertainty continued

Allowance for obsolete inventories

Inventories are held at the lower of cost and net realisable value. When inventories become old or obsolete, an estimate is made of their net realisable value. For individually significant amounts this estimation is performed on an individual basis. Amounts which are not individually significant, but which are old or obsolete, are assessed collectively and a provision applied according to the inventory type and the degree of ageing or obsolescence, based on historical selling prices.

At the reporting date, gross inventories were AED 32,125 thousand (2020: AED 27,733 thousand), with an allowance for old and obsolete inventories of AED 16,396 thousand (2020: AED 16,450 thousand). Any difference between the amounts actually realised in future periods and the amounts expected to be realised will be recognized in the consolidated statement of comprehensive income.

Allowance for Expected Credit Losses (ECL)

The Group uses a provision matrix to calculate Lifetime ECLs for trade receivables and contract assets. The expected credit losses on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above.

At the reporting date, gross trade receivables, were AED 215,305 thousand (2020: AED 421,470 thousand) with an allowance for expected credit losses amounting to AED 26,919 thousand (2020: AED 59,227 thousand). Any difference between the amounts actually collected in future periods and the amounts expected will be recognized in the consolidated statement of comprehensive income.

At the reporting date, gross contract assets, were AED 218,110 thousand (2020: AED 213,086 thousand) with an allowance for expected credit losses amounting to AED 6,896 thousand (2020: AED 10,908 thousand). Any difference between the amounts actually collected in future periods and the amounts expected will be recognized in the consolidated statement of comprehensive income.

The Group has determined the expected credit loss on bank balances to be insignificant considering that the counterparty banks are investment grade category and has a low probability of default and loss at given default.

The Group has determined the expected credit loss on due from related party balances to be immaterial considering the fact that these have low probability of default and loss at given default is minimal.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2021

4 SIGNIFICANT MANAGEMENT JUDGEMENT IN APPLYING ACCOUNTING POLICIES AND ESTIMATION UNCERTAINTY continued

Key sources of estimation of uncertainty continued

Estimation of total costs of construction contracts

At the reporting date, the Group is required to estimate the costs to complete on its construction contracts. This requires the Group to make estimates of future costs to be incurred, based on work to be performed beyond the reporting date. These estimates also include potential claims by subcontractors and cost of meeting other contractual obligations to the customers. Effects of any revision to these estimates are reflected in the period in which the estimates are revised. When the expected contract costs exceed the total anticipated contract revenue, the total expected loss is recognised immediately, as soon as foreseen, whether or not work has commenced on these contracts. The Group uses its projects and commercial team to estimate the cost to complete of these contracts. Factors such as delays in expected completion date, changes in the scope of work, changes in material prices, labour costs and other costs are included in the construction cost estimates based on best estimates updated on regular basis.

Impact of Covid-19 pandemic:

On 11 March 2020, the World Health Organisation ("WHO") declared the Coronavirus ("COVID-19") outbreak as a pandemic in recognition of its rapid spread across the globe. This outbreak has also affected the GCC region including the United Arab Emirates. Majority of Governments all over the world took steps to contain the spread of the virus. UAE in particular has implemented closure of borders, released social distancing guidelines and enforced country wide lockdowns and curfews.

Oil prices have also witnessed significant volatility during the current period, owing not just to demand issues arising from COVID-19 as the world economies go into lockdown, but also supply issues driven by volume which had predated the pandemic. The Group, whose operations are largely concentrated in an economy which is primarily based on oil, the economic impacts of the above events, though the scale and duration of which remains uncertain, primarily include:

- Significant interruption of international businesses and trade as well as travel restrictions and unavailability of personnel etc.;
- A significant increase in economic uncertainty, evidenced by more volatile asset prices and currency exchange rates, and a general decline in interest rates globally;
- Transfer/receipt of cash where majority of business are not working at optimum level; and
- (continued) decline in oil prices could have an impact, including reduced government spending, which could impact the Group's results.

