AL SEER MARINE SUPPLIES AND EQUIPMENT COMPANY PJSC

Review report and interim condensed consolidated financial information for the six-month period ended 30 June 2024

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Deloitte & Touche (M.E.)
Level 11, Al Sila Tower
Abu Dhabi Global Market Square
Al Maryah Island
P.O. Box 990
Abu Dhabi
United Arab Emirates

Tel: +971 (0) 2 408 2424
Fax:+971 (0) 2 408 2525
www.deloitte.com

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 2024 and the related statements of profit or loss and other comprehensive income, changes in equity and cash flows for the six-month period then ended and material accounting policy information and other explanatory notes. Management is responsible for the preparation and fair presentation of this interim financial information in accordance with International Accounting Standard 34 Interim Financial Reporting ("IAS 34"). Our responsibility is to express a conclusion on the interim 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 financial information is not prepared, in all material respects, in accordance with IAS 34.

Deloitte & Touche (M.E.)



Mohammed Khamees Al Tah
Registration No. 717
25 July 2024
Abu Dhabi
United Arab Emirates

Akbar Ahmad (1141), Cynthia Corby (995), Faeza Sohawon (5508), Firas Anabtawi (5482), Georges Najem (809), Jazala Hamad (1267), Mohammad Jallad (1164), Mohammad Khamees Al Tah (717), Musa Ramahi (872), Mutasem M. Dajani (726), Nurani Subramanian Sundar (5540), Obada Alkowatly (1056), Rama Padmanabha Acharya (701) and Samir Madbak (386) are registered practicing auditors with the UAE Ministry of Economy.

Condensed consolidated statement of financial position as at 30 June 2024

	Notes	30 June 2024 AED'000 (unaudited)	31 December 2023 AED'000 (audited)
ASSETS			
Non-current assets			
Property and equipment	**4**	**1,447,866**	1,323,604
Right-of-use assets		**5,211**	5,450
Investments carried at fair value through profit or loss (FVTPL)	**5**	**-**	6,861,704
Deferred tax assets	**6**	**120,230**	-
Investment in joint ventures	**7**	**195,511**	195,137
Total non-current assets		**1,768,818**	8,385,895
Current assets			
Inventories		**5,276**	7,098
Investments carried at fair value through profit or loss (FVTPL)	**5**	**5,027,601**	-
Trade and other receivables	**8**	**478,815**	393,247
Contract assets	**9**	**39,537**	35,973
Due from related parties	**10**	**35,761**	31,778
Cash and bank balances	**11**	**175,563**	235,928
Total current assets		**5,762,553**	704,024
Total assets		**7,531,371**	9,089,919

Condensed consolidated statement of financial position as at 30 June 2024 (continued)

	Notes	30 June 2024 AED'000 (unaudited)	31 December 2023 AED'000 (audited)
EQUITY AND LIABILITIES			
Equity			
Share capital	12	**1,000,000**	1,000,000
Statutory reserve		**355,926**	355,926
Capital contribution		**2,321,832**	2,321,832
Retained earnings		**542,477**	2,224,420
Total equity		**4,220,235**	5,902,178
Liabilities			
Non-current liabilities			
Provision for employees' end of service benefits	13	**17,872**	19,862
Bank borrowings	14	**1,561,381**	2,756,122
Interest payable	15	**-**	38,849
Lease liabilities		**5,571**	5,774
Total non-current liabilities		**1,584,824**	2,820,607
Current liabilities			
Trade and other payables	15	**118,023**	97,782
Contract liabilities	16	**226,859**	264,153
Lease liabilities		**397**	387
Bank borrowings	14	**1,378,061**	-
Due to related parties	10	**2,972**	4,812
Total current liabilities		**1,726,312**	367,134
Total liabilities		**3,311,136**	3,187,741
Total equity and liabilities		**7,531,371**	9,089,919

Chief Executive Officer **Head of Finance**

The accompanying notes form an integral part of the condensed consolidated financial information.

