

Al Seer Marine Supplies & Equipment Company Pr.J.S.C

Review Report and Interim Financial Information

For The Six-Months Period Ended 30 June 2023



**AL SEER MARINE SUPPLIES AND
EQUIPMENT COMPANY PJSC**

**Review report and interim
condensed consolidated financial information
for the six-month period ended
30 June 2023**

AL SEER MARINE SUPPLIES AND EQUIPMENT COMPANY PJSC

**Review report and interim condensed consolidated financial information
for the six-month period ended 30 June 2023**

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REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION TO THE SHAREHOLDERS OF AL SEER MARINE SUPPLIES AND EQUIPMENT COMPANY PJSC

Introduction

We have reviewed the accompanying condensed consolidated statement of financial position of Al Seer Marine Supplies and Equipment Company PJSC (the “Company”) and its subsidiaries (together referred to as the “Group”) as at 30 June 2023 and the related interim condensed consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the six-month period then ended. Management is responsible for the preparation and fair presentation of this interim condensed consolidated financial information in accordance with International Accounting Standard 34 ‘*Interim financial reporting*’ as issued by International Accounting Standards Board (IASB). Our responsibility is to express a conclusion on this interim condensed consolidated financial information based on our review.

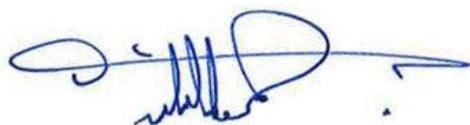
Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, “*Review of Interim Financial Information Performed by the Independent Auditor of the Entity*”. A review of interim condensed consolidated financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial information is not prepared, in all material respects, in accordance with International Accounting Standard 34 ‘*Interim Financial Reporting*’.

Deloitte & Touche (M.E.)



Mohammed Khamees Al Tah
Registration No. 717
24 July 2023
Abu Dhabi
United Arab Emirates

**Condensed consolidated statement of financial position
as at 30 June 2023**

	Notes	30 June 2023 AED'000 (unaudited)	31 December 2022 AED'000 (audited)
ASSETS			
Non-current assets			
Property and equipment	4	1,195,149	1,194,666
Right-of-use assets		5,689	5,928
Investments carried at fair value through profit or loss (FVTPL)	5	7,164,612	7,581,743
Investment in joint ventures	6	188,762	76,591
Total non-current assets		8,554,212	8,858,928
Current assets			
Inventories		16,314	17,226
Trade and other receivables	7	329,091	277,687
Contract assets	8	52,169	59,218
Due from related parties	9	28,643	17,090
Cash and bank balances	10	315,857	383,533
Total current assets		742,074	754,754
Total assets		9,296,286	9,613,682

The accompanying notes form an integral part of these interim condensed consolidated financial statements.

**Condensed consolidated statement of financial position
as at 30 June 2023 (continued)**

		30 June 2023 AED'000 (unaudited)	31 December 2022 AED'000 (audited)
	Notes		
EQUITY AND LIABILITIES			
Equity			
Share capital	11	1,000,000	1,000,000
Statutory reserve		355,926	355,926
Capital contribution		2,321,832	2,321,832
Retained earnings		2,499,816	3,249,502
Total equity		6,177,574	6,927,260
Liabilities			
Non-current liabilities			
Provision for employees' end of service benefits		14,838	14,184
Bank borrowings	12	2,756,122	2,386,122
Lease liabilities		5,968	6,162
Trade and other payables	13	30,438	21,217
Total non-current liabilities		2,807,366	2,427,685
Current liabilities			
Trade and other payables	13	129,805	93,347
Contract liabilities	14	179,548	160,341
Lease liabilities		378	369
Due to related parties	9	1,615	4,680
Total current liabilities		311,346	258,737
Total liabilities		3,118,712	2,686,422
Total equity and liabilities		9,296,286	9,613,682



Chief Executive Officer




Head of Finance

The accompanying notes form an integral part of these interim condensed consolidated financial statements.