The resultant situation necessitated the Group's management to revisit its significant judgments in applying the Group's accounting policies and the methods of computation and the key sources of estimation applied to the annual consolidated financial statements for the year ended 31 December 2021. Whilst it is challenging now, to predict the full extent and duration of its business and economic impact, management carried out an impact assessment on the overall Group's operations and business aspects including factors like supply chain, travel restrictions, oil prices, product demand, etc. and concluded that, as of the issuance date of these consolidated financial statements, no significant changes are required to the judgements and key estimates. However, in view of the current uncertainty, any future change in the assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future periods. As the situation is rapidly evolving with future uncertainties, management will continue to assess the impact based on prospective developments.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2021

5 PROPERTY, PLANT AND EQUIPMENT

	Buildings and structures	Production and other equipment	Assets under construction	Total
	AED'000	AED'000	AED'000	AED'000
Cost				
At 1 January 2020	321,754	209,534	392	531,680
Additions	-	-	3,221	3,221
Transfers	245	1,641	(1,886)	-
Reclassification	-	(65,994)	(99)	(66,093)
At 31 December 2020	**321,999**	**145,181**	**1,628**	**468,808**
Additions	**-**	**-**	**1,730**	**1,730**
Transfers	**922**	**1,085**	**(2,007)**	**-**
At 31 December 2021	**322,921**	**146,266**	**1,351**	**470,538**
Accumulated depreciation				
At 1 January 2020	174,050	165,260	-	339,310
Charge for the year	13,495	7,912	-	21,407
Reclassification	-	(51,582)	-	(51,582)
At 31 December 2020	**187,545**	**121,590**	**-**	**309,135**
Charge for the year	**12,558**	**5,228**	**-**	**17,786**
At 31 December 2021	**200,103**	**126,818**	**-**	**326,921**
Net carrying amount				
As at 31 December 2021	**122,818**	**19,448**	**1,351**	**143,617**
As at 31 December 2020	134,454	23,591	1,628	159,673

Reclassification in 'production and other equipment' category pertained to the planned sale of the Group's floating dock, and accordingly classified as non-current asset held for sale (note 22).

The depreciation charge has been allocated in the consolidated statement of comprehensive income as follows:

	2021	2020
	AED'000	AED'000
Contract costs (note 19)	**11,096**	11,748
General and administrative expenses	**6,690**	9,659
	17,786	21,407

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2021

6 INTANGIBLE ASSETS

	2021 Computer software AED'000	2020 Computer Software AED'000
Cost		
Balance at 1 January	**16,250**	16,250
Additions during the year	**3**	-
Balance at 31 December	**16,253**	16,250
Accumulated amortization		
Balance at 1 January	**15,618**	14,918
Amortization for the year	**512**	700
Balance at 31 December	**16,130**	15,618
Net carrying amount	**123**	632

7 INVENTORIES

	2021 AED'000	2020 AED'000
Goods for sale	**3,128**	3,128
Work in progress	**6,066**	2,232
Raw materials and consumables	**22,931**	22,373
	32,125	27,733
Less: Provision for obsolete and slow moving items	**(16,396)**	(16,450)
	15,729	11,283

The movements of the provision for obsolete and slow moving items are as follows:

	2021 AED'000	2020 AED'000
At 1 January	**16,450**	16,562
Reversals	**(54)**	(112)
At 31 December	**16,396**	16,450

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2021

8 CONTRACT ASSETS

	2021 AED'000	2020 AED'000
Value of work executed	**9,627,713**	9,373,096
Progress billings received and receivable	**(9,437,473)**	(9,191,782)
	190,240	181,314

The contract work in progress is presented as follows:

	2021 AED'000	2020 AED'000
Contracts assets, net	**211,214**	202,178
Contracts liabilities (note 15)	**(20,974)**	(20,864)
	190,240	181,314

Contracts assets as at 31 December 2021 are stated net of allowance for expected credit losses of AED 6,896 thousand (2020: AED 10,908 thousand). The movements on the allowance are as follows:

	2021 AED'000	2020 AED'000
At 1 January	**10,908**	31,350
Reversals	**(283)**	(5,361)
Transfer of allowance to trade receivables (note 9) *	**(3,729)**	(15,081)
At 31 December	**6,896**	10,908

*This represents the allowance related to the amounts billed to customers during the year.

Amounts relating to contract assets are balances due from customers under construction contracts that arise when the Group becomes entitled to receive payments from customers in line with a series of performance related milestones. The Group will recognise a contract asset for any work performed. Any amount previously recognised as a contract asset is reclassified to trade receivables at the point at which it is invoiced to the customer.

