Abu Dhabi Ship Building PJSC

Condensed Interim Consolidated Financial Information
(Unaudited)
For the Nine-month period ended 30 September 2024

PUBLIC

Grant Thornton

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Report on review of the Condensed Interim Consolidated Financial Information To the Shareholders of Abu Dhabi Ship Building PJSC

Introduction

We have reviewed the accompanying condensed interim consolidated statement of financial position of Abu Dhabi Ship Building PJSC (the "Company") and its subsidiaries (together the "Group") as at 30 September 2024 and the related condensed interim consolidated statement of comprehensive income for the three-month and nine-month periods then ended, condensed interim consolidated statement of changes in equity and condensed interim consolidated statement of cash flows for the nine-month period then ended, and material accounting policy information and other related explanatory notes. Management is responsible for the preparation and presentation of this condensed interim consolidated financial information in accordance with International Accounting Standard 34 *Interim Financial Reporting* ("IAS 34") as issued by the International Accounting Standard Board (IASB). Our responsibility is to express a conclusion on the condensed interim consolidated financial information based on our review.

Scope of review

We conducted our review in accordance with the International Standard on Review Engagements 2410, "*Review of Interim Financial Information Performed by the Independent Auditor of the Entity*". A review of interim 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 unaudited condensed interim consolidated financial information is not prepared, in all material respects, in accordance with International Accounting Standard 34 *"Interim Financial Reporting"* as issued by the IASB.

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Report on review of the Condensed Interim Consolidated Financial Information
To the Shareholders of Abu Dhabi Ship Building PJSC (continued)

Emphasis of Matter

We draw attention to note 5 and 6, which state that as at 30 September 2024, the Group has gross outstanding balances of contract assets and trade receivables amounting to AED 294,854 thousand and AED 1,021,541 thousand, respectively (with an allowance for expected credit losses of AED 5,272 thousand and AED 37,688 thousand, respectively) of which AED 83,848 thousand and AED 63,079 thousand, respectively have been outstanding for more than 1 year. Most of the long outstanding balances pertain to contracts and work orders with one key customer and its related entities. Management believes that the high concentration of contract assets and trade receivables with this key customer is mitigated by the high creditworthiness and financial stability of this customer being a UAE government entity. An amendment of another existing contract from this customer is still under discussion.

Our conclusion is not qualified in respect of this matter.

GRANT THORNTON

GRANT THORNTON UAE

Dr. Osama El Bakry
Registration No: 935
Abu Dhabi, United Arab Emirates

Date: 13 November 2024

Condensed interim consolidated statement of financial position
As at 30 September 2024

	Notes	(Unaudited) 30 September 2024 AED '000	(Audited) 31 December 2023 AED '000
Assets			
Non-current assets			
Property, plant and equipment	4	**145,300**	144,324
Intangible assets		**810**	484
Right-of-use assets		**5,862**	7,481
Advances to suppliers	6	**375,955**	375,223
Total non-current assets		**527,927**	527,512
Current assets			
Inventories		**24,848**	25,182
Contract assets	5	**289,582**	328,342
Trade and other receivables	6	**1,249,123**	1,042,787
Cash and cash equivalents	7	**304,140**	745,267
Total current assets		**1,867,693**	2,141,578
Total assets		**2,395,620**	2,669,090
Equity and liabilities			
Equity			
Share capital	8	**211,992**	211,992
Statutory reserve		**14,483**	14,483
Retained earnings		**66,998**	47,721
Equity attributable to owners of the parent		**293,473**	274,196
Non-controlling interests		**(138)**	(138)
Total equity		**293,335**	274,058
Liabilities			
Non-current liabilities			
Employees' end of service benefits		**30,418**	26,682
Advances from customers	9	**637,811**	863,064
Lease liabilities		**3,714**	5,917
Total non-current liabilities		**671,943**	895,663
Current liabilities			
Trade and other payables	10	**935,015**	1,117,122
Advances from customers	9	**417,290**	380,085
Lease liabilities		**2,250**	2,162
Bank overdrafts	11	**75,787**	-
Total current liabilities		**1,430,342**	1,499,369
Total liabilities		**2,102,285**	2,395,032
Total equity and liabilities		**2,395,620**	2,669,090

Khaled Ahmed Ali Mohamed Al Zaabi
Chairman of the Board

David Massey
Chief Executive Officer

Mariam Al Moosawi
Chief Financial Officer

The accompanying notes from 1 to 18 form an integral part of this condensed interim consolidated financial information

