National Marine Dredging Company PJSC

Report and condensed consolidated
interim financial statements
for the nine-month period
ended 30 September 2023 (unaudited**)**

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REPORT ON REVIEW OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS TO THE BOARD OF DIRECTORS OF NATIONAL MARINE DREDGING COMPANY PJSC

Introduction

We have reviewed the accompanying condensed consolidated statement of financial position of National Marine Dredging Company PJSC (the "Company") and its subsidiaries (together referred to as the "Group") as of 30 September 2023 and the related condensed consolidated statements of profit or loss, comprehensive income, changes in equity and cash flows for the nine-month period then ended and other explanatory notes. Management is responsible for the preparation and fair presentation of these interim consolidated financial information in accordance with International Accounting Standard 34, "*Interim Financial Reporting*". 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 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 does not present fairly, in all material respects in accordance with IAS 34, "*Interim Financial Reporting*".

Deloitte & Touche (M.E.)



Mohammad Khamees Al Tah
Registration Number 717
23 October 2023
Abu Dhabi
United Arab Emirates

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National Marine Dredging Company PJSC

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 30 September 2023

	Notes	*30 September 2023 AED '000 (Unaudited)*	*31 December 2022 AED '000 (Audited)*
ASSETS			
Non-current assets			
Property, plant and equipment	3	**4,833,968**	4,338,615
Investment property	4	**40,000**	-
Right-of-use assets	5	**329,702**	340,127
Goodwill		**5,057**	5,057
Investments in equity accounted investees	6	**273,480**	191,933
Deferred tax assets		**6,776**	8,468
Retentions receivable		**168,442**	8,184
Total non-current assets		**5,657,425**	4,892,384
Current assets			
Inventories		**610,100**	465,522
Trade and other receivables	7	**4,541,690**	4,741,330
Contract assets	8	**3,533,366**	3,087,043
Financial assets at fair value through profit or loss	19	**434,933**	34,535
Derivative financial assets	19	**33,533**	41,747
Cash and bank balances	9	**3,078,203**	2,783,732
Total current assets		**12,231,825**	11,153,909
TOTAL ASSETS		**17,889,250**	16,046,293
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital		**825,000**	825,000
Merger reserve		**765,000**	765,000
Other reserves	17	**(107,731)**	(7,786)
Retained earnings		**6,467,194**	4,955,312
Equity attributable to the shareholders of the Company		**7,949,463**	6,537,526
Non-controlling interests		**4,070**	3,080
Total equity		**7,953,533**	6,540,606
Non-current liabilities			
Provision for employees' end of service benefits		**430,938**	403,448
Long term borrowings	10	**1,163,632**	1,420,392
Long term lease liabilities	5	**325,386**	337,317
Total non-current liabilities		**1,919,956**	2,161,157
Current liabilities			
Trade and other payables	11	**6,691,281**	6,396,050
Contract liabilities		**872,343**	462,377
Derivative financial liabilities	19	**28,863**	47,236
Income tax payable		**72,576**	84,784
Short term borrowings	10	**342,346**	342,346
Short term lease liabilities	5	**8,352**	11,737
Total current liabilities		**8,015,761**	7,344,530
Total liabilities		**9,935,717**	9,505,687
TOTAL EQUITY AND LIABILITIES		**17,889,250**	16,046,293

To the best of our knowledge, the financial information included in the report fairly presents in all material respects the financial condition, results of operation and cash flows of the Group as of, and for, the periods presented in these condensed consolidated financial statements.

Hamad Salem Mohammed Al Amri
VICE CHAIRMAN

Yasser Nasr Zaghloul
GROUP CHIEF EXECUTIVE OFFICER

Sreemont Prasad Barua
GROUP CHIEF FINANCIAL OFFICER

The attached notes 1 to 23 form part of these condensed consolidated financial statements.

ص.ب: ٣٦٤٩ ابوظبي - ا.ع.م. P.O.Box: 3649 Abu Dhabi - U.A.E. 05 NATIONAL MARINE DREDGING CO.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS
For the nine-month period ended 30 September 2023

	Notes	3 months period ended 30 September		9 months period ended 30 September	
		2023 AED '000 (unaudited)	2022 AED '000 (unaudited)	**2023 AED '000 (unaudited)**	2022 AED '000 (unaudited)
Revenue from contracts with customers	12	**4,274,015**	2,526,485	**11,038,683**	6,072,317
Contract costs		**(3,658,637)**	(2,185,546)	**(9,594,608)**	(5,584,404)
GROSS PROFIT		**615,378**	340,939	**1,444,075**	487,913
Share of net results of equity accounted investees	6	**8,162**	2,154	**43,054**	4,699
General and administrative expenses		**(55,644)**	(32,626)	**(159,485)**	(96,101)
Finance costs		**(29,685)**	(14,611)	**(89,907)**	(39,297)
Finance income		**29,089**	3,377	**92,515**	17,704
Foreign currency exchange loss		**(7,206)**	(20,199)	**(26,322)**	(53,302)
Fair value gain/(loss) on financial assets at fair value through profit or loss		**65,142**	744	**178,899**	(2,141)
Gain on partial disposal of a subsidiary's operations	6.2	**-**	-	**-**	237,615
Fair value gain arising on the remeasurement	6.3	**-**	-	**-**	116,431
Other income, net		**11,422**	39,023	**34,435**	63,819
Profit before tax		**636,658**	318,801	**1,517,264**	737,340
Income tax expense on foreign operations		**(4,950)**	(18,840)	**(4,392)**	(34,231)
PROFIT FOR THE PERIOD	13	**631,708**	299,961	**1,512,872**	703,109
PROFIT ATTRIBUTABLE TO:					
Shareholders of the Company		**631,704**	299,969	**1,511,882**	703,058
Non-controlling interests		**4**	(8)	**990**	51
PROFIT FOR THE PERIOD		**631,708**	299,961	**1,512,872**	703,109
Basic and diluted earnings per share attributable to equity holders of the Company	**15**	**0.77**	0.36	**1.83**	0.85

The attached notes 1 to 23 form part of these condensed consolidated financial statements.