The management of the Group always measure the loss allowance on amounts due from customers at an amount equal to lifetime ECL, taking into account the historical default experience and the future prospects of the construction industry. Refer note 4 to the consolidated financial statements where significant estimate and judgement relating to ECLs, and future recovery dates have been disclosed.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2021

9 TRADE AND OTHER RECEIVABLES

	2021 AED'000	2020 AED'000
Trade receivables, gross	**215,305**	421,470
Less: Allowance for expected credit losses	**(26,919)**	(59,227)
Trade receivables, net	**188,386**	362,243
Advances paid to suppliers*	**10,720**	10,391
Prepayments and other receivables	**5,764**	5,197
	204,870	377,831

*Advances paid to suppliers are analysed in the consolidated statement of financial position as follows:

	2021 AED'000	2020 AED'000
Current (included within trade and other receivables)	**10,720**	10,391
Non-current	**47,429**	26,824
Total**	**58,149**	37,215

**This amount is stated net of allowance for expected credit losses amounting to AED 1,884 thousand (2020: AED 2,106 thousand).

Allowance for expected credit losses

The Group establishes an allowance for impairment that represents its estimate of expected credit losses in respect of trade receivables which is a product of probability of default and loss given default on the carrying amount of trade and other receivables.

At 31 December 2021, the analysis of trade receivables is as follows:

		Past due			
31 December 2021	**Total AED'000**	**0-30 days AED'000**	**31-90 days AED'000**	**91-180 days AED'000**	**>180 days AED'000**
Trade receivables	**215,305**	**32,707**	**44,239**	**12,913**	**125,446**
Lifetime ECL	**(26,919)**	**(458)**	**(1,082)**	**(400)**	**(24,979)**
Trade receivables, net	**188,386**	**32,249**	**43,157**	**12,513**	**100,467**

		Past due			
31 December 2020	Total AED'000	0-30 days AED'000	31-90 days AED'000	91-180 days AED'000	>180 days AED'000
Trade receivables	421,470	59,555	60,530	9,617	291,768
Lifetime ECL	(59,227)	(5,458)	(3,887)	(1,959)	(47,923)
Trade receivables, net	362,243	54,097	56,643	7,658	243,845

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2021

9 TRADE AND OTHER RECEIVABLES continued

Allowance for expected credit losses continued

The movement in the allowance for expected credit losses during the year was as follows:

	2021	2020
	AED'000	AED'000
At the beginning of the year	**59,227**	63,742
Recoveries*	**(26,990)**	(19,596)
Write-offs	**(9,047)**	-
Transfer of allowance from contract assets (note 8)	**3,729**	15,081
At the end of the year	**26,919**	59,227

* Recoveries mainly pertains to collections during the year.

Refer note 4 to the consolidated financial statements where significant estimate and judgement relating to ECLs, and future recovery dates have been disclosed.

10 CASH AND CASH EQUIVALENTS

For the purpose of the consolidated statement of cash flows, cash and cash equivalents are comprised for the following:

	2021	2020
	AED'000	AED'000
Cash on hand	**-**	-
Bank balances	**895,923**	18,706
Cash and bank balances	**895,923**	18,706
Less: Bank overdrafts (note 16)	**(77,151)**	(211,245)
Cash and cash equivalents	**818,772**	(192,539)

There are no restrictions on bank balances at the time of approval of these consolidated financial statements

11 SHARE CAPITAL

	2021	2020
	AED'000	AED'000
Authorised, issued and fully paid	**211,992**	211,992

EDGE Defence Platforms & Systems is the major shareholder of the Group which owns 49.96%.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2021

12 STATUTORY RESERVE

In accordance with the UAE Federal Law number (2) of 2015, as amended, concerning Commercial Companies and the Company's Articles of Association, 10% of the profit for each year has been transferred to a non-distributable legal reserve. Such transfers are required to be made until the balance of the statutory reserve equals one half of the Company's paid up share capital. Such reserve is not available for distribution as dividends to the Shareholders.

During the year, the shareholders of the Group, through a special resolution, approved the absorption of accumulated losses of AED 81,422 thousand as of 31 December 2020 against the statutory reserve of the Group.

