

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

**Reports and consolidated financial
statements for the year
ended 31 December 2024**

AL SEER MARINE SUPPLIES AND EQUIPMENT COMPANY PJSC

Reports and consolidated financial statements for the year ended 31 December 2024

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**Directors' report
for the year ended 31 December 2024**

The Directors have the pleasure to present their report together with the audited consolidated financial statements of Al Seer Marine Supplies and Equipment Company PJSC (the "Company") and its subsidiaries (together referred to as the "Group") for the year ended 31 December 2024.

Principal activities

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

Results and appropriation of income

Revenue for the year ended 31 December 2024 was AED 1,281,412 thousand (2023: AED 1,232,115 thousand). Loss for the year ended 31 December 2024 was AED 1,469,378 thousand (2023: loss of AED 1,025,082 thousand).

	AED'000
Retained earnings at the beginning of the year	2,224,420
Loss for the year	(1,469,378)
	<hr/>
Retained earnings at the end of the year	755,042
	<hr/> <hr/>

Release

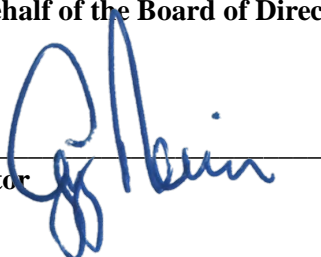
The Directors release from liability the management and the external auditor in connection with their duties for the year ended 31 December 2024.

Auditors

A resolution proposing the re-appointment of Deloitte & Touche (M.E.) as auditors of the Group for the year ending 31 December 2025 will be put to the shareholders at the Annual General Meeting.

On behalf of the Board of Directors

Director



INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF AL SEER MARINE SUPPLIES AND EQUIPMENT COMPANY PJSC

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Opinion

We have audited the consolidated financial statements of Al Seer Marine Supplies and Equipment Company PJSC (the “Company”) and its subsidiaries (together referred to as the “Group”), which comprise the consolidated statement of financial position as at 31 December 2024, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2024, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IASB).

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on this matter.



**INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF
AL SEER MARINE SUPPLIES AND EQUIPMENT COMPANY PJSC (continued)**

Key Audit Matters (continued)

Key audit matter	How our audit addressed the key audit matter
Revenue recognition During the year ended 31 December 2024, total revenue of the Group amounted to AED 1.3 billion . Revenue from the sale of goods and services is recognised when control over goods and services is transferred to a customer. Given the magnitude of the amount and inherent risk of misstatement of revenue, we consider revenue recognition to be a key audit matter. We have considered, in accordance with the requirements of ISAs, that there is a risk of fraud related to revenue being misstated by recognition at incorrect values or without a valid contract with the customer. Please refer to notes 3, 4 and 20 to the consolidated financial statements for material accounting policy information, judgments and related disclosures on revenue recognition.	 We performed the following procedures, inter alia, over revenue recognition: <ul style="list-style-type: none">• We gained an understanding of the revenue business process and identified the relevant controls in this process;• We assessed the abovementioned controls to determine if they had been appropriately designed and implemented and tested these controls to determine if they were operating effectively throughout the year;• We tested revenue transactions on a sample basis by vouching them to source documents, for example contracts and invoices;• We assessed the revenue recognition criteria adopted by the Group and the Group accounting policies against the requirements of IFRS Accounting Standards; and• We assessed the disclosures in the consolidated financial statements relating to revenue recognition against the requirements of IFRS Accounting Standards.

Other Information

Management is responsible for the other information. The other information comprises the Directors' report which we obtained prior to the date of this auditor's report. The other information does not include the consolidated financial statements and our auditor's report thereon.

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.



INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF AL SEER MARINE SUPPLIES AND EQUIPMENT COMPANY PJSC (continued)

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS Accounting Standards as issued by the IASB (IFRS Accounting Standards) and their preparation in compliance with the applicable provisions of the articles of association of the Company and the UAE Federal Decree Law No. (32) of 2021, and for such internal control as management determines is necessary to enable the preparation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF AL SEER MARINE SUPPLIES AND EQUIPMENT COMPANY PJSC (continued)

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements (continued)

- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

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

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

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

Report on Other Legal and Regulatory Requirements

As required by the UAE Federal Decree Law No. (32) of 2021, we report that for the year ended 31 December 2024:

- We have obtained all the information we considered necessary for the purposes of our audit;
- The consolidated financial statements have been prepared and comply, in all material respects, with the applicable provisions of the UAE Federal Decree Law No. (32) of 2021;
- The Group has maintained proper books of account;
- The financial information included in the Directors' report is consistent with the books of account of the Group;
- Notes 7 and 8 reflect the disclosures relating to shares purchased or invested by the Group during the financial year ended 31 December 2024;
- Note 11 reflects the disclosures relating to related party transactions and the terms under which they were conducted;
- Note 1 to the consolidated financial statements discloses that the Group has not made any social contributions during the financial year ended 31 December 2024; and
- Based on the information that has been made available to us nothing has come to our attention which causes us to believe that the Company has contravened during the financial year ended 31 December 2024 any of the applicable provisions of the UAE Federal Decree Law No. (32) of 2021 or in respect of the company, its Articles of Association which would materially affect its activities or its financial position as at 31 December 2024.

Deloitte & Touche (M.E.)



Mohammad Khamees Al Tah
Registration No. 717
29 January 2025
Abu Dhabi
United Arab Emirates

**Consolidated statement of financial position
as at 31 December 2024**

	Notes	2024 AED'000	2023 AED'000
ASSETS			
Non-current assets			
Property and equipment	5	1,266,177	1,323,604
Right-of-use assets	6	674,293	5,450
Investment in joint ventures	7	193,883	195,137
Investments carried at fair value through profit or loss (FVTPL)	8	-	6,861,704
Deferred Tax Asset	13	25	-
Loan to a related party	11	11,304	-
Total non-current assets		2,145,682	8,385,895
Current assets			
Inventories		7,638	7,098
Investments carried at fair value through profit or loss (FVTPL)	8	5,270,227	-
Trade and other receivables	9	498,137	393,247
Contract assets	10	11,019	35,973
Due from related parties	11	4,595	31,778
Cash and bank balances	12	449,597	235,928
Total current assets		6,241,213	704,024
Total assets		8,386,895	9,089,919

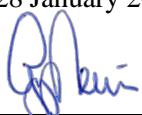
The accompanying notes form an integral part of these consolidated financial statements.

**Consolidated statement of financial position
as at 31 December 2024 (continued)**

	Notes	2024 AED'000	2023 AED'000
EQUITY AND LIABILITIES			
Equity			
Share capital	14	1,000,000	1,000,000
Statutory reserve	15	355,926	355,926
Capital contribution		2,321,832	2,321,832
Retained earnings		755,042	2,224,420
Total equity		4,432,800	5,902,178
Liabilities			
Non-current liabilities			
Provision for employees' end of service benefits	16	16,825	19,862
Bank borrowings	17	1,681,701	2,756,122
Interest payable	18	-	38,849
Lease liabilities	6	506,226	5,774
Total non-current liabilities		2,204,752	2,820,607
Current liabilities			
Trade and other payables	18	146,958	97,782
Current tax liabilities	13	3,731	-
Bank Borrowings	17	1,378,061	-
Contract liabilities	19	143,704	264,153
Lease liabilities	6	71,523	387
Due to related parties	11	5,366	4,812
Total current liabilities		1,749,343	367,134
Total liabilities		3,954,095	3,187,741
Total equity and liabilities		8,386,895	9,089,919

To the best of our knowledge, the consolidated financial statements present fairly in all material respects the financial position, financial performance and cash flows of the Group as of, and for, the years presented therein.