CONDENSED CONSOLIDATED STATEMENT OF COMPRHENSIVE INCOME
For the nine-month period ended 30 September 2023

	3 months period ended 30 September		*9 months period ended 30 September*	
	2023	*2022*	***2023***	*2022*
	AED '000	*AED '000*	***AED '000***	*AED '000*
	(Unaudited)	*(Unaudited)*	***(Unaudited)***	*(Unaudited)*
PROFIT FOR THE PERIOD	**631,708**	299,961	**1,512,872**	703,109
Other comprehensive (loss) income				
Items that may be subsequently reclassified to condensed consolidated statement of profit or loss in subsequent periods				
Fair value gain/(loss) arising on hedging instruments during the period	**(7,000)**	(37,705)	**10,159**	(73,751)
Exchange differences arising on translation of foreign operations	**181**	(25,220)	**(110,104)**	(145,240)
OTHER COMPREHENSIVE LOSS FOR THE PERIOD	**(6,819)**	(62,925)	**(99,945)**	(218,991)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	**624,889**	237,036	**1,412,927**	484,118
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
Shareholders of the Company	**624,885**	237,044	**1,411,937**	484,067
Non-controlling interests	**4**	(8)	**990**	51
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	**624,889**	237,036	**1,412,927**	484,118

The attached notes 1 to 23 form part of these condensed consolidated financial statements.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the nine-month period ended 30 September 2023

	Share capital AED '000	*Merger reserve AED '000*	*Other reserves AED '000*	*Retained earnings AED '000*	*Equity attributable to the shareholders of the Company AED '000*	*Non-controlling interests AED '000*	*Total equity AED '000*
Balance at 1 January 2022 *(Audited)*	825,000	765,000	143,184	3,782,325	5,515,509	2,876	5,518,385
Profit for the period	-	-	-	703,058	703,058	51	703,109
Other comprehensive loss for the period	-	-	(218,991)	-	(218,991)	-	(218,991)
Total comprehensive income/(loss) for the period	-	-	(218,991)	703,058	484,067	51	484,118
Balance at 30 September 2022 *(Unaudited)*	825,000	765,000	(75,807)	4,485,383	5,999,576	2,927	6,002,503
Balance at 1 January 2023 *(Audited)*	825,000	765,000	(7,786)	4,955,312	6,537,526	3,080	6,540,606
Profit for the period	-	-	-	1,511,882	1,511,882	990	1,512,872
Other comprehensive loss for the period	-	-	(99,945)	-	(99,945)	-	(99,945)
Total comprehensive income/(loss) for the period	-	-	(99,945)	1,511,882	1,411,937	990	1,412,927
Balance at 30 September 2023 *(Unaudited)*	**825,000**	**765,000**	**(107,731)**	**6,467,194**	**7,949,463**	**4,070**	**7,953,533**

The attached notes 1 to 23 form part of these condensed consolidated financial statements.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
For the nine-month period ended 30 September 2023

	Notes	***2023 AED '000 (Unaudited)***	*2022 AED '000 (Unaudited)*
OPERATING ACTIVITIES			
Profit before tax		**1,517,264**	737,340
Adjustments for:			
Depreciation of property, plant and equipment	3	**315,812**	319,538
Depreciation of right-of-use assets	5	**10,425**	10,533
Gain on disposal of property, plant and equipment		**(2,329)**	(26,446)
Fair value (gain)/loss on financial assets at fair value through profit or loss		**(178,899)**	2,141
Provision for slow moving and obsolete inventories		**643**	2,060
Share of net results of equity accounted investees		**(43,054)**	(4,699)
Fair value adjustment from equity accounted investee		**-**	**(**116,431)
Gain on disposal of a division		**-**	**(**237,615)
Provision for onerous contract		**75,000**	107,960
Reversal for expected credit losses on trade receivables and contract assets		**(16,175)**	(630)
Finance income /(costs), net		**(2,608)**	22,194
Provision for employees' end of service benefits		**46,721**	37,989
		1,722,800	853,934
Income tax paid, net		**(11,204)**	(13,076)
Employees' end of service benefits paid		**(19,231)**	(27,990)
		1,692,365	812,868
Working capital changes:			
Change in inventories		**(145,221)**	(141,604)
Change in trade and other receivables		**32,226**	(287,879)
Change in contract assets		(**516,377)**	533,472
Change in contract liabilities		**409,966**	240,698
Change in trade and other payables		**291,527**	200,480
Net cash generated from operating activities		**1,764,486**	1,358,035
INVESTING ACTIVITIES			
Payment for purchase of property, plant and equipment and investment property		**(835,510)**	(603,396)
Proceeds from disposal of property, plant and equipment		**3,687**	307,876
Investment in financial assets at fair value through profit or loss		**(221,499)**	(4,480)
Investment in equity accounted investee		**(49,000)**	**-**
Deposit placed with a bank		**(499,406)**	-
Dividend received		**1,337**	1,230
Interest received		**92,515**	10,656
Net cash used in investing activities		**(1,507,876)**	(288,114)
FINANCING ACTIVITIES			
Proceeds from term loan		**-**	459,125
Repayment of term loans		**(256,760)**	(250,970)
Repayment of lease liabilities		**(24,845)**	(20,538)
Dividends paid		-	-
Interest paid		**(80,378)**	(30,444)
Net cash (used in)/ generated from financing activities		**(361,983)**	157,173
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		**(105,373)**	1,227,094
Cash and cash equivalents at 1 January		**2,783,732**	802,199
Effect of foreign exchange rate changes		**(99,562)**	(136,067)
CASH AND CASH EQUIVALENTS AT 30 SEPTEMBER	9	**2,578,797**	1,893,226