**Condensed consolidated statement of profit or loss and other comprehensive income
for the six-month period ended 30 June 2023**

	Notes	Six-month period ended 30 June		Three-month period ended 30 June	
		2023	2022	2023	2022
		AED'000 (unaudited)	AED'000 (unaudited)	AED'000 (unaudited)	AED'000 (unaudited)
Revenue	15	564,342	474,819	312,793	303,801
Cost of sales		(490,566)	(436,488)	(262,482)	(292,395)
Gross profit		73,776	38,331	50,311	11,406
General and administrative expenses		(20,737)	(19,642)	(11,384)	(7,916)
Share of (loss)/profit from joint ventures		(248)	(305)	(47)	192
Other income, net		-	4,108	-	4,108
Finance income		4,497	2,021	1,829	2,021
Finance costs		(23,331)	(26,282)	(13,435)	(20,274)
(Loss)/gain on investments carried at FVTPL	5	(784,381)	884,499	10,243	817,560
Dividend income		738	244	738	244
(Loss)/profit for the period		(749,686)	882,974	38,255	807,341
Other comprehensive income		-	-	-	-
Total comprehensive (loss)/income for the period		(749,686)	882,974	38,255	807,341
Basic earnings per share (AED)		(0.75)	0.88	0.038	0.81

The accompanying notes form an integral part of these interim condensed consolidated financial statements.

**Condensed consolidated statement of changes in equity
for the six-month period ended 30 June 2023**

	Share capital AED'000	Statutory reserve AED'000	Capital contribution AED'000	Retained earnings AED'000	Total equity AED'000
Balance at 1 January 2022 (audited)	1,000,000	254,845	2,200,000	2,341,743	5,796,588
Total comprehensive income for the period	-	-	-	882,974	882,974
Capital contribution (note 9)	-	-	121,832	-	121,832
	-----	-----	-----	-----	-----
Balance at 30 June 2022 (unaudited)	1,000,000	254,845	2,321,832	3,224,717	6,801,394
	=====	=====	=====	=====	=====
Balance at 1 January 2023 (audited)	1,000,000	355,926	2,321,832	3,249,502	6,927,260
Total comprehensive loss for the period	-	-	-	(749,686)	(749,686)
	-----	-----	-----	-----	-----
Balance at 30 June 2023 (unaudited)	1,000,000	355,926	2,321,832	2,499,816	6,177,574
	=====	=====	=====	=====	=====

The accompanying notes form an integral part of these interim condensed consolidated financial statements.

**Condensed consolidated statement of cash flows
for the six-month period ended 30 June 2023**

	Six-month period ended 30 June	
	2023 AED'000 (unaudited)	2022 AED'000 (unaudited)
Operating activities		
(Loss)/profit for the period	(749,686)	882,974
<i>Adjustments for:</i>		
Allowance for expected credit losses	2,934	348
Provision for employees' end of service benefit	1,303	1,002
Depreciation of property and equipment	33,317	11,141
Depreciation of right-of-use assets	239	239
Finance income	(4,497)	(2,021)
Finance costs	58,009	28,522
Loss/(gain) on investments carried at FVTPL	784,381	(884,499)
Share of loss from investment in joint ventures	248	305
Operating cash flows before changes in working capital	126,248	38,011
Decrease/(increase) in inventories	913	(15,604)
(Increase)/decrease in trade and other receivables	(54,559)	39,525
Decrease in contract assets	7,049	26,504
Increase in due from related parties	(11,553)	(4,134)
Increase/(decrease) in trade and other payables	31,367	(13,653)
Increase in contract liabilities	19,206	106,152
Decrease/(increase) in due to related parties	(3,065)	4,255
Cash generated from operations	115,606	181,056
Employees' end of service benefit paid	(649)	(277)
Net cash generated from operating activities	114,957	180,779
Investing activities		
Payment for purchase of property and equipment	(33,800)	(604,391)
Finance income	4,497	2,021
Purchase of investments carried at FVTPL	(367,250)	(1,204,408)
Investment in joint ventures	(112,290)	(14,514)
Term deposits	221,272	-
Net cash used in investing activities	(287,571)	(1,821,292)

The accompanying notes form an integral part of these interim condensed consolidated financial statements.