Abu Dhabi Ship Building PJSC
Condensed interim consolidated financial information (unaudited)

Condensed interim consolidated statement of comprehensive income
For the nine-month period ended 30 September 2024

	Notes	**(Unaudited) Three-month period ended 30 September 2024**	(Unaudited) Three-month period ended 30 September 2023	**(Unaudited) Nine-month period ended 30 September 2024**	(Unaudited) Nine-month period ended 30 September 2023
		AED '000	AED '000	**AED '000**	AED '000
Contract revenues		**338,991**	170,319	**1,043,397**	736,054
Contract costs		**(306,458)**	(153,174)	**(947,566)**	(666,989)
Gross profit		**32,533**	17,145	**95,831**	69,065
General and administrative expenses		**(20,575)**	(15,855)	**(53,874)**	(48,100)
Reversal of / (allowance for) expected credit losses		**3,318**	724	**3,639**	(1,147)
Depreciation and amortization		**(1,915)**	(1,284)	**(5,156)**	(3,717)
Finance costs		**(606)**	(1,414)	**(1,100)**	(2,714)
Other income (net)		**5,449**	3,021	**5,113**	9,986
Profit for the period before tax		**18,204**	2,337	**44,453**	23,373
Income tax expense	16	**(1,645)**	-	**(3,977)**	-
Profit for the period and total comprehensive income after tax		**16,559**	2,337	**40,476**	23,373
Attributable to:					
Equity holders of the parent		**16,559**	2,337	**40,476**	23,373
Non-controlling interest		**-**	-	**-**	-
Basic and diluted earnings per share (AED)	12	**0.08**	0.01	**0.19**	0.11

The accompanying notes from 1 to 18 form an integral part of this condensed interim consolidated financial information.

Condensed interim consolidated statement of changes in equity
For the nine-month period ended 30 September 2024

	Share capital AED'000	Statutory reserve AED'000	Retained earnings AED'000	Equity attributable to owners of the parent AED'000	Non-controlling interests AED'000	Total equity AED'000
Balance as at 1 January 2024 (Audited)	**211,992**	**14,483**	**47,721**	**274,196**	**(138)**	**274,058**
Total comprehensive income for the period	**-**	**-**	**40,476**	**40,476**	**-**	**40,476**
Payment of dividends (note 17)	**-**	**-**	**(21,199)**	**(21,199)**	**-**	**(21,199)**
Balance as at 30 September 2024 (Unaudited)	**211,992**	**14,483**	**66,998**	**293,473**	**(138)**	**293,335**
Balance as at 1 January 2023 (Audited)	211,992	10,445	24,100	246,537	(138)	246,399
Total comprehensive income for the period	-	-	23,373	23,373	-	23,373
Payment of dividends (note 17)	-	-	(12,720)	(12,720)	-	(12,720)
Balance as at 30 September 2023 (Unaudited)	211,922	10,445	34,753	257,190	(138)	257,052

The accompanying notes from 1 to 18 form an integral part of this condensed interim consolidated financial information.

Condensed interim consolidated statement of cash flows
For the nine-month period ended 30 September 2024

	Notes	**(Unaudited) Nine-month period ended 30 September 2024 AED'000**	(Unaudited) Nine-month period ended 30 September 2023 AED'000
Cash flows from operating activities			
Profit for the period before tax		**44,453**	23,373
Adjustments for:			
Depreciation and amortization		**15,955**	12,604
Provision for employees' end of service benefits		**4,478**	3,895
Allowance for expected credit losses on contract assets	5	**602**	1,378
Reversal of expected credit losses on receivables, net	6	**(4,241)**	(1,424)
Reversal of provision of slow-moving inventories		**-**	(124)
Finance income		**(5,284)**	(7,591)
Finance costs		**1,346**	3,059
Operating profits before working capital changes:		**57,309**	35,170
Changes in working capital:			
Change in inventories		**334**	(4,228)
Change in contract assets		**38,158**	(481)
Change in trade and other receivables and advances to suppliers		**(203,237)**	(139,263)
Change in trade and other payables		**(185,850)**	353,944
Change in advances from customers		**(188,048)**	18,542
Cash (used in) / generated from operations		**(481,334)**	263,684
Payment of employees' end of service benefits		**(742)**	(1,386)
Net cash (used in) / generated from operating activities		**(482,076)**	262,298
Cash flows from investing activities			
Purchase of property, plant and equipment		**(15,201)**	(10,956)
Purchase of intangible assets		**(437)**	(329)
Finance income received		**5,694**	6,932
Net cash used in investing activities		**(9,944)**	(4,353)
Cash flow from financing activities			
Repayment of term loans		**-**	(22,442)
Finance costs paid		**(1,067)**	(2,664)
Payment of dividends	17	**(21,199)**	(19,846)
Payments of lease liabilities		**(2,628)**	(2,640)
Net cash used in financing activities		**(24,894)**	(47,592)
Net (decrease) / increase in cash and cash equivalents		**(516,914)**	210,353
Cash and cash equivalents, beginning of period		**745,267**	295,845
Cash and cash equivalents, end of period	7	**228,353**	506,198