Condensed consolidated statement of profit or loss and other comprehensive income for the six-month period ended 30 June 2024

	Notes	Six-month period ended 30 June		Three-month period ended 30 June	
		2024 AED'000 (unaudited)	2023 AED'000 (unaudited)	**2024 AED'000 (unaudited)**	2023 AED'000 (unaudited)
Revenue	**17**	**580,320**	564,342	**316,100**	312,793
Cost of revenue		**(531,607)**	(490,566)	**(295,835)**	(262,482)
Gross profit		**48,713**	73,776	**20,265**	50,311
General and administrative expenses		**(16,100)**	(20,737)	**(8,811)**	(11,384)
Share of profit/(loss) from joint ventures	**7**	**298**	(248)	**185**	(47)
Other income, net		**70**	-	**70**	-
Finance income		**1,434**	4,497	**637**	1,829
Finance costs	**14**	**(33,089)**	(23,331)	**(16,565)**	(13,435)
(Loss)/gain on investments carried at FVTPL	**5**	**(1,815,429)**	(784,381)	**(974,530)**	10,243
Dividend income		**11,995**	738	**11,995**	738
(Loss)/profit for the period before income tax	**18**	**(1,802,108)**	(749,686)	**(966,754)**	38,255
Income tax charge	**6**	**(65)**	-	**390**	-
Deferred tax	**6**	**120,230**	-	**65,480**	-
(Loss)/profit for the period		**(1,681,943)**	(749,686)	**(900,884)**	38,255
Other comprehensive income		**-**	-	**-**	-
Total comprehensive (loss)/income for the period		**(1,681,943)**	(749,686)	**(900,884)**	38,255
Basic (loss)/earnings per share (AED)	**23**	**(1.68)**	(0.75)	**(0.90)**	0.038

The accompanying notes form an integral part of the condensed consolidated financial information.

Condensed consolidated statement of changes in equity for the six-month period ended 30 June 2024

	Share capital AED'000	Statutory reserve AED'000	Capital contribution AED'000	Retained earnings AED'000	Total equity AED'000
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
Balance at 1 January 2024 (audited)	1,000,000	355,926	2,321,832	2,224,420	5,902,178
Total comprehensive loss for the period	-	-	-	(1,681,943)	(1,681,943)
Balance at 30 June 2024 (unaudited)	**1,000,000**	**355,926**	**2,321,832**	**542,477**	**4,220,235**

The accompanying notes form an integral part of the condensed consolidated financial information.

Condensed consolidated statement of cash flows for the six-month period ended 30 June 2024

	Six-month period ended 30 June	
	2024	2023
	AED'000	AED'000
	(unaudited)	(unaudited)
Operating activities		
Loss for the period before income tax	**(1,802,108)**	(749,686)
Adjustments for:		
Allowance for slow moving inventories	**65**	-
Allowance for expected credit losses	**(220)**	2,934
Provision for employees' end of service benefit	**(1,150)**	1,303
Depreciation of property and equipment	**34,945**	33,317
Depreciation of right-of-use assets	**239**	239
Loss on sale of Property, plant and equipment	**(31)**	-
Finance income	**(1,434)**	(4,497)
Finance costs	**68,971**	58,009
Loss on investments carried at FVTPL	**1,813,441**	784,381
Realized Loss on investments carried at FVTPL	**1,988**	-
Share of (profit)/loss from investment in joint ventures	**(298)**	248
Dividend income	**(11,995)**	(738)
Operating cash flows before changes in working capital	**102,413**	125,510
Decrease in inventories	**1,757**	913
Increase in trade and other receivables	**(77,229)**	(54,559)
(Increase)/decrease in contract assets	**(3,564)**	7,049
Increase in due from related parties	**(3,983)**	(11,553)
Increase in trade and other payables	**13,367**	31,367
Increase in contract liabilities	**(37,294)**	19,206
Decrease in due to related parties	**(1,840)**	(3,065)
Cash (used in)/generated from operations	**(6,373)**	114,868
Employees' end of service benefit paid	**(840)**	(649)
Net cash (used in)/generated from operating activities	**(7,213)**	114,219
Investing activities		
Payment for purchase of property and equipment	**(159,207)**	(33,800)
Finance income	**1,434**	4,497
Dividend income	**3,784**	738
Purchase of investments carried at FVTPL	**-**	(367,250)
Sale proceeds of investment carried at FVTPL	**18,671**	-
Sale proceeds of Property, plant and equipment	**31**	-
Investment in joint ventures	**(76)**	(112,290)
Term deposits	**-**	221,272
Net cash used in investing activities	**(135,363)**	(286,833)