The attached notes 1 to 23 form part of these condensed consolidated financial statements.

1 GENERAL INFORMATION

National Marine Dredging Company ("NMDC" or the "Company") is a public shareholding company incorporated in the Emirate of Abu Dhabi. The Company was incorporated by Law No. (10) of 1979, as amended by Decree No. (3) and (9) of 1985 issued by His Highness Sheikh Khalifa Bin Zayed Al Nahyan, who was then the Deputy Ruler of the Emirate of Abu Dhabi. The registered address of the Company is P.O. Box 3649, Abu Dhabi, United Arab Emirates.

These condensed consolidated financial statements include the financial performance and position of the Company and its subsidiaries, joint ventures, and branches (collectively referred to as the "Group"), details of which are set out below.

The Company is primarily engaged in the execution of engineering, procurement and construction contracts, dredging contracts and associated land reclamation works in the territorial waters of the UAE, principally under the directives of the Government of Abu Dhabi (the "Government"). The Group also operates in other jurisdictions in the region including Bahrain, Egypt, Saudi Arabia and India through its subsidiaries, branches and joint operations.

At the Annual General Meeting of the Company held on 28 April 2023, the Shareholders approved the purchase of certain assets, valued at AED 624.8 million, in exchange for mandatory convertible bonds, convertible into 19,379,653 new equity shares of the Company, at AED 32.24 per share. Upon the issuance of these new shares, the total issued share capital of the Company will increase to AED 844,379,653. At 30 September 2023, legal formalities relating to the execution of this transaction were ongoing.

Name	*Country of incorporation*	*Percentage holding 2023*	*2022*	*Principal activities*
Subsidiaries of NMDC				
National Petroleum Construction Company PJSC ("NPCC")	UAE	**100%**	100%	Engineering Procurement and Construction
Emarat Europe Fast Building Technology System Factory L.L.C. (Emarat Europe)	UAE	**100%**	100%	Manufacturing and supply of precast concrete
National Marine Dredging Company (Industrial)	UAE	**100%**	100%	Manufacturing of steel pipes and steel pipe fittings and holding 1% investment in the Group's subsidiaries to comply with local regulations
ADEC Engineering Consultancy L.L.C.	UAE	**100%**	100%	Consultancy services in the fields of civil, architectural, drilling and marine engineering along with related laboratory services
Abu Dhabi Marine Dredging Co S.P.C.	Bahrain	**100%**	100%	Offshore reclamation contracts, services for fixing water installation for marine facilities and excavation contracts
National Marine and Infrastructure India Private Limited	India	**100%**	100%	Dredging and associated land reclamation works, civil engineering, port contracting and marine construction
Subsidiaries of NPCC				
National Petroleum Construction Co. (Saudi) LTD.	Saudi Arabia	**100%**	100%	Engineering Procurement and Construction
NPCC Engineering Limited	India	**100%**	100%	Engineering
ANEWA Engineering Pvt. Ltd.	India	**80%**	80%	Engineering
NPCC Service Malaysia SDN*	Malaysia	**100%**	100%	Engineering Procurement and Construction
Abu Dhabi for Construction Projects*	Iraq	**100%**	100%	Engineering Procurement and Construction

*dormant entities

1 GENERAL INFORMATION (continued)

Name	*Country of incorporation*	*Percentage holding 2023*	*2022*	*Principal activities*
Branches of NMDC				
National Marine Dredging Company	Saudi Arabia	**Branch**	Branch	Dredging and associated land reclamation works, civil engineering, port contracting and marine construction
National Marine Dredging Company	Egypt	**Branch**	Branch	Dredging and associated land reclamation works, civil engineering, port contracting and marine construction
National Marine Dredging Company	Maldives	**Branch**	Branch	Dredging and associated land reclamation works, civil engineering, port contracting and marine construction
National Marine Dredging Company	Abu Dhabi	**Branch**	Branch	Dredging and associated land reclamation works, civil engineering, port contracting and marine construction
National Marine Dredging Company	Dubai	**Branch**	Branch	Dredging and associated land reclamation works, civil engineering, port contracting and marine construction
Joint Venture of NMDC				
The Challenge Egyptian Emirates Marine Dredging Company	Egypt	**49%**	49%	Dredging and associated land reclamation works, civil engineering, port contracting and marine construction
Associate of NMDC				
Safeen Survey and Subsea Services LLC	UAE	**49%**	49%	Marine services related to oil industries.
Associate of NPCC				
Principia SAS	France	**33.33%**	33.33%	Engineering and consultancy
Joint Operations of NPCC				
Technip – NPCC-Satah Full Field		**50%**	50%	Engineering, Procurement and Construction
NPCC – Technip –UZ-750 (EPC-1)		**40%**	40%	Engineering, Procurement and Construction
NPCC – Technip UL -2		**50%**	50%	Engineering, Procurement and Construction
NPCC – Technip AGFA		**50%**	50%	Engineering, Procurement and Construction
NPCC – Technip JV – US GAS CAP FEED		**50%**	50%	Engineering, Procurement and Construction

2 BASIS OF PREPARATION AND CRITICAL ACCOUNTING JUDGEMENTS

2.1 Basis of preparation

The condensed consolidated financial statements of the Group are prepared in accordance with International Accounting Standard 34, Interim Financial Reporting.