The accompanying notes from 1 to 18 form an integral part of this condensed interim consolidated financial information.

1 Activities

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

The condensed interim consolidated financial information has been prepared in accordance with the requirements of the applicable laws and regulations, including UAE Federal Law No. (32) of 2021. The Company's management is currently in the process of amending the statutory documents, to reflect the changes required due to application of the UAE Federal law No. (32) of 2021.

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

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

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

	Interest (%)			
Name of subsidiary	***30 September 2024***	*31 December 2023*	*Country of incorporation*	*Principal activity*
Abu Dhabi Systems Integration LLC ("ADSI")	**100%**	100%	UAE	Import and commissioning of integrated electronic systems and computer programs
Gulf Logistics and Naval Support LLC ("GLNS")	**100%**	100%	UAE	Provision of naval support services
Safwa Marine L.L.C.	**100%**	100%	UAE	Trading of ships and boats
ADSB Investments Limited	**100%**	100%	UAE	Holding of investments
Frontiers Industrial Investment LLC	**99%**	99%	UAE	System integration and technology development and implementation
High Speed Craft Company LLC	**100%**	100%	UAE	Marine machine and equipment repairing and maintenance

2 Basis of preparation

2.1 Statement of compliance

The condensed interim consolidated financial information is prepared in accordance with International Accounting Standard (IAS) 34 "*Interim Financial Reporting*" and also comply with the applicable requirements of the UAE Federal Law No. (32) of 2021 and the applicable laws in the UAE.

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

The condensed interim consolidated financial information has been prepared on an accrual basis and under the historical cost convention. The condensed interim consolidated financial information does not include all the information and disclosures required in the full consolidated financial statements prepared in accordance with International Financial Reporting Standards and should be read in conjunction with the Group's annual consolidated financial statements for the year ended 31 December 2023. In addition, the results for the nine-month period ended 30 September 2024 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2024.

2.2 Basis of consolidation

The condensed interim consolidated financial information comprises the financial information of the Company and its subsidiaries as at 30 September 2024. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

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

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

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

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

2 Basis of preparation (continued)

2.2 Basis of consolidation (continued)

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

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

The condensed interim consolidated financial information of the Group represents the financial information of the Company, and its subsidiaries mentioned in note 1.

2.3 Application of new and revised International Financial Reporting Standards (IFRS)

Application of new and revised International Financial Reporting Standards ("IFRS")

Title	Effective date
Amendment to IAS 1 Non-current liabilities with covenants and classification of liabilities as current or non-current	1 January 2024
Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures - Supplier Finance Arrangements	1 January 2024
Amendment to IFRS 16 Leases on sale and leaseback	1 January 2024

These standards have been adopted by the Group and did not have a material impact on this condensed interim consolidated financial information.

Standards, amendments and interpretations to existing Standards that are not yet effective

Title	Effective date
Amendments to the SASB standards	1 January 2025
Lack of exchangeability	1 January 2025
IFRS 18 — Presentation and Disclosures in Financial Statements	1 January 2027
IFRS 19 — Subsidiaries without Public Accountability: Disclosures	1 January 2027

These standards, amendments and interpretations are not expected to have a significant impact on the condensed interim consolidated financial information in the period of initial application and therefore no disclosures have been made. The Group has not early adopted any of the above standards.

3 Material accounting policy information

The accounting policies applied in the condensed interim consolidated financial information are the same as those applied in the Group's consolidated financial statements as at and for the year ended 31 December 2023, with the exception of the below:

Taxation

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 June 2023.

For the Group, accounting for current and deferred taxes have become applicable from the period beginning 1 January 2024. Accordingly, management has applied the following accounting policies to incorporate the applicable Corporate Tax in accordance with IAS 12 "*Income Taxes*".