These consolidated financial statements were approved by the Board of Directors and authorised for issue on 28 January 2025 and signed on its behalf:



Guy Neivens
Chief Executive Officer



Alfredo Fernandes
Head of Finance

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

**Consolidated statement of profit or loss and other comprehensive income
for the year ended 31 December 2024**

	Notes	2024 AED'000	2023 AED'000
Revenue	20	1,281,412	1,232,115
Cost of sales	21	(1,128,579)	(1,088,238)
		<hr/>	<hr/>
Gross profit		152,833	143,877
General and administrative expenses	22	(46,711)	(37,199)
Finance costs	23	(69,205)	(56,835)
Finance income	12	2,867	6,162
Other income, net	24	66,126	6,837
Share of profit/(loss) from joint ventures	7	1,221	(635)
Change in fair value of investments carried at FVTPL	8	(1,572,803)	(1,087,289)
		<hr/>	<hr/>
Loss for the year before tax		(1,465,672)	(1,025,082)
Income tax	13	(3,706)	-
		<hr/>	<hr/>
Total comprehensive loss for the year		(1,469,378)	(1,025,082)
		<hr/>	<hr/>
Basic loss per share	28	(1.469)	(1.025)
		<hr/>	<hr/>

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

**Consolidated statement of changes in equity
for the year ended 31 December 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	1,000,000	355,926	2,321,832	3,249,502	6,927,260
Total comprehensive loss for the year	-	-	-	(1,025,082)	(1,025,082)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Balance at 1 January 2024	1,000,000	355,926	2,321,832	2,224,420	5,902,178
Total comprehensive loss for the year	-	-	-	(1,469,378)	(1,469,378)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Balance at 31 December 2024	1,000,000	355,926	2,321,832	755,042	4,432,800
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The accompanying notes form an integral part of these consolidated financial statements.

**Consolidated statement of cash flows
for the year ended 31 December 2024**

	Notes	2024 AED'000	2023 AED'000
Operating activities			
Loss for the year		(1,469,378)	(1,025,082)
<i>Adjustments for:</i>			
Depreciation of property and equipment	5	75,201	67,230
Depreciation of right-of-use assets	6	6,967	477
Provision for slow moving inventories		(396)	-
Employees end of service benefits charge	16	282	6,580
Allowance for expected credit losses	9, 10	(666)	1,908
Gain on disposal of property and equipment	24	(166)	-
Loss on rights transferred in sale and leaseback transaction	24	1,585	-
Change in fair value of investments carried at FVTPL	8	1,572,803	1,087,289
Income tax expense	13	3,706	-
Finance income	12	(2,867)	(6,162)
Finance costs	17,21,23	137,984	127,834
Dividend Income	24	(64,484)	-
Share of (profit)/loss from joint ventures	7	(1,221)	635
Operating cash flows before changes in operating assets and liabilities		259,350	260,709
(Increase)/(decrease) in inventories		(142)	10,130
Increase in trade and other receivables	9	(42,009)	(117,782)
Decrease in contract assets	10	24,954	23,245
Decrease/(increase) in due from related parties	11	27,183	(14,688)
Increase/(decrease) in trade and other payables	18	45,297	(1,446)
(Decrease)/Increase in contract liabilities	19	(120,449)	103,812
Increase in due to related parties	11	554	132
Cash generated from operations		194,738	264,112
Employees' end of service benefits paid	16	(3,319)	(902)
Net cash generated from operating activities		191,419	263,210

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

Consolidated statement of cash flows
for the year ended 31 December 2024 (continued)