These condensed consolidated financial statements are presented in UAE Dirham ("AED") which is the currency of the primary economic environment in which the Group operates. Each entity in the Group determines its own functional currency. All financial information presented in AED has been rounded to the nearest thousand except otherwise stated.

2 BASIS OF PREPARATION AND CRITICAL ACCOUNTING JUDGEMENTS (continued)

2.1 Basis of preparation (continued)

The condensed consolidated financial statements do 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 nine-month period ended 30 September 2023 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2023.

2.2 Application of new and revised International Financial Reporting Standards (IFRSs)

2.2.1 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 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);
- Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12);
- International Tax Reform — Pillar Two Model Rules (Amendments to IAS 12); and
- Extension of the Temporary Exemption from Applying IFRS 9 (Amendments to IFRS 4).

2.2.2 New and revised IFRS 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);
- Supplier Finance Arrangements (Amendments to IAS 7 and IFRS 7) (effective from 1 January 2024); and
- Lack of Exchangeability (Amendments to IAS 21) (effective from 1 January 2025).

The above stated new standards and amendments are not expected to have any significant impact on these condensed consolidated financial statements of the Group.

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 these condensed consolidated financial statements of the Group.

2.3 Summary of Significant Accounting Policies

The Group has consistently applied the accounting policies as applied by the Group in the annual consolidated financial statements for the year ended 31 December 2022, except for the adoption of the following new accounting policy.

Investment properties

Investment property, which is property held to earn rental income and / or for capital appreciation (including property under construction for such purposes), is measured initially at cost, including transaction costs.

Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and impairment losses, if any. Land is not depreciated.

2 BASIS OF PREPARATION AND CRITICAL ACCOUNTING JUDGEMENTS(continued)

2.3 Summary of Significant Accounting Policies (continued)

Investment properties (continued)

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the asset. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the consolidated statement of profit or loss.

2.4 Critical accounting judgments and key sources of estimation uncertainty

The preparation of condensed consolidated financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income and expense. Actual results may differ from these estimates.

In preparing these condensed consolidated financial statements, 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 applied in the consolidated financial statements for the year ended 31 December 2022 except for the following judgement made in the process of applying the Group's new accounting policy.

Classification of properties

The classification of properties is based on judgements made by the Group. Judgment is needed to determine whether a property qualifies as an investment property, property plant and equipment and / or property held for resale. The Group develops criteria so that it can exercise that judgment consistently in accordance with the definitions of those asset categories. In making its judgment, the Group considers the detailed criteria and related guidance for the classification of properties as set out in IAS 2, IAS 16 and IAS 40, in particular, the intended usage of property at the reporting date.

3 PROPERTY, PLANT AND EQUIPMENT

	Building and base facilities AED'000	*Dredgers AED'000*	*Barges support vessels, plant pipelines and vehicles AED'000*	*Office equipment and furniture AED'000*	*Capital work in progress AED'000*	*Total AED'000*
2023 (Unaudited)						
Cost						
At 1 January 2023 (*Audited*)	611,425	1,440,025	5,822,084	131,615	260,279	8,265,428
Additions	276	3,873	252,245	5,839	551,662	813,895
Transfers	18,679	373	1,597	740	(21,389)	-
Disposals	(1)	(58)	(10,847)	(473)	-	(11,379)
Exchange differences	-	-	(1,482)	(178)	-	(1,660)
At 30 September 2023 *(Unaudited)*	**630,379**	**1,444,213**	**6,063,597**	**137,543**	**790,552**	**9,066,284**
Accumulated depreciation						
1 January 2023 (*Audited*)	395,233	162,402	3,259,477	109,701	-	3,926,813
Charge for the period	18,179	75,120	214,493	8,020	-	315,812
Disposals	(1)	(55)	(9,838)	(127)	-	(10,021)
Exchange differences	-	-	(237)	(51)	-	(288)
At 30 September 2023 *(Unaudited)*	**413,411**	**237,467**	**3,463,895**	**117,543**	**-**	**4,232,316**
Net carrying amount						
At 30 September 2023 *(Unaudited*	**216,968**	**1,206,746**	**2,599,702**	**20,000**	**790,552**	**4,833,968**
2022 (Audited)						
Cost						
At 1 January 2022	609,931	971,556	6,341,465	127,608	65,053	8,115,613
Additions	2,434	5,038	94,914	8,131	710,670	821,187
Transfers	4,181	470,465	34,786	3	(515,444)	(6,009)
Disposals/write offs	(5,118)	(7,034)	(644,651)	(1,987)	-	(658,790)
Exchange differences	(3)	-	(4,430)	(2,140)	-	(6,573)
At 31 December 2022	611,425	1,440,025	5,822,084	131,615	260,279	8,265,428
Accumulated depreciation						
1 January 2022	375,228	74,477	3,547,078	101,013	-	4,097,796
Charge for the year	22,630	88,237	298,739	11,162	-	420,768
Disposals/write offs	(2,625)	(312)	(586,036)	(1,284)	-	(590,257)
Exchange differences	-	-	(304)	(1,190)	-	(1,494)
At 31 December 2022	395,233	162,402	3,259,477	109,701	-	3,926,813
Net carrying amount						
At 31 December 2022	216,192	1,277,623	2,562,607	21,914	260,279	4,338,615