**Condensed consolidated statement of cash flows
for the six-month period ended 30 June 2023 (continued)**

	Notes	Six-month period ended 30 June	
		2023 AED'000 (unaudited)	2022 AED'000 (unaudited)
Financing activities			
Repayment of lease liabilities	5	(338)	(338)
Finance costs		(43,452)	(19)
Proceeds from bank borrowings	14	370,000	4,449,354
Net cash generated from financing activities		326,210	4,448,997
Net (decrease)/increase in cash and cash equivalents		153,596	2,808,484
Cash and cash equivalents as at 1 January	10	162,261	97,802
Cash and cash equivalents as at 30 June	10	315,857	2,906,286
Non-cash transactions:			
Capital contribution		-	121,832
Investment in a joint venture		-	(61,496)

The accompanying notes form an integral part of these condensed consolidated financial statements.

**Notes to the interim condensed consolidated financial information
for the six-month period ended 30 June 2023**

1 General information

Al Seer Marine Supplies and Equipment Company LLC was incorporated as a Limited Liability Company in the Emirates of Abu Dhabi, United Arab Emirates. On 8 April 2021, the legal status of the Company was changed to a Private Joint Stock Company (PJSC) and the name was changed to Al Seer Marine Supplies and Equipment Company PJSC (the “Company”). The Company’s ordinary shares were listed on the Abu Dhabi Securities Exchange (ADX) Secondary Market on 29 August 2021. The Company’s registered address is P.O. Box 33639, Abu Dhabi, United Arab Emirates.

The principal activities of the Group are boats repairing; wholesale of spare parts and sections trading of airplanes; boatsworks workshop; water bikes repairing and maintaining; foodstuff catering; retail sale of factories equipments and machines and spare parts; retail sale of marine equipments and machinery spare parts; retail sale of marine equipments and machinery; installation and repair of lifting mechanisms and equipment loading; heavy vehicles and equipment mechanics repair; retail sale of ships and boats; repair and maintenance of engines ship; retail sale of airplanes spare parts and its components; trade jet skis used; wholesale of canned and preserved foodstuff trading; ship and boat seat upholstering; transport by refrigerator trucks; trading of telecommunication equipment - wholesale; wholesale of fresh foodstuff trading; industrial enterprises investment, institution and management; ships management and operation; sea shipping lines agents; customs clearance services; wholesale of ships and boats trading; importing; onshore and offshore oil and gas fields and facilities services; yachts management and running and commercial vessel management.

The Company has the following subsidiaries over which it exercises effective control:

Name	Ownership Interest		Country of operation	Principal activity
	2023	2022		
Project Ceres One Limited	100%	100%	Cayman Islands	Commercial vessel management
Project Ceres Two Limited*	100%	100%	Cayman Islands	Commercial vessel management
Project Ceres Three Limited*	100%	100%	Cayman Islands	Commercial vessel management
Al Seer Marine Boats Building - Sole Proprietorship LLC**	100%	100%	UAE	Onshore and offshore oil and gas fields and facilities services, building of warships, building of motor boats
Al Seer Marine Training Institute LLC**	100%	100%	UAE	Security and safety training, computer software training, technical training on electrical and electronic devices, training and rehabilitation of marine cadres, onshore and offshore oil and gas fields and facilities services
Al Seer Marine Services Company LLC**	100%	100%	UAE	Sea shipping lines agents, customs clearance services, ships management and operation, onshore and offshore oil and gas fields and facilities services, yachts management and running

**Notes to the interim condensed consolidated financial information
for the six-month period ended 30 June 2023 (continued)**

1 General information (continued)

Name	Ownership Interest		Country of operation	Principal activity
	2023	2022		
ASM Chartering	100%	100%	Cayman Islands	Commercial vessel management, cargo management, freight services
Alcor Marine Limited (also known as Alcor Marine Company Limited)	100%	100%	Cayman Islands	Commercial vessel management
Alkaid Limited	100%	100%	Cayman Islands	Commercial vessel management
Castor Marine Limited (also known as Castor Shipholding Limited)	100%	100%	Cayman Islands	Commercial vessel management
Pollux Marine Limited	100%	100%	Cayman Islands	Commercial vessel management
Acrux Marine Limited	100%	100%	Cayman Islands	Commercial vessel management
Meissa Shipping Ltd.	100%	100%	Cayman Islands	Commercial vessel management
Oriental Shipping Limited***	100%	-	Cayman Islands	Commercial vessel management

* entities under liquidation process.

** Assignment given to parent company for these entities was revoked in the previous period.

*** during the period, the Group established a 100% owned subsidiary Oriental Shipping Limited, incorporated in Cayman Islands to carry out commercial vessel management activities.