The accompanying notes form an integral part of the condensed consolidated financial information.

Condensed consolidated statement of cash flows for the six-month period ended 30 June 2024 (continued)

	Notes	Six-month period ended 30 June 2024 AED'000 (unaudited)	2023 AED'000 (unaudited)
Financing activities			
Repayment of lease liabilities		**(338)**	(338)
Finance costs		**(100,771)**	(43,452)
Proceeds from bank borrowings	**14**	**382,588**	370,000
Repayment of Bank borrowings	**14**	**(199,268)**	-
Net cash generated from financing activities		**82,211**	326,210
Net (decrease)/increase in cash and cash equivalents		**(60,365)**	153,596
Cash and cash equivalents as at 1 January	**11**	**235,928**	162,261
Cash and cash equivalents as at 30 June	**11**	**175,563**	315,857

The accompanying notes form an integral part of the condensed consolidated financial information.

Notes to the interim condensed consolidated financial information for the six-month period ended 30 June 2024

1 General information

Al Seer Marine Supplies and Equipment Company LLC was a Limited Liability Company (LLC) incorporated 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; boats works 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
	2024	2023		
Project Ceres One Limited	100%	100%	Cayman Islands	Commercial vessel management
Al Seer Marine Boats Building – Sole Proprietorship LLC (formerly Al Seer Marine Boats Building 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
ASM Chartering	100%	100%	Cayman Islands	Commercial vessel management, cargo management, freight services

Notes to the interim condensed consolidated financial information for the six-month period ended 30 June 2024 (continued)

1 General information (continued)

Name	Ownership Interest 2024	Ownership Interest 2023	Country of operation	Principal activity
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%	100%	Cayman Islands	Commercial vessel management
Betelgeuse Maritime Limited	100%	100%	Cayman Islands	Commercial vessel management
Bellatrix Maritime Limited	100%	100%	Cayman Islands	Commercial vessel management
Mintaka Maritime Limited	100%	100%	Cayman Islands	Commercial vessel management
Saiph Maritime Limited	100%	100%	Cayman Islands	Commercial vessel management
Tabit Maritime Limited	100%	100%	Cayman Islands	Commercial vessel management
Rigel Maritime Limited	100%	100%	Cayman Islands	Commercial vessel management

2 Application of new and revised International Financial Reporting Standards (IFRS Accounting Standards) (IFRSs)

2.1 New and revised IFRSs effective for accounting periods beginning on or after 1 January 2024

In the current period, the Group has applied the amendments to IAS 1, IAS 7, IFRS 7 and IFRS 16. The application of these amendments to IFRS Accounting Standards has not had any material impact on the amounts reported for the current and prior periods but may affect the accounting for the Group's future transactions or arrangements.

Other than the above, there are no other significant IFRS Accounting Standards, amendments or interpretations that were effective for the first time for the financial year beginning on or after 1 January 2024.

Notes to the interim condensed consolidated financial information for the six-month period ended 30 June 2024 (continued)

2 Application of new and revised International Financial Reporting Standards (IFRS Accounting Standards) (IFRSs) (continued)

2.2 Standards and Interpretations in issue but not yet effective

The Group has not early adopted any new and revised IFRS Accounting Standards that have been issued but are not yet effective.