a. Certain items of property, plant and equipment with a carrying value of AED 2,131 million (2022 : AED 2,212 million) have been pledged to secure the borrowings of the Group. The Group is not allowed to pledge these assets as security for other borrowings or to sell them to another entity.
b. Property, plant and equipment includes fully depreciated assets of AED 2,247 million (2022 : AED 2,137 million)
c. Buildings and base facilities are located in Mussafah, Abu Dhabi, UAE on leased land.

4 INVESTMENT PROPERTY

Investment property comprises of a plot of land located in Abu Dhabi, UAE. The title to this plot of land was transferred to the Company in June 2023.

5 RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

	Right-of-use assets (land) AED'000	*Lease liabilities AED'000*
As at 1 January 2022 *(Audited)*	308,849	313,209
Additions during the year	45,159	45,159
Depreciation expense	(13,881)	-
Interest expense	-	11,788
Payments	-	(21,102)
As at 31 December 2022 *(Audited)*	340,127	349,054
As at 1 January 2023 *(Audited)*	**340,127**	**349,054**
Depreciation expense	**(10,425)**	**-**
Interest expense	**-**	**9,529**
Payments	**-**	**(24,845)**
As at 30 September 2023 *(Unaudited)*	**329,702**	**333,738**

Lease liabilities is disclosed in the consolidated statement of financial position as follows:

	30 September 2023 AED'000 (Unaudited)	*31 December 2022 AED'000 (Audited)*
Current liabilities	**8,352**	11,737
Non-current liabilities	**325,386**	337,317
Total	**333,738**	349,054

6 INVESTMENTS IN EQUITY ACCOUNTED INVESTEES

The carrying amounts of the Group's investments in equity accounted investees at are as follows:

	30 September 2023 AED'000 (Unaudited)	*31 December 2022 AED'000 (Audited)*
Safeen Survey and Subsea Services LLC (note 6.3)	**229,370**	140,067
Principia SAS	**22,820**	23,667
The Challenge Egyptian Emirates Marine Dredging Company	**21,290**	28,199
At reporting date	**273,480**	191,933

6 INVESTMENTS IN EQUITY ACCOUNTED INVESTEES (continued)

The movements in investment in equity accounted investees are as follows:

	30 September 2023 AED'000	*31 December 2022 AED'000*
At 1 January	**191,933**	55,850
Investment during the period/year (note 6.1)	**49,000**	-
Transfers from property, plant, and equipment (note 6.2)	**-**	23,636
Fair value gain arising on the remeasurement (note 6.3)	**-**	116,431
Dividend received during the period/year	**(1,337)**	(1,230)
Foreign exchange movement	**(9,170)**	(7,957)
Share of profit for the period/year, net	**43,054**	5,203
At reporting date	**273,480**	191,933

6.1 During the period, the Group made a additional cash contribution of AED 49 million to the joint venture, Safeen Survey and Subsea Services LLC (Safeen).

6.2 During the prior period, the Group incorporated a joint venture, Safeen Survey and Subsea Services LLC (Safeen) with Abu Dhabi Ports as a JV partner. The Group made an in kind contribution to Safeen with a transfer of its Diving and Subsea Division property, plant and equipment, employees and revenue contracts. The Group disposed 51% of its interest in Safeen to Abu Dhabi Ports Company PJSC resulting in a gain of AED 237,615 thousand.

6.3 The Group retained 49% interest in Safeen which was initially recognised at a cost of AED 23,636 thousand. Subsequently, the interest was remeasured at fair value resulting in a gain of AED 116,431 thousand. The investment in Safeen is accordingly recorded at a total value of AED 140,067 thousand.

7 TRADE AND OTHER RECEIVABLES

	30 September 2023 AED'000 (Unaudited)	*31 December 2022 AED'000 (Audited)*
Trade receivables, net of allowance for expected credit loss	**1,908,271**	2,871,999
Retention receivables – current portion	**279,922**	188,127
Deposits and prepayments	**513,560**	195,081
Advances paid to suppliers	**1,262,222**	1,053,927
VAT and GST receivables	**45,252**	34,768
Advances paid to employees	**29,492**	34,988
Other receivables *	**502,971**	362,440
At reporting date	**4,541,690**	4,741,330

Receivables, net are expected, on the basis of past experience, to be fully recoverable. It is not the practice of the Group to obtain collateral over receivables and the vast majority are, therefore, unsecured.

*Other receivables include an amount of AED 265 million (2022: AED 220 million) receiveable from a related party for expenses incurred on their behalf.

7 TRADE AND OTHER RECEIVABLES (continued)

Allowance for expected credit losses

The Group recognises lifetime expected credit loss (ECL) for trade receivables, retention receivables and contract assets using the simplified approach. To determine the expected credit losses all debtors are classified into four categories:

- Category I – billed receivables and unbilled receivables from governments and related companies;
- Category II – private companies with low credit risk;
- Category III – private companies with high credit risk; and
- Category IV – debtors at default.