Current Taxation

Provision of current tax is based on the taxable income for the period determined in accordance with the prevailing law for taxation of income. The charge for current tax is calculated using prevailing tax rates or tax rates expected to apply to the profit for the period.

Income tax expense is recognised in interim period based on the best estimate of the weighted average annual income tax rate expected for the full financial year. Amounts accrued for income tax expense in interim period may have to be adjusted in a subsequent interim period of that financial year if the estimate of the annual income tax rate changes.

Deferred Taxation

Deferred tax is accounted for in respect of all temporary differences at the condensed interim consolidated statement of financial position date between the tax bases and carrying amounts of assets and liabilities for financial reporting purposes. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on the tax rates (and tax laws) that have been enacted or substantively enacted at the condensed interim consolidated statement of financial position date. Deferred tax is charged or credited to the statement of profit or loss, except in the case of items credited or charged to condensed interim consolidated statements of other comprehensive income or equity in which case it is included in condensed interim consolidated statement of other comprehensive income or equity.

4 Property, plant and equipment

During the nine-month period ended 30 September 2024, the Group acquired assets with a cost of AED 15,201 thousand (30 September 2023: AED 10,956 thousand). Depreciation charges for the nine-month period ended 30 September 2024 amounted to AED 14,225 thousand (30 September 2023: AED 10,984 thousand).

	30 September 2024 AED'000 (unaudited)	31 December 2023 AED'000 (audited)
Net book value at beginning of the period/year	**144,324**	135,653
Additions during the period/year	**15,201**	23,929
Depreciation charge for the period/year	**(14,225)**	(15,258)
	145,300	144,324

The depreciation charges have been allocated to the contact costs and general and administrative expenses as follows:

	Nine-month period ended 30 September 2024 AED'000 (unaudited)	Nine-month period ended 30 September 2023 AED'000 (unaudited)
Contract costs	**9,434**	7,522
General and administrative expenses	**4,791**	3,462
	14,225	10,984

5 Contract assets

	30 September 2024 AED'000 (unaudited)	31 December 2023 AED'000 (audited)
Value of work executed	**12,588,861**	11,545,464
Progress billings received and receivable	**(12,328,928)**	(11,496,727)
	259,933	48,737

The contract work in progress is presented as follows:

	30 September 2024 AED'000 (unaudited)	31 December 2023 AED'000 (audited)
Contracts assets, net	**289,582**	328,342
Contracts liabilities (note 10)	**(29,649)**	(279,605)
	259,933	48,737

5 Contract assets (continued)

Contracts assets as at 30 September 2024 are stated net of allowance for expected credit losses of AED 5,272 thousand (31 December 2023: AED 4,670 thousand). The movements on the allowance are as follows:

	30 September 2024	31 December 2023
	AED'000	AED'000
	(unaudited)	(audited)
At the beginning of the period/year	**4,670**	5,849
Charged during the period/year	**602**	607
Reversals	**-**	(324)
Write-offs	**-**	(1,462)
At the end of the period/year	**5,272**	4,670

6 Trade and other receivables

	30 September 2024	31 December 2023
	AED'000	AED'000
	(unaudited)	(audited)
Trade receivables, gross	**1,021,541**	807,642
Less: Allowance for expected credit losses	**(37,688)**	(43,429)
Trade receivables, net	**983,853**	764,213
Advances paid to suppliers*	**237,245**	263,767
Prepayments and other receivables	**28,025**	14,807
	1,249,123	1,042,787

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

	30 September 2024	31 December 2023
	AED'000	AED'000
	(unaudited)	(audited)
Current (included within trade and other receivables)	**237,245**	263,767
Non-current	**375,955**	375,223
Total	**613,200**	638,990

6 Trade and other receivables (continued)

The movement in the allowance for expected credit losses of trade receivables during the period/year was as follows:

	30 September 2024	31 December 2023
	AED'000	AED'000
	(unaudited)	(audited)
At the beginning of the period/year	**43,429**	27,587
Charged during the period/year	**2,108**	22,199
Recoveries*	**(6,349)**	(3,476)
Write-offs	**(1,500)**	(2,881)
At the end of the period/year	**37,688**	43,429

* Recoveries mainly pertains to collections during the period/year.