13 EMPLOYEES' END OF SERVICE BENEFITS

The movements on the provision for employees' end of service benefits are as follows:

	2021	2020
	AED'000	AED'000
At 1 January	**22,184**	20,941
Charge for the year	**2,871**	3,330
Paid during the year	**(3,421)**	(2,087)
At 31 December	**21,634**	22,184

14 ADVANCES FROM CUSTOMERS

Advances from customers mainly represent advances received for projects and are applied against billings when raised. Advances from customers are analysed in the consolidated statement of financial position as follows:

	2021	2020
	AED'000	AED'000
Current	**72,947**	77,113
Non-current *	**928,698**	25,032
Total	**1,001,645**	102,145

* This includes advance received in the amount of AED 903,666 thousand, in relation to a major ship building contract with a key customer.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2021

15 TRADE AND OTHER PAYABLES

	2021 AED'000	2020 AED'000
Trade payables	**32,526**	62,827
Project accruals	**62,595**	64,902
Other liabilities	**38,708**	47,534
Contract liabilities (note 8)	**20,974**	20,864
Other payables	**2,380**	2,058
	157,183	198,185

All amounts are short term. The carrying value of the trade and other payables is considered to be reasonable approximation of fair value.

The average credit period on purchases of goods is 60 days (2020: 60 days). No interest is charged on the trade payables. The Group has financial risk management policies in place to ensure that all payables are paid within the credit timeframe.

16 BANK OVERDRAFTS

	2021 AED'000	2020 AED'000
Bank overdrafts from commercial banks	**77,151**	211,245

The overdraft facilities carry interest at prevailing market rates.

As at 31 December 2021, the Group has AED 197,849 thousand (2020: AED 138,755 thousand) as available undrawn overdraft facilities.

17 TERM LOANS

The Group is utilizing short-term loan facility with local bank in relation to the payment of its suppliers with maturity of 6 months or less from the date of drawdown. This loan carries interest at prevailing market rate. The carrying amount of the loan as at 31 December 2021 was AED 30,903 thousand (31 December 2020: AED 32,859 thousand).

On 8 December 2020, the Group obtained an interest-bearing loan from EDGE (parent company) for the amount of AED 26,000 thousand which was settled though a lump sum payment on 8 November 2021. The interest was as per EIBOR issued by UAE Central Bank and was adjusted on a quarterly basis accordingly. The carrying amount of the loan as at 31 December 2021 was nil (31 December 2020: 26,000 thousand).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2021

17 TERM LOANS continued

Update on prospective changes in reference rates (IBOR)

The impact of the replacement of interbank offered rates ('IBORs') with alternative risk-free rates on the Group's investments and liabilities remains a key area of focus. The Group's exposure to contracts referencing IBORs, such as LIBOR and EIBOR, extending past 2021 is not considered material when it is likely that these IBORs will cease being published. The management will continue to benchmark long-term debt contracts referencing EIBOR, however, management plans to introduce a new index for the AED contracts as per the new Dirham Monetary Framework in later part of the year 2021. For the LIBOR denominated contracts, the relevant reference rate will be Secured Overnight Financing Rate (SOFR) and management is consistently monitoring the related changes and the impact it might have on the Group's operations. The transition to the new Dirham Monetary Framework and SOFR is significant in terms of scale and complexity, however, the process of adopting new reference rates does not expose the Group to any operational and financial risks resulting from contract modifications. The Group will continue to engage with various stakeholders to support an orderly transition and to mitigate the risks resulting from the transition.

18 CONTRACT REVENUE

The Group derives its revenue from contracts with customers for the transfer of goods and services over time and at a point in time in the following major revenue streams. This is consistent with the revenue information that is disclosed for each reportable segment under IFRS 8 Operating Segments.

	2021	2020
	AED'000	AED'000
Revenue from construction contracts	**56,703**	29,635
Revenue from rendering of services	**197,631**	225,149
	254,334	254,784

18.1 Timing of revenue recognition

	2021	2020
	AED'000	AED'000
Services transferred at the point in time	**-**	23,987
Services transferred over time	**254,334**	230,797
	254,334	254,784

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2021

18 CONTRACT REVENUE continued

18.2 Geographical markets

	2021	2020
	AED'000	AED'000
Revenues generated from United Arab Emirates	**254,334**	230,797
Revenues generated from outside United Arab Emirates	**-**	23,987
	254,334	254,784

19 CONTRACT COSTS

	2021	2020
	AED'000	AED'000
Material and subcontract costs	**96,090**	80,678
Staff and manpower contract costs	**99,126**	118,702
Overheads*	**15,773**	13,512
Depreciation of property, plant and equipment	**11,096**	11,748
Depreciation of right-of-use assets	**1,821**	7,119
Other direct costs	**1,317**	2,940
	225,223	234,699

* This includes finance costs in the amount of AED 652 thousand (2020: AED 1,787 thousand).