**Notes to the interim condensed consolidated financial information
for the six-month period ended 30 June 2023 (continued)****2 Application of new and revised International Financial Reporting Standards (IFRSs)****2.1 New and revised IFRSs applied with no material effect on the condensed consolidated financial statements**

The following new and revised IFRSs, which became effective for annual periods beginning on or after 1 January 2023, have been adopted in these condensed consolidated financial statements. The application of these revised IFRSs has not had any material impact on the amounts reported for the current and prior years but may affect the accounting for future transactions or arrangements.

- IFRS 17 *Insurance Contracts*
- Amendments to IFRS 17 *Insurance Contracts* (Amendments to IFRS 17 and IFRS 4)
- Amendments to IAS 1 *Presentation of Financial Statements*: classification of liabilities as current or non-current
- Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)
- Definition of Accounting Estimates (Amendments to IAS 8)
- Amendments to IAS 12 *Income Taxes* on accounting for deferred tax on transactions such as leases and decommissioning obligations
- Extension of the temporary exemption from applying IFRS 9 *Financial Instruments* (Amendments to IFRS 4).

These amendments did not have a material impact on the interim condensed consolidated financial statements of the Group.

2.2 New and revised IFRSs in issue but not yet effective

The Group has not yet applied the following new and revised IFRSs that have been issued but are not yet effective:

- Amendments to IFRS 10 *Consolidated Financial Statements* and IAS 28 *Investments in Associates and Joint Ventures*: sale or contribution of assets between an investor and its associate or joint venture (effective date not yet decided).
- Lease liability in a sale and leaseback (Amendments to IFRS 16) (effective from 1 January 2024)
- Non-current liabilities with covenants (Amendments to IAS 1) (effective from 1 January 2024).

Management anticipates that these new standards, interpretations and amendments will be adopted in the Group's consolidated financial statements as and when they are applicable and adoption of these new standards, interpretations and amendments, may have no material impact on the consolidated financial statements of the Group in the period of initial application.

There are no other applicable new standards and amendments to published standards or IFRIC interpretations that have been issued that would be expected to have a material impact on the condensed consolidated financial statements of the Group.

**Notes to the interim condensed consolidated financial information
for the six-month period ended 30 June 2023 (continued)****3 Summary of significant accounting policies****Basis of preparation**

This interim condensed consolidated financial information for the six-month period ended 30 June 2023 has been prepared in accordance with IAS 34, '*Interim Financial Reporting*'.

The interim condensed consolidated financial information is prepared in UAE Dirhams, which is the Group's functional and presentation currency. All values are rounded to the nearest thousand (AED'000) except when otherwise included.

The interim condensed consolidated financial information does not include all information and disclosures required in the annual consolidated financial statements and should be read in conjunction with the Group's annual consolidated financial statements for the year ended 31 December 2022. In addition, results for the six-month period ended 30 June 2023 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2023.

Basis of measurement

This interim condensed consolidated financial information has been prepared on historical cost basis except for the fair valuation of investments carried at fair value through profit or loss at the end of each reporting period. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

The accounting policies adopted in the preparation of the interim condensed consolidated financial information are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2022, and the notes attached thereto, except for the adoption of certain new and revised standards, that became effective in the current period as set out above.

Changes in judgements and estimation uncertainty

The preparation of these interim condensed consolidated financial information, in conformity with IAS 34 requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected. The significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the Group's annual consolidated financial statements for the year ended 31 December 2022.

4 Property and equipment

During the six-month period ended 30 June 2023 the Group acquired assets with a cost of AED 33,800 thousand (30 June 2022: AED 604,391 thousand). Depreciation charges for the six-month period ended 30 June 2023 amounted to AED 33,317 thousand (30 June 2022: AED 11,141 thousand).

**Notes to the interim condensed consolidated financial information
for the six-month period ended 30 June 2023 (continued)**

5 Investments carried at fair value through profit or loss (FVTPL)

	30 June 2023 AED'000 (unaudited)	31 December 2022 AED'000 (audited)
At the beginning of the period/year	7,581,743	5,465,725
Additions during the period/year	367,250	1,204,407
Net change in fair value during the period/year	(784,381)	911,611
	<hr/>	<hr/>
At the end of the period/year	7,164,612	7,581,743
	<hr/> <hr/>	<hr/> <hr/>

Investments carried at FVTPL include AED 4,188,155 thousand (31 December 2022: AED 5,421,730 thousand) towards investment in shares of related parties (note 9).