These are 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, including time value of money, where appropriate.

In determining the recoverability of a trade receivable, the Group considers any change in the credit quality of the trade receivable from the date the credit was initially granted up to the reporting date. Trade receivables are considered past due once they have passed their contracted due date. Management has not recognised an expected credit loss in respect of delays in recovery of receivables expected to be recovered in full in the future as these are expected to be recovered in the short term and therefore no discounting adjustment is required.

	30 September 2023 AED'000 (Unaudited)	*31 December 2022 AED'000 (Audited)*
Trade and retention receivables	**2,222,787**	3,105,949
Less: provision for expected credit losses	**(34,594)**	(45,823)
At reporting date	**2,188,193**	3,060,126

Movement in the provision for expected credit losses on trade and retention receivables is as follows:

	30 September 2023 AED'000 (Unaudited)	*31 December 2022 AED'000 (Audited)*
At 1 January	**45,823**	56,362
Reversal during the period/year	**(11,229)**	(10,539)
At reporting date	**34,594**	45,823

8 CONTRACT ASSETS

	30 September 2023 AED'000 (Unaudited)	*31 December 2022 AED'000 (Audited)*
Construction contracts, net of allowance for expected credit losses (note 8.1)	**3,206,744**	2,554,624
Work in progress, net of provision for onerous contract (note 8.2)	**326,622**	532,419
At reporting date	**3,533,366**	3,087,043

8.1 Construction contracts, net of allowance for expected credit losses

Construction contracts, net of allowance for expected credit losses and discount, are analysed as follows:

	30 September 2023 AED'000 (Unaudited)	*31 December 2022 AED'000 (Audited)*
Unsigned contracts		
Government of Abu Dhabi and its related entities	**334,004**	204,519
Equity accounted investees	**83,380**	350,948
Other entities	**5,933**	2,961
	423,317	558,428
Signed contracts		
Government of Abu Dhabi and its related entities	**1,423,544**	1,050,610
Equity accounted investees	**1,074,103**	819,357
Other entities	**285,780**	126,229
	2,783,427	1,996,196
	3,206,744	2,554,624

Movement in the provision for expected credit losses on construction contracts (unbilled receivables) is as follows:

	30 September 2023 AED'000 (Unaudited)	*31 December 2022 AED'000 (Audited)*
At 1 January	**27,558**	52,206
Reversal during the period/year	**(4,946)**	(24,648)
At reporting date	**22,612**	27,558

8.2 Work in progress

Work in progress represents costs incurred on projects for which the Group is required to meet specific contractual obligations such as joint inspections, milestone completion and customer acceptance/handover, prior to billing the customer. Those obligations are expected to progressively be met over time, resulting in a winding down of the balance throughout the remaining contractual period.

9 CASH AND CASH EQUIVALENTS

	30 September 2023 AED'000 (Unaudited)	*31 December 2022 AED'000 (Audited)*
Cash in hand	**2,467**	1,822
Cash at banks:		
Current accounts	**850,794**	735,491
Short-term deposits	**2,224,942**	2,046,419
Cash and bank balances	**3,078,203**	2,783,732
Less: Short-term deposit with original maturity more than three months	**(499,406)**	-
Cash and cash equivalents	**2,578,797**	2,783,732

Cash and cash equivalents comprise of short-term deposits have original maturities of three months or less. These deposits, carry interest at prevailing market interest rates.

10 BORROWINGS

	30 September 2023 AED'000 (Unaudited)	*31 December 2022 AED'000 (Audited)*
Long term borrowings		
Non-current portion of term loans	**1,163,632**	1,420,392
Short term borrowings		
Current portion of term loans	**342,346**	342,346

11 TRADE AND OTHER PAYABLES

	30 September 2023 AED'000 (Unaudited)	*31 December 2022 AED'000 (Audited)*
Trade payables	**1,688,687**	1,426,446
Project and other accruals*	**3,285,621**	2,826,428
Advances from customers	**1,090,476**	1,426,419
Provisions and other accruals	**338,643**	336,826
Dividends payable	**-**	21,693
Retentions payable	**160,992**	111,539
VAT payables	**53,179**	122,821
Other payables	**73,683**	123,878
At reporting date	**6,691,281**	6,396,050

* Project and other accruals include an amount of AED 314 million (2022: AED 248 million) payable to a related party.

12 REVENUE FROM CONTRACTS WITH CUSTOMERS

12.1 Revenue by activity

Nine months period ended 30 September 2023 (Unaudited)

	UAE AED'000	***International AED'000***	***Total AED'000***
Engineering, procurement and construction	**3,539,128**	**1,936,676**	**5,475,804**
Dredging and reclamation	**3,611,631**	**340,451**	**3,952,082**
Marine construction	**1,610,797**	**-**	**1,610,797**
Total	**8,761,556**	**2,277,127**	**11,038,683**

Nine months period ended 30 September 2022 (Unaudited)	*UAE AED'000*	*International AED'000*	*Total AED'000*
Engineering, procurement and construction	1,706,208	1,497,456	3,203,664
Dredging and reclamation	732,171	804,790	1,536,961
Marine construction	1,330,379	1,313	1,331,692
Total	3,768,758	2,303,559	6,072,317

Three months period ended 30 September 2023 (Unaudited)