20 GENERAL AND ADMINISTRATIVE EXPENSES

	2021	2020
	AED'000	AED'000
Material	**462**	1,994
Staff costs	**23,607**	31,597
IT licences support and maintenance	**11,278**	10,880
Professional and consultancy fees	**2,178**	1,296
Marketing and advertisement	**2,045**	138
Repairs and maintenance	**2,056**	1,709
Others	**1,915**	3,599
	43,541	51,213

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2021

21 OTHER INCOME, NET

This mainly includes a gain on disposal of the floating dock, the reversals of allowance for expected credit losses on trade receivables and contract assets and foreign exchange gains and losses.

	2021	2020
	AED'000	AED'000
Gain on sale of non-current asset held for sale	17,593	-
Reversal of allowance for expected credit losses	27,495	25,531
Other (expenses)/ income, net	(6,114)	1,044
	38,974	26,575

22 NON-CURRENT ASSET HELD FOR SALE

In August 2020, the Executive Committee endorsed the Company's management proposal to sell its 180-meter floating dock with a lifting capacity of 10,000 tons, located at Mina Zayed facility in Abu Dhabi. This floating dock was originally purchased with an intention to increase the shipyard's revenue from commercial and naval ship repairs, by addressing the infrastructure limitations in Mussafah facility (lifting capacity of 2,000 tons, maximum vessel length of 80 meters and docking draft of about 4 meters).

The deal which was signed with a buyer on 27 January 2021 was completed in April 2021. As a result of the sale, the Company received AED 34,510 thousand as proceeds, and recorded a gain on disposal amounting to AED 17,593 thousand during the year (2020: nil), which is presented as part of other income in the consolidated statement of comprehensive income.

Floating dock classified as held for sale in 2020 and was measured at the lower of its carrying amount (with previous impairment) and fair value less costs to sell at the time of the reclassification, with no further write-down recorded. The fair value of the floating dock was determined using a recent firmed offer price adjusted for the estimated costs of disposal considering industry average. This was considered level 3 measurement as per the fair value hierarchy.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2021

23 LEASES

Right-of-use assets

	Land	
	2021	2020
	AED'000	AED'000
Cost		
Balance at 1 January	**17,426**	47,156
Retirement	**-**	(29,730)
Balance at 31 December	**17,426**	17,426
Accumulated amortization		
Balance at 1 January	**4,046**	9,088
Charge for the year	**2,023**	7,321
Retirement	**-**	(12,363)
Balance at 31 December	**6,069**	4,046
Net carrying amount	**11,357**	13,380

Lease liabilities

Lease liabilities are presented in the consolidated statement of financial position as follows:

	2021	2020
	AED'000	AED'000
Current	**1,792**	1,685
Non-Current	**9,772**	11,565
	11,564	13,250

Future minimum lease payments at 31 December are as follows:

31 December 2021	**Within one year**	**Two to five years**	**More than five years**	**Total**
	AED'000	**AED'000**	**AED'000**	**AED'000**
Lease payments	2,516	10,063	1,534	14,113
Finance charges	(724)	(1,725)	(100)	(2,549)
Net present values	**1,792**	**8,338**	**1,434**	**11,564**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2021

23 LEASES continued

Lease liabilities continued

Future minimum lease payments at 31 December are as follows continued:

31 December 2020	**Within one year**	**Two to five years**	**More than five years**	**Total**
	AED'000	AED'000	AED'000	AED'000
Lease payments	2,516	10,063	4,050	16,629
Finance charges	(831)	(2,208)	(340)	(3,379)
Net present values	1,685	7,855	3,710	13,250

The consolidated statement of comprehensive income shows the following amounts relating to leases for the year ended 31 December 2021:

	2021	2020
	AED'000	AED'000
Depreciation	**(2,023)**	(7,321)
Finance costs	**(724)**	(1,870)
Expense related to short-term leases and leases of low-value assets	**(3,506)**	(1,836)
Discontinued lease	**-**	2,018

24 BASIC AND DILUTED EARNINGS / (LOSS) PER SHARE

Basic earnings / (loss) per share is calculated by dividing the earnings / (loss) for the year attributable to the owners of the parent by the weighted average number of shares outstanding during the year as follows:

The calculation of earnings/(loss) per share is as follows:

	2021	2020
	AED'000	AED'000
Profit/(loss) for the year attributable to the owners of the parent (AED '000)	**11,032**	(21,692)
Weighted average number of ordinary issued throughout the period ('000)	**211,992**	211,992
Basic and diluted earnings/ (loss) per share (AED)	**0.05**	(0.10)

During the year, the Group has not issued any instruments that have an impact on earnings / (loss) per share when exercised (2020: nil).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2021

25 RELATED PARTY TRANSACTIONS AND BALANCES

Related parties include the Group's major shareholders, Directors and key management personnel, and businesses controlled by them and their families or over which they exercise a significant influence in financial and operating decisions. Transactions between the Company and its subsidiaries have been eliminated on consolidation and are not disclosed in this note. Pricing policies and terms of these transactions are approved by the Group's management.

The remuneration of directors and other members of key management during the year was as follows:

	2021	2020
	AED'000	AED'000
Key management compensation:		
Salaries, bonuses and other benefits	**8,882**	6,123
Post-employment benefits	**760**	100
	9,642	6,223
Directors' remuneration	1,000	1,450
Board Committee fees	550	550
Related party balances:		
Due from a related party (included in trade and other receivables)	**1,840**	4,078
Due to a related party (included in trade and other payables)	**3,894**	1,261
Term loan from a related party (note 17)	-	26,000

These balances resulted from unsettled balances from previous secondment agreement of certain employees from both parties, back charges, as well as revenues or costs and loan.

26 CONTINGENCIES AND CAPITAL COMMITMENTS

The Group's bankers have issued, in the normal course of business, letters of guarantee, performance bond and letters of credit in the amount of AED 1,595,345 thousand (31 December 2020: AED 1,395,574 thousand) in respect of contract performance and advances in connection with the contracts for shipbuilding and overhaul in progress at the period end.

Commitments

The capital expenditure contracted at the end of the reporting period but not provided for is AED 16,248 thousand (31 December 2020: AED 12,460 thousand).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2021

27 SEGMENT INFORMATION

The Group has internal management reporting and budgeting based on four reportable segments, as described below, which are the Group's strategic business units. For each of the strategic business units, the management reviews internal reports on at least a quarterly basis.

The following summary describes the operations in each of the Group's reportable segments:

- New Build and Engineering encompasses the design, engineering, research and development, construction, commissioning, test and trials, ILS, upgrades, conversions and consultancy services for military, commercial and leisure vessels in any construction material
- Small Boats, includes in-house design development, research and development, construction of moulds, prototypes and boats with LOA up to 24 meters with capability of large scale production line for military, commercial and luxury boats, commissioning, services and repairs of composite and special material boats.
- Military repairs and maintenance, includes upgrades, maintenance, repairs, and overhaul (MRO) of military vessels, and integrated support services
- Commercial repairs and maintenance include upgrades, maintenance, repairs and overhaul (MRO) of commercial vessels.
- Combat systems integration which includes import and commissioning of integrated systems and computer programs

Information regarding the results of each reportable segment is included below. Performance is measured on segment profit as included in the internal management reports that are reviewed by the Board of Directors.

	New Build and Engineering AED'000	Small Boats AED'000	Military Repairs and Maintenance AED'000	Commercial Repairs and Maintenance AED'000	Combat System Integration AED'000	Unallocated AED'000	Eliminations AED'000	Group AED'000
Year end 31 December 2021								
Contract revenue	47,313	11,153	145,037	50,831	-	-	-	254,334
Contract costs	(48,678)	(9,846)	(115,628)	(47,675)	(3,396)	-	-	(225,223)
Gross profit/(loss)	(1,365)	1,307	29,409	3,156	(3,396)	-	-	29,111
General and administrative expenses	(4,653)	(1,841)	(13,312)	(10,496)	(438)	(12,801)	-	(43,541)
Depreciation, amortization & impairment	(301)	(263)	(1,170)	(1,978)	(6)	(3,686)	-	(7,404)
Finance costs	-	-	-	-	-	(6,108)	-	(6,108)
Other income, net	2,331	-	20,394	20,979	1,276	(6,006)	-	38,974
Segment profit/(loss)	(3,988)	(797)	35,321	11,661	(2,564)	(28,601)	-	11,032