Fair values of the quoted investments are determined by reference to published price quotations in an active market (level 1). All the investments are located in the United Arab Emirates.

Investments carried at FVTPL amounting to AED 6,601,360 thousand are provided as security for the bank borrowings (note 12) obtained to finance the purchase of quoted shares and vessels.

6 Investment in joint ventures

Movement in the investment in joint ventures is as follows:

	30 June 2023 AED'000 (unaudited)	31 December 2022 AED'000 (audited)
At 1 January	76,591	-
Transfers during the period/year (note 7)	129	61,496
Contributions made during the period/year	112,290	16,064
Share of loss for the period/year	(248)	(969)
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Balance at the end of the period/year	188,762	76,591
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The joint ventures are accounted for using the equity method in this interim condensed consolidated financial information. The Group's joint arrangement provides the Group and the parties to the arrangements with rights to the net assets.

**Notes to the interim condensed consolidated financial information
for the six-month period ended 30 June 2023 (continued)**

6 Investment in joint ventures (continued)

Details of joint ventures as at the end of the reporting period are as follows:

Name	Place of incorporation	Proportion of ownership interest		Principal activity
		2023	2022	
ABGC DMCC	UAE	51%	51%	To operate as shipping lines of freight and passengers' transportation; ship charter; sea freight and passengers charters; sea cargo services; ship management and operation; and freight broker
DTEC Industries Limited	UAE	57.5%	-	Providing independent and specialist industrial participation and offset services for the global defense and security market primarily in the maritime industry.

Latest available financial information in respect of the Group's investment in the joint ventures is summarized below:

	30 June 2023 AED'000 (unaudited)	31 December 2022 AED'000 (audited)
Total assets	672,937	233,048
Total liabilities	(303,233)	(82,670)
Net assets	369,704	150,378
Group's share of net assets of the joint ventures	188,556	76,591
Net loss for the period/year	(449)	(1,900)
Share of net loss for the period	(248)	(969)

**Notes to the interim condensed consolidated financial information
for the six-month period ended 30 June 2023 (continued)**

7 Trade and other receivables

	30 June 2023 AED'000 (unaudited)	31 December 2022 AED'000 (audited)
Trade receivables	204,971	217,147
Less: allowance for expected credit losses	(821)	(1,019)
	<hr/>	<hr/>
	204,150	216,128
Advances to suppliers	111,762	50,008
Prepayments	5,808	7,111
Labour deposits	2,149	2,149
Advance for investment (note 6)	-	129
Other receivables	5,222	2,162
	<hr/>	<hr/>
	329,091	277,687
	<hr/> <hr/>	<hr/> <hr/>

The average credit period of trade receivables is 60 days (31 December 2022: 60 days). No interest is charged on trade and other receivables.

The Group has adopted a policy of dealing with only creditworthy counterparties. Adequate credit assessment is made before accepting a new customer. Of the trade receivables balance at the end of the reporting period, AED 156,694 thousand (31 December 2022: AED 152,888 thousand) representing 76.4% (31 December 2022: 70.4%) of the total trade receivables are due from 5 (31 December 2022: 5) major customers of the Group.

The Group measures the provision for impairment for trade receivables at an amount equal to lifetime expected credit losses (ECL). ECL on trade receivables are estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date.

For risk profiling purpose, the Group has segregated its trade receivable portfolio into two sub groups namely 'receivables from government related entities' and 'receivables from corporates' based on the historical credit loss and recovery patterns from the customers.

**Notes to the interim condensed consolidated financial information
for the six-month period ended 30 June 2023 (continued)**

8 Contract assets

	30 June 2023 AED'000 (unaudited)	31 December 2022 AED'000 (audited)
Contract assets		
- <i>construction contracts</i>	37,814	38,816
- <i>rendering of services</i>	-	5,045
Contract costs	17,486	15,357
	55,300	59,218
Less: allowance for expected credit losses	(3,131)	-
	52,169	59,218

Contract assets

Amounts relating to contract assets are balances due from customers under construction contracts that arise when the Group receives payments from customers in line with a series of performance related milestones. The Group will previously have recognised 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.