New standards and significant amendments to standards applicable to the Group:	Effective for annual periods beginning on or after
Lack of Exchangeability (Amendments to IAS 21) The amendments contain guidance to specify when a currency is exchangeable and how to determine the exchange rate when it is not.	1 January 2025
IFRS 18 *Presentation and Disclosure Financial Statements Issued*	1 January 2027
IFRS 19 Subsidiaries without Public Accountability: Disclosures	1 January 2027

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 management.

3 Accounting policies

Basis of preparation

This interim condensed consolidated financial information for the six-month period ended 30 June 2024 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 2023. In addition, results for the six-month period ended 30 June 2024 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2024.

Going concern

The management has, at the time of approving the interim condensed consolidated financial information, a reasonable expectation that the group have adequate resources to continue in operational existence for the foreseeable future. Thus, they continue to adopt the going concern basis of accounting in preparing the interim condensed consolidated financial information.

Notes to the interim condensed consolidated financial information for the six-month period ended 30 June 2024 (continued)

3 Accounting policies (continued)

Basis of measurement

This interim condensed consolidated financial information have 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 2023, except for those stated below. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective. Several amendments apply for the first time in 2024, but do not have any material impacts on the interim condensed consolidated financial statements of the Group.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the period. Taxable profit differs from profit as reported in the consolidated statement of profit or loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates enacted or substantively enacted by the end of the reporting period.

Deferred tax

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the liability method. Deferred tax liabilities are generally capitalized for all taxable temporary differences and deferred tax assets are capitalized to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be capitalized. Such assets and liabilities are not capitalized if the temporary difference arises from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax is capitalized on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally capitalized for all taxable temporary differences. Deferred tax assets are generally capitalized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be capitalized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is capitalized based on tax laws and rates that have been enacted or substantively enacted at the reporting date.

Notes to the interim condensed consolidated financial information for the six-month period ended 30 June 2024 (continued)

3 Accounting policies (continued)

Taxation (continued)

Deferred tax (continued)

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Current and deferred tax are capitalized in consolidated statement of profit or loss, except when they relate to items that are capitalized in other comprehensive income or directly in equity, in which case, the current and deferred tax are also capitalized in other comprehensive income or directly in equity respectively.

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 capitalized 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 2023.

4 Property and equipment

During the six-month period ended 30 June 2024, the Group acquired assets with a cost of AED 159,207 thousand (30 June 2023: AED 33,800 thousand). The amount of borrowing costs capitalization during the six months ended 30 June 2024 was AED 2.6 million (30 June 2023: AED Nil). The weighted average rate used to determine the amount of borrowing costs eligible for capitalization was 3.5%, which is the effective interest rate of the specific borrowing. Assets with a zero net book value were disposed by the Group during the six months ended 30 June 2024, resulting in a net gain on disposal of AED 31 thousand (30 June 2023: AED Nil). Depreciation charges for the six-month period ended 30 June 2024 amounted to AED 34,945 thousand (30 June 2023: AED 33,317 thousand).

Notes to the interim condensed consolidated financial information for the six-month period ended 30 June 2024 (continued)

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

	30 June 2024 AED'000 (unaudited)	31 December 2023 AED'000 (audited)
At the beginning of the period/year	**6,861,704**	7,581,743
Additions during the period/year	**-**	367,250
Disposals during the period/ year	**(20,663)**	**-**
Net change in fair value during the period/year	**(1,813,440)**	(1,087,289)
At the end of the period/year	**5,027,601**	6,861,704

Investments carried at fair value through profit or loss (FVTPL) comprised of listed equity investments (quoted shares) in the United Arab Emirates.

Fair values are determined by reference to published price quotations in an active market (level 1).

Investments carried at FVTPL include AED 2,363,195 thousand (31 December 2023: AED 3,763,885 thousand) towards investment in shares of related parties (entities under common control) (note 10).

Investments carried at FVTPL amounting to AED 4,494,732 thousand are provided as security for the bank borrowings (note 14) obtained to finance the purchase of quoted shares and vessels.