	UAE AED'000	***International AED'000***	***Total AED'000***
Engineering, procurement and construction	**1,269,590**	**759,000**	**2,028,590**
Dredging and reclamation	**1,570,414**	**109,044**	**1,679,458**
Marine construction	**565,967**	**-**	**565,967**
Total	**3,405,971**	**868,044**	**4,274,015**

12 REVENUE FROM CONTRACTS WITH CUSTOMERS (continued)

12.1 Revenue by activity (continued)

Three months period ended 30 September 2022 (Unaudited)

	UAE *AED'000*	*International* *AED'000*	*Total* *AED'000*
Engineering, procurement and construction	665,427	508,763	1,174,190
Dredging and reclamation	404,311	274,620	678,931
Marine construction	673,364	-	673,364
Total	1,743,102	783,383	2,526,485

12.2 Timing of Revenue Recognition

	3 month period ended 30 September		***9 month period ended 30 September***	
	2023 ***AED'000*** ***(Unaudited)***	*2022* *AED'000* *(Unaudited)*	***2023*** ***AED'000*** ***(Unaudited)***	*2022* *AED'000* *(Unaudited)*
Services transferred over time	**4,274,015**	2,526,485	**11,038,683**	6,072,317

13 PROFIT FOR THE PERIOD

Profit for the period is stated after:

	3 month period ended 30 September		***9 month period ended 30 September***	
	2023 ***(AED'000)*** ***(Unaudited)***	*2022* *(AED'000)* *(Unaudited)*	***2023*** ***(AED'000)*** ***(Unaudited)***	*2022* *(AED'000)* *(Unaudited)*
Salaries	**541,451**	430,267	**1,564,345**	1,232,527
Depreciation of property, plant and equipment (note 3)	**111,669**	103,652	**315,812**	319,538
Depreciation of right-of-use assets (note 5)	**3,475**	3,516	**10,425**	10,533

14 RELATED PARTY TRANSACTIONS AND BALANCES

Related parties include majority Shareholders, equity accounted investees, Directors and key management personnel, management entities engaged by the Group and those enterprises over which majority Shareholders, Directors, the Group or its affiliates can exercise significant influence, or which can exercise significant influence over the Group. In the ordinary course of business, the Group provides services to, and receives services from, such enterprises on terms agreed by management.

Balances with related parties included in the condensed consolidated statement of financial position are as follows:

	30 September 2023 AED'000 (Unaudited)	*31 December 2022 AED'000 (Audited)*
Due from/to equity accounted investee for project related work:		
Trade and other receivables, net of expected credit losses	**379,815**	366,213
Contract assets, net of expected credit losses	**251,365**	540,660
Trade and other payables	**314,821**	247,650
Due from/to other related parties:		
Trade and other receivables, net of expected credit losses	**38,781**	38,739
Contract assets, net of expected credit losses	**38,143**	38,413
Trade and other payables	**31,112**	54,916
Bank balances	**1,614,379**	1,866,368
Borrowings	**595,149**	653,583

Transactions with related parties included in the condensed consolidated statement of profit or loss are as follows:

	3 months ended 30 September		***9 months ended 30 September***	
	2023 AED'000 (Unaudited)	*2022 AED'000 (Unaudited)*	***2023 AED'000 (Unaudited)***	*2022 AED'000 (Unaudited)*
Other related parties				
Revenue earned during the period	**42**	-	**42**	5,030
Material and services purchased / received	**106,112**	14,808	**150,324**	49,624
Net interest income	**4,339**	-	**15,612**	5,302
Equity accounted investee				
Revenue earned during the period	**86,301**	219,136	**292,553**	602,015

15 EARNINGS PER SHARE

Basic earnings per share has been computed by dividing the profit for the period attributable to the ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period.

	3 months ended 30 September		***9 months ended 30 September***	
	2023 ***(Unaudited)***	*2022* *(Unaudited)*	***2023*** ***(Unaudited)***	*2022* *(Unaudited)*
Profit attributable to the shareholders of the Company (AED'000)	**631,704**	299,969	**1,511,882**	703,058
Weighted average number of ordinary shares ('000)	**825,000**	825,000	**825,000**	825,000
Earnings per share attributable to the shareholders of the Company (AED)	**0.77**	0.36	**1.83**	0.85

Diluted earnings per share as of 30 September 2023 and 30 September 2022 are equivalent to basic earnings per share.

16 DIVIDEND

At the annual general meeting held on 28 April 2023, the shareholders approved a dividend of AED Nil relating to the year ended 31 December 2022.

17 OTHER RESERVES

	Legal reserve AED'000	**Restricted reserve AED'000**	**Hedging reserve AED'000**	**Foreign currency translation reserve AED'000**	**Net other reserve AED'000**
At 1 January 2022	150,240	1,291	764	(9,111)	143,184
Fair value gain on revaluation of hedging instruments	-	-	(73,751)	-	(73,751)
Cumulative translation adjustment on foreign operations	-	-	-	(145,240)	(145,240)
At 30 September 2022	150,240	1,291	(72,987)	(154,351)	(75,807)
At 1 January 2023	**280,572**	**1,291**	**(5,489)**	**(284,160)**	**(7,786)**
Fair value gain on revaluation of hedging instruments	**-**	**-**	**10,159**	**-**	**10,159**
Cumulative translation adjustment on foreign operations	**-**	**-**	**-**	**(110,104)**	**(110,104)**
At 30 September 2023	**280,572**	**1,291**	**4,670**	**(394,264)**	**(107,731)**

18 CONTINGENCIES AND COMMITMENTS

	30 September 2023 AED'000 (Unaudited)	*31 December 2022 AED'000* (Audited)
Bank guarantees	**11,167,172**	10,491,238
Letters of credit	**353,676**	465,903
Capital commitments	**125,047**	86,011
Purchase commitments	**5,300,649**	4,537,861

The above letters of credit and bank guarantees issued in the normal course of business.