All of the contract assets are current as on 30 June 2023 and 31 December 2022.

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.

There has been no change in the estimation techniques or significant assumptions made during the current reporting period in assessing the loss allowance for the contract assets. As per management's impairment assessment using ECL, impairment loss of AED 3,131 thousand was recognised against contract assets as on 30 June 2023 (31 December 2022: AED nil).

**Notes to the interim condensed consolidated financial information
for the six-month period ended 30 June 2023 (continued)**

9 Related parties

The Group enters into transactions with companies and entities that fall within the definition of a related party as contained in International Accounting Standard 24 *Related Party Disclosures*. Related parties comprise Shareholders, directors, key management and entities under common ownership and/or common management and control. The Shareholders and management decide on the terms and conditions of the transactions and services received/rendered from/to related parties as well as on other charges.

The Group maintains balances with these related parties as follows:

	30 June 2023 AED'000 (unaudited)	31 December 2022 AED'000 (audited)
Due from related parties	28,643	17,090
Due to related parties (under common control)	1,615	4,680

The Group has determined that the amounts due from related parties do not carry a credit risk and hence no expected or specific loss allowance is required on these balances.

During 2021 the Group obtained a loan from a related party to finance the working capital requirements. The loan was repayable in 2022 and carried no interest. During 2022, the related party resolved to waive the loan amounting to AED 121,832 thousand and account for it as capital contribution within the interim condensed consolidated statement of changes in equity.

Refer to notes 10 and 12 for details of the Group's cash at bank and borrowings with a bank which is a related party. Refer to note 5 for details of Group's investments carried at FVTPL in related parties.

Significant transactions with related parties are as follows:

	Six-month period ended 30 June	
	2023 AED'000 (unaudited)	2022 AED'000 (unaudited)
Revenue	12,992	11,214
Purchases of goods and services	5,177	5,104
Managerial remuneration	-	-
Investment in shares carried at FVTPL (note 5)	-	4,054
Waiver of loan	-	121,832

**Notes to the interim condensed consolidated financial information
for the six-month period ended 30 June 2023 (continued)**

10 Cash and bank balances

	30 June 2023 AED'000 (unaudited)	31 December 2022 AED'000 (audited)
Cash on hand	300	300
Cash at banks - current accounts	172,438	150,335
Fixed deposits	143,119	232,898
	<hr/>	<hr/>
Cash and bank balances	315,857	383,533
Less: fixed deposits with maturity more than 90 days	-	(221,272)
	<hr/>	<hr/>
Cash and cash equivalents	315,857	162,261
	<hr/> <hr/>	<hr/> <hr/>

Fixed deposits comprise short-term deposits placed with commercial banks bearing interest rates ranging from 0.15% p.a. to 5.05% p.a. (31 December 2022: ranging from 0.02% p.a. to 5.05% p.a.). The Group earned interest income of AED 4,497 thousand during the period (30 June 2022: AED 2,021 thousand).

Balances with banks are assessed to have low credit risk of default since these banks are highly regulated by the central banks of the respective countries. Accordingly, management of the Group estimates the loss allowance on balances with banks at the end of the reporting period at an amount equal to 12-month ECL. None of the balances with banks at the end of the reporting period are past due, and taking into account the historical default experience and the current credit ratings of the bank, the management of the Group have assessed that there is no impairment, and hence have not recorded any loss allowances on these balances.

Cash at bank are held with a bank which is a related party (note 9).

11 Share capital

The Company's issued and fully paid-up share capital comprises 1,000,000,000 shares of AED 1 each.

**Notes to the interim condensed consolidated financial information
for the six-month period ended 30 June 2023 (continued)**

12 Bank borrowings

The Group has obtained loans from a local bank (a related party) to finance the acquisition of certain investments carried at FVTPL and the purchase of vessels (notes 4, 5 and 10).