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2021

27 SEGMENT INFORMATION continued

	New Build and Engineering AED'000	Small Boats AED'000	Military Repairs and Maintenance AED'000	Commercial Repairs and Maintenance AED'000	Combat System Integration AED'000	Unallocated AED'000	Eliminations AED'000	Group AED'000
Year ended 31 December 2020								
Contract revenue	19,190	23,987	149,959	60,475	1,173	-	-	254,784
Contract costs	(19,617)	(20,540)	(117,174)	(69,925)	(7,443)	-	-	(234,699)
Gross profit/(loss)	(427)	3,447	32,785	(9,450)	(6,270)	-	-	20,085
General and administrative expenses	(4,648)	(2,808)	(15,239)	(11,756)	(610)	(16,152)	-	(51,213)
Depreciation & amortization	(429)	(375)	(1,669)	(2,821)	(9)	(5,258)	-	(10,561)
Finance costs	-	-	-	-	-	(6,578)	-	(6,578)
Other income, net	6,149	-	18,713	7	1,001	705	-	26,575
Segment profit / (loss)	645	264	34,590	(24,020)	(5,888)	(27,283)	-	(21,692)

	New Build and Engineering AED'000	Small Boats AED'000	Military Repairs and Maintenance AED'000	Commercial Repairs and Maintenance AED'000	Combat System Integration AED'000	Unallocated AED'000	Eliminations AED'000	Group AED'000
As at 31 December 2021								
Assets	1,089,858	27,659	216,977	89,359	41,272	93,714	(28,577)	1,530,262
Liabilities	1,068,525	5,897	50,311	11,837	3,431	179,770	(19,691)	1,300,080
Capital Expenditure	106	70	559	591	-	407	-	1,733
As at 31 December 2020 (audited)								
Assets	236,135	33,432	267,525	122,176	93,276	101,379	(28,905)	825,018
Liabilities	156,122	7,158	51,750	11,217	33,312	366,328	(20,019)	605,868
Capital Expenditure	197	130	1,037	1,098	-	759	-	3,221

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2021

28 FINANCIAL INSTRUMENTS

Significant accounting policies

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in note 3 to the consolidated financial statements.

Capital risk management

The Group manages its capital to ensure it will be able to continue as a going concern while maximising the return on equity. The Group monitors capital using a gearing ratio, which is net debt divided by total equity (excluding non-controlling interests) plus net debt. The calculation of the Group's gearing ratio as follows:

	2021 **AED'000**	2020 AED'000
Trade and other payable	**157,183**	198,185
Bank loans	**30,903**	32,859
Related party loans	**-**	26,000
Bank overdraft	**77,151**	211,245
Total debt	**265,237**	468,289
Total equity attributable to owners of the parent	**230,320**	219,288
Total equity and debt	**495,557**	687,577
Gearing ratio	**54%**	68%

Financial risk management

The Group's finance department monitors and manages the financial risks relating to the operations of the Group. These risks include foreign currency risk, interest rate risk, credit risk and liquidity risk. The Group does not enter into or trade in derivative financial instruments for speculative or risk management purposes.

Foreign currency risk management

The Group's major contracts with customers as well as with some of the major suppliers and subcontractors are denominated in currencies other than AED and therefore, the Group has foreign exchange transaction exposure.

As the UAE dirham is pegged to the USD, balances in USD are not considered to represent significant currency risk. Management is therefore of the opinion that the Group's exposure to the currency risk is limited to Euro.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2021

28 FINANCIAL INSTRUMENTS continued

Foreign currency risk management continued

Foreign currency sensitivity analysis

The carrying amounts of the Group's foreign currency denominated monetary assets and liabilities at the end of the reporting period are as follows:

	Liabilities		Assets	
	2021	2020	**2021**	2020
	AED'000	AED'000	**AED'000**	AED'000
Euro	**424,740**	175,199	**443,636**	163,442
US Dollar	**47,055**	48,193	**88,372**	80,474
Others	**580**	564	**341**	488
	472,375	223,956	**532,349**	244,404

At 31 December 2021, if the exchange rate of the currencies other than the USD had increased/decreased by 10% against the UAE Dirham, with all other variables held constant, the Group's profit for the year would have been higher/lower by AED 1,866 thousand (2020: higher/lower by AED 1,183 thousand) mainly as a result of foreign exchange gain or loss on translation of Euro.

Interest rate risk management

The Group is exposed to cash flow interest rate risk on its bank borrowings which are subject to floating interest rates.