6 Corporate tax

On 9 December 2022, the United Arab Emirates (UAE) Ministry of Finance ("MoF") released Federal Decree-Law No 47 of 2022 on the Taxation of Corporations and Businesses, Corporate Tax Law ("CT Law") to enact a new CT regime in the UAE. The new CT regime has become effective for accounting periods beginning on or after 1 June 2023. As the Group's accounting year ends on 31 December, the first tax period will be the period from 1 January 2024 to 31 December 2024, with the respective tax return to be filed on or before 30 September 2025.

The taxable income of the entities that are in scope for UAE CT purposes will be subject to the rate of 9% corporate tax. It is not currently foreseen that the Group's UAE operations will be subject to the application of the Global Minimum Tax rate of 15% in FY2024. The application is dependent on the implementation of Base Erosion Profit Shifting (BEPS 2) - Pillar Two rules by the countries where the Group operates and the enactment of Pillar Two rules by the UAE MoF.

The tax charge for period ended 30 June 2024, is AED 65 thousand (30 June 2023: Nil), representing an Effective Tax Rate ("ETR") of 9% (30 June 2023: Nil).

At the reporting date, the group has unused tax losses of AED 1,335,886 thousand (31 December 2023: Nil) available for offset against future profits. A deferred tax asset of 120,230 thousand (31 December 2023: Nil) has been recognised in respect of these losses.

Notes to the interim condensed consolidated financial information for the six-month period ended 30 June 2024 (continued)

7 Investment in joint ventures

Movement in the investment in joint ventures is as follows:

	30 June 2024 AED'000 (unaudited)	31 December 2023 AED'000 (audited)
At 1 January	**195,137**	76,591
Transfers during the period/year	**-**	129
Additions during the period/year	**76**	119,052
Share of profit/(loss) for the period/year	**298**	(635)
Balance at the end of the period/year	**195,511**	195,137

The joint ventures are accounted for using the equity method in this interim condensed consolidated financial information. The Group's joint arrangements provides the Group and the parties to the arrangements with rights to the net assets.

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

Name	**Place of incorporation**	**Proportion of ownership interest**		**Principal activity**
		2024 (unaudited)	2023 (audited)	
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%**	57.5%	To provide independent and specialist industrial participation and offset services for the global defense and security market primarily in the maritime industry.

Notes to the interim condensed consolidated financial information for the six-month period ended 30 June 2024 (continued)

7 Investment in joint ventures (continued)

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

	30 June 2024 AED'000 (unaudited)	31 December 2023 AED'000 (audited)
Total assets	**929,203**	930,552
Total liabilities	**543,988**	550,498
Net assets	**385,215**	380,055
Group's share of net assets of the joint ventures	**196,481**	195,137
Net profit/(loss) for the period/year	**580**	(1,167)
Share of net profit/(loss)for the period/year	**298**	(635)

8 Trade and other receivables

	30 June 2024 AED'000 (unaudited)	31 December 2023 AED'000 (audited)
Trade receivables	**268,343**	233,489
Less: Expected credit loss	**(1,667)**	(1,605)
	266,676	231,884
Advances to suppliers	**189,621**	136,748
Prepayments	**11,992**	21,068
Labour deposits	**2,222**	2,149
Other receivables	**8,304**	1,398
	478,815	393,247

Notes to the interim condensed consolidated financial information for the six-month period ended 30 June 2024 (continued)

8 Trade and other receivables (continued)

The average credit period of trade receivables is 60 days (31 December 2023: 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 210,519 thousand (31 December 2023: AED 218,979 thousand) representing 78% (31 December 2023: 94%) of the total trade receivables are due from 5 (31 December 2023: 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.