- a. During 2022 the group obtained loans amounting to AED 1,819,354 thousand, repayable in two equal instalments in the years 2025 and 2027 and carry interest rates in the range of 2.85%-7.06% p.a. (31 December 2022: 2.85%-3.50% p.a.). The loan is secured against certain investments carried at FVTPL (note 5) and assignment of related dividend income. The Group has complied with the applicable loan covenants as of 30 June 2023.
- b. During 2022 the group obtained loan amounting to AED 2,630,000 thousand, repayable in twenty semi-annual instalments starting 31 December 2022 and carries an interest rate of 3 months EIBOR plus 1.75% per annum. The loan is secured against certain investments carried at FVTPL (note 5) and assignment of related dividend income. During 2022, the Group opted to early settle the loan partially and accordingly repaid an amount of AED 2,430,732 thousand. The outstanding balance is repayable in two instalments in the years 2031 and 2032 and carries an interest rate in the range of 3.14%-6.95% p.a. (31 December 2022: 3.14%-3.20% p.a.). The Group has complied with the applicable loan covenants as of 30 June 2023.
- c. During 2022 the group obtained loan amounting to AED 367,500 thousand, repayable in two equal instalments in the years 2025 and 2027 and carries interest rates of 6.49% p.a. (31 December 2022: 5.33% p.a.). The loan is secured against certain investments carried at FVTPL (note 5) and assignment of related dividend income. The Group has complied with the applicable loan covenants as of 30 June 2023.
- d. During the period the group obtained loan amounting to AED 370,000 thousand, repayable in two equal instalments in the years 2025 and 2027 and carries interest rates of EIBOR+1.75% per annum. The loan is secured against certain investments carried at FVTPL (note 5) and assignment of related dividend income. The Group has complied with the applicable loan covenants as of 30 June 2023.

The movement in bank borrowings are as follows:

	30 June 2023	31 December 2022
	AED'000	AED'000
At the beginning of the period/year	2,386,122	-
Availed during the period/year	370,000	4,816,854
Repaid during the period/year	-	(2,430,732)
	<hr/>	<hr/>
At the end of the period/year - non-current	2,756,122	2,386,122
	<hr/> <hr/>	<hr/> <hr/>

During the period, the Group incurred finance costs of AED 57,483 thousand (30 June 2022: AED 28,341 thousand) towards the bank borrowings. Out of the total finance costs, AED 34,524 thousand (30 June 2022: AED 3,382 thousand) has been allocated to direct costs.

**Notes to the interim condensed consolidated financial information
for the six-month period ended 30 June 2023 (continued)**

13 Trade and other payables

	30 June 2023 AED'000 (unaudited)	31 December 2022 AED'000 (audited)
Trade payables	66,265	37,055
Accrued interest	56,587	42,276
Accrued and other payables	37,391	35,233
	160,243	114,564
Less: non-current accrued interest	(30,438)	(21,217)
At the end of the period/year - current	129,805	93,347

The average credit period on the purchase of goods is 90 days (31 December 2022: 90 days). The Group has financial risk management policies in place to ensure that all payables are paid within credit time frame. No interest is charged on trade and other payables. Accrued and other payables include accrual of staff bonus, management fees and value added tax payable.

14 Contract liabilities

	30 June 2023 AED'000 (unaudited)	31 December 2022 AED'000 (audited)
Amounts received in advances from customers	179,548	160,341

Revenue is recognised when control of the goods has transferred to the customer, being at the point the goods are delivered to the customer. When the customer paid for the goods before the promised goods and service provided to the customer, the transaction price received by the Group is recognised as contract liability until the control of promised goods and services transferred to the customer.

15 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 product lines:

	Six-month ended 30 June	
	2023 AED'000 (unaudited)	2022 AED'000 (unaudited)
Disaggregation of revenue - at a point in time		
Rendering of services	561,844	471,938
Disaggregation of revenue - over time		
Construction income	2,498	2,881
	564,342	474,819

**Notes to the interim condensed consolidated financial information
for the six-month period ended 30 June 2023 (continued)**

15 Revenue (continued)

The transaction price allocated to (partially) unsatisfied performance obligations as at 30 June 2023 and 30 June 2022 are set out below:

	30 June 2023 AED'000 (unaudited)	30 June 2022 AED'000 (unaudited)
Remaining construction revenue	2,237	11,260

16 Segment information

Management monitors the operating results of its segments for the purpose of making decision about resources allocation and performance assessment. Segment performance is evaluated based on operating profit or loss and is measured consistently with operating profit or loss in the interim condensed consolidated financial information.

For management purpose, the Group is organised into five segments, namely blue economy (commercial shipping, cargo, trade and maritime assets), yachting (management, maintenance, crewing and operations), innovation & sustainability (3D printing, maintenance services, training, unmanned systems and capability development), construction & manufacturing (new builds, boat building, ship building, naval architecture and engineering) and defense & security (consultancy, unmanned systems, through life support and training).