The following table demonstrates the sensitivity of the Group's loss for the year to a reasonably possible change in interest rates, with all other variables held constant.

	Effect on loss AED '000
2021	
+50 increase in basis point	**540**
-50 decrease in basis point	**(540)**
2020	
+50 increase in basis point	1,351
-50 decrease in basis point	(1,351)

Credit risk management

Credit risk in relation to the Group refers to the risk that a counter party will default on its contractual obligations resulting in financial loss to the Group, and arises principally from the Group's trade and other receivables and bank balances.

The Group controls credit risk by monitoring credit exposures, limiting transactions with specific counterparties and assessing creditworthiness of counterparties on a routine and regular basis. The Group seeks to limit its credit risk with respect to customers by setting credit limits for individual customers and monitoring outstanding receivables.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2021

28 FINANCIAL INSTRUMENTS continued

Credit risk management continued

Concentration of credit risk

Concentration of credit risk arises when a number of counter-parties are engaged in similar business activities, or activities in the same geographic region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentration of credit risk indicates the relative sensitivity of the Group's performance to developments affecting a particular industry or geographic location.

The Group executes contracts mainly for a key customer and as at 31 December 2021, contract assets, trade receivables and advances received from this key customer amounted to a net payable position of AED 649,703 thousand (2020: AED 394,608 thousand net receivable). Management believes that the concentration of credit risk is mitigated by the high credit worthiness and financial stability of its customers.

The credit risk on liquid funds is limited because the counterparties are reputable local banks closely monitored by the regulatory body. The carrying amount reflected in these consolidated financial statements represents the Group's maximum exposure to credit risk for such loans and receivables.

Trade and other receivables and balances with banks are not secured by any collateral. The amount that best represents maximum credit risk exposure on financial assets at the end of the reporting period, in the event counter parties fail to perform their obligations generally approximates their carrying value.

Liquidity risk

Ultimate responsibility for liquidity risk management rests with the management of the Group, which has built an appropriate liquidity risk management framework for the management of the Group's short, medium and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves, banking facilities and committed borrowing facilities by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

The below tables summarise the Group's remaining contractual maturity for its financial assets and liabilities. The tables have been drawn up based on the undiscounted cash flows of financial assets and liabilities based on the earliest date on which the Group can be required to pay or collect. The table includes principal cash flows only as interest cash flows were insignificant. Maturity profile of financial assets and liabilities at the end of the reporting period is as follows:

	Total AED'000	Within one year AED'000	2-5 years AED'000	After 5 years AED'000
31 December 2021				
Trade and other payables	**157,183**	**157,183**	**-**	**-**
Bank borrowings	**108,054**	**108,054**	**-**	**-**
Lease liabilities	**11,564**	**1,792**	**8,338**	**1,434**
	276,801	**267,029**	**8,338**	**1,434**
31 December 2020				
Trade and other payables	198,185	198,185	-	-
Bank borrowings	244,104	244,104	-	-
Related party borrowings	26,000	26,000	-	-
Lease liabilities	13,250	1,685	7,855	3,710
	481,539	469,974	7,855	3,710

The Group's borrowings and lease liabilities are interest bearing financial liabilities.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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29 FAIR VALUE OF FINANCIAL INSTRUMENTS

Financial instruments comprise of financial assets and financial liabilities.

Financial assets consist of cash and bank balances, trade and other receivables and contract assets. Financial liabilities consist of trade and other payables, bank overdrafts, term loans and lease liabilities.

The fair values of financial instruments are not materially different from their carrying value.

30 SUBSEQUENT EVENTS

On 31 January 2022, the UAE Ministry of Finance announced the introduction of a 9% federal corporate tax rate effective for fiscal years commencing on or after 1 June 2023. There are no implications to the financial year ended 31 December 2021. Management is in the process of evaluating the consequences to the consolidated financial statements and will communicate the conclusion of their evaluation at an appropriate future time.

There have been no other events subsequent to the consolidated statement of financial position date that would significantly affect the amounts reported in the consolidated financial statements as at and for the year ended 31 December 2021.

31 APPROVAL OF CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements of the Group for the year ended 31 December 2021 were authorized for issuance in accordance with a resolution of the Board of Directors on 21 March 2022.

ADSB
Mussafah Industrial Area
PO Box 8922
Abu Dhabi, UAE

adsb.ae