9 Contract assets

	30 June 2024 AED'000 (unaudited)	31 December 2023 AED'000 (audited)
Contract assets		
- *construction contracts*	**10,516**	13,034
- *rendering of services*	**18,229**	12,240
Contract costs	**11,832**	12,021
	40,577	37,295
Less: allowance for expected credit losses	**(1,040)**	(1,322)
	39,537	35,973

Notes to the interim condensed consolidated financial information for the six-month period ended 30 June 2024 (continued)

9 Contract assets (continued)

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 2024 and 31 December 2023.

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 1,040 thousand was recognised against contract assets as on 30 June 2024 (31 December 2023: AED 1,322).

10 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 2024 AED'000 (unaudited)	31 December 2023 AED'000 (audited)
Due from related parties	**35,761**	31,778
Due to related parties (under common control)	**2,972**	4,812

Notes to the interim condensed consolidated financial information for the six-month period ended 30 June 2024 (continued)

10 Related parties (continued)

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.

Refer to notes 11 and 14 for details of the Group's cash at bank and borrowing 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		Three-month period ended 30 June	
	2024 AED'000 (unaudited)	2023 AED'000 (unaudited)	**2024 AED'000 (unaudited)**	2023 AED'000 (unaudited)
Revenue	**11,020**	12,992	**5,519**	7,535
Purchases of goods and services	**5,460**	5,177	**2,145**	2,065
Managerial remuneration	**705**	560	**331**	256

Notes to the interim condensed consolidated financial information for the six-month period ended 30 June 2024 (continued)

11 Cash and bank balances

	30 June 2024 AED'000 (unaudited)	31 December 2023 AED'000 (audited)
Cash on hand	**500**	300
Cash at banks - current accounts	**159,657**	194,751
Fixed deposits	**15,406**	40,877
Cash and bank balances	**175,563**	235,928
Less: fixed deposits with maturity more than 90 days	**(3,420)**	(3,178)
Cash and cash equivalents	**172,143**	232,750

Fixed deposits comprise short-term deposits placed with commercial banks bearing interest rates ranging from 0.15% per annum to 4.6% per annum (31 December 2023: from 0.15% per annum to 5% per annum). Fixed deposits include deposits amounting to AED 11,986 thousand (31 December 2023: AED 37,699 thousand) having maturity period of less than 90 days. The Group earned interest income of AED 1,434 thousand during the period (30 June 2023: AED 4,497 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 10).

12 Share capital

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

13 Provision for employees' end of service benefits

	30 June 2024 AED'000 (unaudited)	31 December 2023 AED'000 (audited)
At the beginning of the year	**19,862**	14,184
(Reversal)/charge for the period/year	**(1,150)**	6,580
Paid during the period/year	**(840)**	(902)
At the end of the period/year	**17,872**	19,862

Notes to the interim condensed consolidated financial information for the six-month period ended 30 June 2024 (continued)

14 Bank borrowings

Bank borrowings are classified as follows in the condensed consolidated statement of financial position:

	30 June 2024 AED'000 (unaudited)	31 December 2023 AED'000 (audited)
Current portion	**1,378,061**	-
Non-current portion	**1,561,381**	2,756,122
Total	**2,939,442**	2,756,122

The movement in bank borrowings is as follows:

	30 June 2024 AED'000 (unaudited)	31 December 2023 AED'000 (audited)
At 1 January	**2,756,122**	2,386,122
Drawdown during the period/year	**382,588**	370,000
Repayments during the period/year	**(199,268)**	-
Total	**2,939,442**	2,756,122

During the period, the Group incurred finance costs of AED 68,680 thousand (30 June 2023: AED 57,483 thousand) towards the bank borrowings.