The following table represents revenue and gross profit information regarding operating segments for the periods ended 30 June 2023 and 2022:

	Blue economy AED'000	Yachting AED'000	Innovation & sustainability AED'000	Construction & manufacturing AED'000	Defense & security AED'000	Total AED'000
30 June 2023						
Segment revenue	213,731	324,387	13,195	9,280	3,749	564,342
Segment direct costs	(166,701)	(290,219)	(12,004)	(12,948)	(8,694)	(490,566)
Segment gross profit/(loss)	47,030	34,168	1,191	(3,668)	(4,945)	73,776
30 June 2022						
Segment revenue	88,428	367,119	13,022	5,807	443	474,819
Segment direct costs	(87,891)	(320,805)	(10,662)	(12,576)	(4,554)	(436,488)
Segment gross profit/(loss)	537	46,314	2,360	(6,769)	(4,111)	38,331

**Notes to the interim condensed consolidated financial information
for the six-month period ended 30 June 2023 (continued)**

17 Contingent liabilities

	30 June 2023 AED'000 (unaudited)	31 December 2022 AED'000 (audited)
Letter of guarantees	34,998	34,998

Above letters of guarantees were issued in the normal course of business on which the bank charges a fee of 1% per annum (31 December 2022: 1% per annum).

The Group has a commitment to invest additional AED 528,695 thousand (31 December 2022: AED 240,680 thousand) in the joint venture entity. Further the Group has capital commitments totaling to AED 924,409 thousand (31 December 2022: AED 643,422 thousand for four vessels) towards construction of six vessels.

18 Fair value of financial instruments

The fair value hierarchy levels have been defined as follows:

- Level 1 – fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 – fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).
- Level 3 – fair value measurement are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

	Carrying Value AED'000	Fair value			Total AED'000
		Level 1 AED'000	Level 2 AED'000	Level 3 AED'000	
At 30 June 2023 (unaudited)					
Investments carried at fair value through profit or loss (FVTPL)	7,164,612	7,164,612	-	-	7,164,612
At 31 December 2022 (audited)					
Investments carried at fair value through profit or loss (FVTPL)	7,581,743	7,581,743	-	-	7,581,743

19 Seasonality of results

No income of a seasonal nature was recorded in the condensed consolidated statement of profit or loss for the six-month period ended 30 June 2023 and 2022.

**Notes to the interim condensed consolidated financial information
for the six-month period ended 30 June 2023 (continued)**

20 Basic and diluted earnings per share

Basic earnings per share is calculated by dividing earnings for the period by the weighted average number of ordinary shares outstanding during the period. Diluted earnings per share is calculated by dividing the earnings for the period by the weighted average number of ordinary shares outstanding during the period, adjusted for the effects of dilutive instruments.

The following reflects the (loss)/profit and share data used in the basic earnings per share computations:

	Six-month period ended	
	30 June	
	2023	2022
	(unaudited)	(unaudited)
(Loss)/profit for the period (AED'000)*	(749,686)	882,974
Weighted average number of ordinary shares issued	1,000,000	1,000,000
Basic earnings per share (AED)	(0.75)	0.88

*(Loss)/profit for the period includes changes in fair value of investments carried at FVTPL.

Diluted earnings per share have not been presented as the Group has not issued any instruments which would have an impact on earnings per share when exercised.

21 Corporate tax

On 9 December 2022, the UAE Ministry of Finance released the Federal Decree-Law No. 47 of 2022 on the Taxation of Corporations and Businesses (the Law) to enact a Federal corporate tax (CT) regime in the UAE. The CT regime is effective for accounting periods beginning on or after 1 June 2023.

A rate of 9% will apply to taxable income exceeding AED 375,000, a rate of 0% will apply to taxable income not exceeding AED 375,000 and a rate of 0% on qualifying income of free zone entities.

The Group has conducted an assessment of the potential impact of these laws and regulations. Based on this assessment, the Group has determined that no deferred tax implications are to be considered in the preparation of these interim condensed consolidated financial information.

22 Approval of interim condensed consolidated financial information

The interim condensed consolidated financial information was approved by management and authorised for issue on 24 July 2023.