7 Cash and cash equivalents

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

	30 September 2024	31 December 2023
	AED'000	AED'000
	(unaudited)	(audited)
Cash on hand	**-**	-
Bank balances	**304,140**	745,267
Cash and bank balances	**304,140**	745,267
Less: Bank overdrafts (note 11)	**(75,787)**	-
Cash and cash equivalents	**228,353**	745,267

8 Share capital

	30 September 2024	31 December 2023
	AED'000	AED'000
	(unaudited)	(audited)
Authorised, issued and fully paid	**211,992**	211,992

EDGE Defense Platforms & Systems is the major shareholder of the Group which owns 49.96% of the share capital.

9 Advances from customers

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

	30 September 2024	31 December 2023
	AED'000	AED'000
	(unaudited)	(audited)
Current	**417,290**	380,085
Non-current	**637,811**	863,064
Total	**1,055,101**	1,243,149

10 Trade and other payables

	30 September 2024	31 December 2023
	AED'000	AED'000
	(unaudited)	(audited)
Project accruals	**737,053**	585,772
Contract liabilities (note 5)	**29,649**	279,605
Trade payables	**119,200**	212,360
Other liabilities	**39,930**	33,903
Other payables	**9,183**	5,482
	935,015	1,117,122

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

The average credit period on purchases of goods is 60 days (2023: 60 days). No interest is charged on the trade payables. The Group has financial risk management policies in place to ensure that all payables are paid within the credit timeframe.

11 Bank overdrafts

	30 September 2024	31 December 2023
	AED'000	AED'000
	(unaudited)	(audited)
Bank overdrafts from commercial banks	**75,787**	-

The overdraft facilities carry interest at prevailing market rates.

As at 30 September 2024, the Group has AED 199,213 thousand (31 December 2023: AED 275,000 thousand) as available undrawn overdraft facilities.

12 Basic and diluted earnings per share

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

The calculation of earnings per share is as follows:

	Three-month period ended 30 September 2024	Three-month period ended 30 September 2023	**Nine-month period ended 30 September 2024**	Nine-month period ended 30 September 2023
	AED'000 (unaudited)	AED'000 (unaudited)	**AED'000 (unaudited)**	AED'000 (unaudited)
Profit for the period attributable to the owners of the parent (AED '000)	**16,559**	2,337	**40,476**	23,373
Weighted average number of ordinary issued throughout the period ('000)	**211,992**	211,992	**211,992**	211,992
Basic and diluted earnings per share (AED)	**0.08**	0.01	**0.19**	0.11

During the period, the Group has not issued any instruments that have an impact on earnings per share when exercised (30 September 2023: nil).

13 Related party transactions and balances

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

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

	Nine-month period ended 30 September 2024 AED'000 (unaudited)	Nine-month period ended 30 September 2023 AED'000 (unaudited)
Key management compensation:		
Salaries, bonuses and other benefits	**10,607**	9,654
Post-employment benefits	**1,021**	923
	11,628	10,577
Directors' remuneration	**1,500**	1,500

Related party balances:

	30 September 2024 AED'000 (unaudited)	31 December 2023 AED'000 (unaudited)
Due from a related party (included in trade and other receivables)	**2,277**	5,050
Due to a related party (included in trade and other payables)	**15,609**	11,137

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

14 Contingencies and capital commitments

The Group's bankers have issued, in the normal course of business, letters of guarantee, performance bond and letters of credit in the amount of AED 2,157,804 thousand (31 December 2023: AED 2,389,608 thousand) in respect of contract performance and advances in connection with the contracts for shipbuilding and overhaul in progress at the period end.

Commitments

The capital expenditure contracted at the end of the reporting period but not provided for is AED 12,473 thousand (31 December 2023: AED 7,625 thousand).