Group finance costs recognized in the statement of profit or loss and other comprehensive income as follows:

	2024 AED'000	2023 AED'000
Cost of revenue	**35,737**	34,523
Finance cost (note 14)	**32,943**	22,960
	68,680	57,483

Notes to the interim condensed consolidated financial information for the six-month period ended 30 June 2024 (continued)

14 Bank borrowings (continued)

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. Loans amounting to AED 1,200,353 thousand are repayable in two equal instalments in the years 2025 and 2027 and carry interest rates in the range of 2.85% 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 2024.

b. Loan amounting to AED 236,000 thousand are repayable in two equal instalments in the years 2025 and 2027 and carry interest rates in the range of 3.50% 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 2024.

c. Loan amounting to AED 383,000 thousand are repayable in two equal instalments in the years 2025 and 2027 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. The Group has complied with the applicable loan covenants as of 30 June 2024.

d. Loan amounting to AED 367,500 thousand are repayable in two equal instalments in the years 2025 and 2027 and carries an interest rate of 3 months EIBOR plus 1.55% 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 2024.

e. Loan amounting to AED 260,000 thousand are repayable in two equal instalments in the years 2025 and 2027 and carries an interest rate of 3 months EIBOR plus 1.55% 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 2024.

f. Loan amounting to AED 110,000 thousand are repayable in two equal instalments in the years 2025 and 2027 and carries an interest rate of 3 months EIBOR plus 1.55% 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 2024.

g. Loan amounting to AED 199,269 thousand are repayable in two equal instalments in the years 2025 and 2027 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. The Group has complied with the applicable loan covenants as of 30 June 2024.

h. Loan amounting to AED 31,300 thousand are repayable in two equal instalments in the years 2027 and 2029 and carries an interest rate of 3 months EIBOR plus 1.55% 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 2024.

Notes to the interim condensed consolidated financial information for the six-month period ended 30 June 2024 (continued)

14 Bank borrowings (continued)

i. Loan amounting to AED 72,000 thousand are repayable in two equal instalments in the years 2027 and 2029 and carries an interest rate of 3 months EIBOR plus 1.55% 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 2024.

j. Loan amounting to AED 16,100 thousand are repayable in two equal instalments in the years 2027 and 2029 and carries an interest rate of 3 months EIBOR plus 1.55% 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 2024.

k. Loan amounting to AED 16,100 thousand are repayable in two equal instalments in the years 2027 and 2029 and carries an interest rate of 3 months EIBOR plus 1.55% 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 2024.

l. Loan amounting to AED 32,200 thousand are repayable in two equal instalments in the years 2027 and 2029 and carries an interest rate of 3 months EIBOR plus 1.55% 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 2024.

m. Loan amounting to AED 15,620 thousand are repayable in two equal instalments in the years 2027 and 2029 and carries an interest rate of 3 months EIBOR plus 1.55% 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 2024.

Notes to the interim condensed consolidated financial information for the six-month period ended 30 June 2024 (continued)

15 Trade and other payables

	30 June 2024 AED'000 (unaudited)	31 December 2023 AED'000 (audited)
Trade payables	**46,149**	33,643
Interest payable on term loan	**36,354**	65,788
Accrued and other payables	**35,520**	37,200
	118,023	136,631
Less: non-current accrued interest	**-**	(38,849)
	118,023	97,782

The average credit period on the purchase of goods is 90 days (31 December 2023: 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.

16 Contract liabilities

	30 June 2024 AED'000 (unaudited)	31 December 2023 AED'000 (audited)
Amounts received in advances from customers	**226,859**	264,153

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.

Notes to the interim condensed consolidated financial information for the six-month period ended 30 June 2024 (continued)

17 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		Three-month ended 30 June	
	2024	2023	**2024**	2023
	AED'000	AED'000	**AED'000**	AED'000
	(unaudited)	(unaudited)	**(unaudited)**	(unaudited)
Disaggregation of revenue - at a point in time				
Rendering of services	**418,656**	324,388	**234,755**	174,903
Disaggregation of revenue - over time				
Rendering of services	**160,747**	237,456	**80,678**	137,297
Construction income	**917**	2,498	**667**	593
	580,320	564,342	**316,100**	312,793

The transaction price allocated to (partially) unsatisfied performance obligations at 30 June 2024 and 30 June 2023 are set out below:

	30 June 2024	30 June 2023
	AED'000	AED'000
	(unaudited)	(unaudited)
Unsatisfied performance obligation		
Remaining construction revenue	**648**	2,237