19 FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value measurement recognized in the consolidated statement of financial position

The fair values of the Group's financial assets and liabilities as at 30 September 2023 and 31 December 2022 are not materially different from their carrying values at that reporting date.

The following table provides the fair value measurement hierarchy of the Group's financial assets and liabilities which are measured at fair value as at 30 September 2023 and 31 December 2022:

		Fair value measurement		
	Total AED'000	*Quoted prices in active markets (Level 1) AED'000*	*Significant observable inputs (Level 2) AED'000*	*Significant unobservable inputs (Level 3) AED'000*
As at 30 September 2023 (Unaudited)				
Derivative financial asset	**33,533**	**-**	**33,533**	-
Derivative financial liability	**(28,863)**	**-**	**(28,863)**	-
Financial assets at fair value through profit or loss (FVTPL) *	**434,933**	**434,933**	**-**	**-**
As at 31 December 2022 (Audited)				
Derivative financial asset	41,747	-	41,747	-
Derivative financial liability	(47,236)	-	(47,236)	-
Financial assets at fair value through profit or loss (FVTPL)	34,535	34,535	-	-

* During the current period, the Group made an investment of AED 221 million (AED 2.01 per share) in shares of ADNOC Logistics & Services (ADNOC L&S). The fair value of these shares as at 30 September 2023 amounted to AED 400 million (AED 3.65 per share).

The fair value of the quoted UAE equity securities at the reporting date is based on quoted market prices at 30 September 2023 as per Level 1 valuation. There were no transfers between levels during the current or prior period.

20 SEGMENT INFORMATION

Geographical segment information

The Group has aggregated its geographical segments into UAE and International. UAE segment includes projects in the UAE, while International segment includes operations in Egypt, Kingdom of Saudi Arabia, Bahrain, India, Kuwait, Maldives and East Africa.

The following table shows the Group's geographical segment analysis:

	30 September 2023 (Unaudited)		
	UAE	***International***	***Group***
	AED'000	***AED'000***	***AED'000***
Segment revenue	**8,974,973**	**2,276,901**	**11,251,874**
Intersegment revenue	-	-	**(213,191)**
Revenue			**11,038,683**
Segment gross profit	**1,279,073**	**165,002**	**1,444,075**
Share of net results of equity accounted investees	-	-	**43,054**
General and administrative expenses	-	-	**(159,485)**
Foreign currency exchange loss	-	-	**(26,322)**
Fair value gain on financial assets at fair value through profit or loss	-	-	**178,899**
Finance cost	-	-	**(89,907)**
Finance income	-	-	**92,515**
Other income, net	-	-	**34,435**
Profit before tax for the period	-	-	**1,517,264**
Income tax expense on foreign operations	-	**(4,392)**	**(4,392)**
Profit after tax			**1,512,872**
Total assets	**13,657,387**	**4,231,863**	**17,889,250**
Total liabilities	**6,410,255**	**3,525,462**	**9,935,717**

	30 September 2022(Unaudited)		
	UAE	*International*	*Group*
	AED'000	*AED'000*	*AED'000*
Segment revenue	4,132,853	2,302,246	6,435,099
Intersegment revenue	-	-	(362,782)
Revenue			6,072,317
Segment gross profit	395,068	92,845	487,913
Share of net results of equity accounted investees	-	-	4,699
General and administrative expenses	-	-	(96,101)
Foreign currency exchange loss	-	-	(53,302)
Fair value loss on financial assets at fair value through profit or loss	-	-	(2,141)
Finance cost	-	-	(39,297)
Finance income	-	-	17,704
Gain on partial disposal of a subsidiary's operations	-	-	237,615
Fair value gain arising on the remeasurement	-	-	116,431
Other income, net	-	-	63,819
Profit before tax for the period	-	-	737,340
Income tax expense on foreign operations	-	(34,231)	(34,231)
Profit after tax			703,109

	31 December 2022 *(Audited)*		
	UAE	*International*	*Group*
	AED'000	*AED'000*	*AED'000*
Total assets	12,369,517	3,676,776	16,046,293
Total liabilities	6,966,648	2,539,039	9,505,687

21 SEASONABILITY OF RESULTS

No income of seasonal nature was recorded in the condensed statement of comprehensive income for the nine-month period ended 30 September 2023.

22 CORPORATE INCOME 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 will become effective for accounting periods beginning on or after 1 September 2023.

The Cabinet of Ministers Decision No. 116 of 2022 specifies the threshold of income over which the 9% tax rate would apply and accordingly, the Law is now considered to be substantively enacted. 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.

During the period, the Group has assessed the impact of deferred tax assets or liabilities as per the requirement of IAS 12 “Income Taxes” and concluded that based on their assessment there are no identifiable temporary differences and therefore no Deferred Tax Assets (DTA) / Deferred Tax Liabilities (DTL) required to be recognized for the period ended 30 September 2023.

23 APPROVAL OF THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

The condensed interim consolidated financial statements were approved by the Board of Directors and authorised for issue on 19 October 2023.