15 Segment information

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

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

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

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

15 Segment information (continued)

Nine-month period ended 30 September 2024 (unaudited)	New Build and Engineering AED'000	Small Boats AED'000	Military Repairs and Maintenance AED'000	Commercial Repairs and Maintenance AED'000	Mission Systems AED'000	Unallocated AED'000	Eliminations AED'000	Group AED'000
Contract revenues	**857,329**	**38,520**	**110,357**	**16,561**	**20,630**	**-**	**-**	**1,043,397**
Contract costs	**(779,184)**	**(37,563)**	**(93,565)**	**(16,059)**	**(21,195)**	**-**	**-**	**(947,566)**
Gross profit/(loss)	**78,145**	**957**	**16,792**	**502**	**(565)**	**-**	**-**	**95,831**
General and administrative expenses	**(21,990)**	**(1,866)**	**(8,218)**	**(2,763)**	**(1,049)**	**(17,988)**	**-**	**(53,874)**
(Allowance for) / reversal of expected credit losses	**(3,850)**	**(319)**	**(99)**	**2,249**	**5,612**	**46**	**-**	**3,639**
Depreciation and amortization	**(2,062)**	**(516)**	**(774)**	**(516)**	**(129)**	**(1,159)**	**-**	**(5,156)**
Finance costs	**-**	**-**	**-**	**-**	**-**	**(1,100)**	**-**	**(1,100)**
Other income / (expense)	**5,253**	**7**	**-**	**-**	**-**	**(147)**	**-**	**5,113**
Income tax expense	**-**	**-**	**-**	**-**	**-**	**(3,977)**	**-**	**(3,977)**
Segment profit/(loss)	**55,496**	**(1,737)**	**7,701**	**(528)**	**3,869**	**(24,325)**	**-**	**40,476**

15 Segment information (continued)

	New Build and Engineering AED'000	Small Boats AED'000	Military Repairs and Maintenance AED'000	Commercial Repairs and Maintenance AED'000	Mission Systems AED'000	Unallocated AED'000	Eliminations AED'000	Group AED'000
Nine-month period ended 30 September 2023 (unaudited)								
Contract revenues	534,858	17,100	137,144	35,416	11,536	-	-	736,054
Contract costs	(486,383)	(16,586)	(119,060)	(32,675)	(12,285)	-	-	(666,989)
Gross profit/(loss)	48,475	514	18,084	2,741	(749)	-	-	69,065
General and administrative expenses	(11,982)	(2,396)	(9,107)	(4,074)	(1,198)	(19,343)	-	(48,100)
(Allowance for) / reversal of expected credit losses	(3,676)	(156)	285	1,982	221	197	-	(1,147)
Depreciation and amortization	(1,115)	(186)	(651)	(465)	-	(1,300)	-	(3,717)
Finance costs	-	-	-	-	-	(2,714)	-	(2,714)
Other income / (expense)	9,015	-	553	698	254	(534)	-	9,986
Segment profit/(loss)	40,717	(2,224)	9,164	882	(1,472)	(23,694)	-	23,373

15 Segment information (continued)

	New Build and Engineering AED'000	Small Boats AED'000	Military Repairs and Maintenance AED'000	Commercial Repairs and Maintenance AED'000	Mission Systems AED'000	Unallocated AED'000	Eliminations AED'000	Group AED'000
As at 30 September 2024 (unaudited)								
Assets	**1,994,995**	**88,690**	**203,378**	**32,050**	**26,487**	**60,153**	**(10,133)**	**2,395,620**
Liabilities	**1,805,837**	**56,379**	**49,154**	**8,663**	**27,759**	**154,493**	**-**	**2,102,285**
Capital Expenditure	**9,774**	**1,407**	**1,876**	**782**	**-**	**1,799**	**-**	**15,638**
As at 31 December 2023 (audited)								
Assets	2,234,870	64,265	196,707	48,891	88,758	59,768	(24,169)	2,669,090
Liabilities	2,171,384	51,484	52,886	13,328	30,543	90,690	(15,283)	2,395,032
Capital Expenditure	14,097	2,206	3,678	1,716	-	2,819	-	24,516

16 Taxation

The Group calculates the period income tax expense attributed to UAE Corporate Income Tax (CIT) using the tax rate that would be applicable to the expected total annual earnings. The tax charge for period ended 30 September 2024 is AED 3,977 thousand (30 September 2023: AED Nil thousand).

The provision for UAE CIT expense is recognized based on management's estimate of the weighted average effective annual tax rate expected for the full financial year.

17 Dividends

On 25 April 2024, the Shareholders of the Group approved during the Group's Annual General Meeting the distribution of 10% of its share capital as cash dividends amounting to AED 21,199 thousand. On 26 May 2024 the Group has distributed the approved dividends to the Shareholders.

On 28 April 2023, the Shareholders of the Group approved during the Group's Annual General Meeting the distribution of 6% of its share capital as cash dividends amounting to AED 12,720 thousand. On 27 May 2023 the Group has distributed the approved dividends to the Shareholders.

18 Approval of condensed interim consolidated financial information

The condensed interim consolidated financial information was approved and authorized for issue by the Board of Directors on 12 November 2024.