18 Loss for the period

Loss for the period is stated after charging:

	Six-month ended 30 June		Three-month ended 30 June	
	2024	2023	**2024**	2023
	AED'000	AED'000	**AED'000**	AED'000
Staff costs	**51,366**	47,321	**27,364**	25,629
Depreciation of property and equipment (note 4)	**34,945**	33,317	**17,629**	16,875
Depreciation of right-of-use assets	**239**	239	**119**	119

Notes to the interim condensed consolidated financial information for the six-month period ended 30 June 2024 (continued)

19 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 organized into Three segments, namely commercial shipping (commercial shipping, cargo, trade and maritime assets), yachting (management, maintenance, crewing and operations), IDT (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 2024 and 2023:

30 June 2024	**Yachting AED'000**	**Commercial shipping AED'000**	**IDT AED'000**	**Total AED'000**
Segment revenue	**418,656**	**135,479**	**26,184**	**580,320**
Segment direct costs	**(386,026)**	**(109,112)**	**(36,469)**	**(531,607)**
	32,630	**26,367**	**(10,285)**	**48,713**
30 June 2023				
Segment revenue	324,387	213,731	26,224	564,342
Segment direct costs	(290,219)	(166,701)	(33,646)	(490,566)
	34,168	47,030	(7,422)	73,776

Notes to the interim condensed consolidated financial information for the six-month period ended 30 June 2024 (continued)

19 Segment information

The following table represents revenue and gross profit information regarding operating segments for the periods ended 31 March 2024 and 2023:

31 March 2024	Yachting AED'000	commercial shipping AED'000	IDT AED'000	Total AED'000
Segment revenue	**183,901**	**70,571**	**9,748**	**264,220**
Segment direct costs	**(168,189)**	**(51,696)**	**(15,887)**	**(235,772)**
	15,712	**18,875**	**(6,139)**	**28,448**
31 March 2023				
Segment revenue	149,485	94,582	7,482	251,549
Segment direct costs	(131,098)	(81,797)	(15,189)	(228,084)
	18,387	12,785	(7,707)	23,465

Notes to the interim condensed consolidated financial information for the six-month period ended 30 June 2024 (continued)

20 Contingent liabilities

	30 June 2024 AED'000 (unaudited)	31 December 2023 AED'000 (audited)
Letter of guarantees	**35,139**	33,539
Capital commitments	**1,031,414**	1,159,268

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 2023: 1% per annum).

The Group has a commitment to invest additional AED 393,986 thousand (31 December 2023: AED 393,986 thousand) in the joint venture entity. Further the Group has capital commitments totaling to AED 637,429 thousand (31 December 2023: AED 765,282 thousand towards four vessels) towards construction of six vessels.

21 Fair value of financial instruments

The Group's management considers that the carrying amount of financial assets and financial liabilities approximates their fair value.

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable, There are no movements between the different levels in current period or previous year.

- **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 within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
- **Level 3** - fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Notes to the interim condensed consolidated financial information for the six-month period ended 30 June 2024 (continued)

22 Seasonality of results

No income of a seasonal nature was recorded in the condensed consolidated statement of profit or loss for the three months ended 30 June 2024 and 30 June 2023.

23 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 profit and share data used in the basic earnings per share computations:

	Six-month period ended 30 June		Three-month period ended 30 June	
	2024 (unaudited)	2023 (unaudited)	**2024 (unaudited)**	2023 (unaudited)
Loss for the period (AED'000)*	**(1,681,943)**	(749,686)	(900,884)	38,255
Weighted average number of ordinary shares issued	**1,000,000,000**	1,000,000,000	**1,000,000,000**	1,000,000,000
Basic (loss)/earning per share (AED)	**(1.68)**	(0.75)	**(0.90)**	0.0038

*Loss for the period includes change 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.

24 Approval of interim condensed consolidated financial information

The interim condensed consolidated financial information was approved by management and authorised for issue on 25 July 2024.