	Notes	2024 AED'000	2023 AED'000
Investing activities			
Payment for purchase of property and equipment	5	(693,897)	(196,168)
Proceeds from disposal of property and equipment	5	588,171	-
Proceeds from disposal of investments carried at FVTPL	8	18,674	-
Investment in joint ventures	7	2,591	(119,052)
Investment in subsidiary		(130)	-
Purchase of investments carried at FVTPL	8	-	(367,250)
Fixed deposits placed with maturity more than 90 days	12	100	218,094
Loans to a related party	11	(10,970)	-
Finance income	12	2,532	6,162
Dividend received		3,784	-
Net cash used in investing activities		(89,145)	(458,214)
Financing activities			
Repayment of lease liabilities		(17,979)	(675)
Proceeds from bank borrowings	17	502,908	370,000
Repayment of bank borrowings	17	(199,268)	-
Finance costs paid		(174,166)	(103,832)
Net cash generated from financing activities		111,495	265,493
Net increase in cash and cash equivalents		213,769	70,489
Cash and cash equivalents at the beginning of the year		232,750	162,261
Cash and cash equivalents at the end of the year	12	446,519	232,750

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

**Notes to the consolidated financial statements
for the year ended 31 December 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; boatsworks workshop; water bikes repairing and maintaining; foodstuff catering; retail sale of factories equipments and machines and spare parts; retail sale of marine equipments and machinery spare parts; retail sale of marine equipments and machinery; installation and repair of lifting mechanisms and equipment loading; heavy vehicles and equipment mechanics repair; retail sale of ships and boats; repair and maintenance of engines ship; retail sale of airplanes spare parts and its components; trade jet skis used; wholesale of canned and preserved foodstuff trading; ship and boat seat upholstering; transport by refrigerator trucks; trading of telecommunication equipment - wholesale; wholesale of fresh foodstuff trading; industrial enterprises investment, institution and management; ships management and operation; sea shipping lines agents; customs clearance services; wholesale of ships and boats trading; importing; onshore and offshore oil and gas fields and facilities services; yachts management and running and commercial vessel management.

The holding company of the Group is International Holding Company PJSC (the “Parent Company”) which is listed on Abu Dhabi Securities Exchange.

These consolidated financial statements are presented in UAE Dirhams (AED) and are rounded to the nearest thousand (AED’000) except when otherwise included.

These consolidated financial statements include the financial performance, financial position and cash flows of the Company and its subsidiaries (collectively referred to as “the Group”), and the Group’s interests in its joint ventures.

During the year ended 31 December 2024, the Group has not made any social contributions.

2 Adoption of new and revised standards**2.1 New and amended IFRS Accounting Standards that are effective for the current year**

In the current year, the Group has applied the following amendments to International Financial Reporting Standards (IFRS Accounting Standards) issued by the International Accounting Standards Board (“IASB”) that are mandatorily effective for an accounting period that begins on or after 1 January 2024. The application of these amendments to International Financial Reporting Standards (IFRS Accounting Standards) has not had any material impact on the amounts reported for the current year but may affect the accounting for the Group’s future transactions or arrangements.

**Notes to the consolidated financial statements
for the year ended 31 December 2024 (continued)**

2 Adoption of new and revised standards (continued)

2.1 New and amended IFRS Accounting Standards that are effective for the current year (continued)

- Amendments to IAS 1 Presentation of Financial Statements - Classification of Liabilities as Current or Noncurrent
- Amendments to IAS 1 Presentation of Financial Statements - Non-current Liabilities with Covenants
- Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures - Supplier
- Finance Arrangements
- Amendment to IFRS 16 Leases - Lease Liability in a Sale and Leaseback

2.2 New and revised IFRS Accounting Standards in issue but not yet effective

<u>New and revised International Financial Reporting Standards (IFRS Accounting Standards)</u>	<u>Effective for annual periods beginning on or after</u>
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
Amendment to IAS 21 - Lack of Exchangeability	1 January 2025
Amendments to IFRS 9 and IFRS 7 regarding the classification and measurement of financial instruments	1 January 2026
Annual Improvements to IFRS Accounting Standards — Volume 11	1 January 2026
IFRS 18 Presentation and Disclosure in Financial Statements	1 January 2027
IFRS 19 Subsidiaries without Public Accountability: Disclosures	1 January 2027
IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information	Effective date not yet decided by the regulator in the United Arab Emirates
IFRS S2 Climate-related Disclosures	Effective date not yet decided by the regulator in the United Arab Emirates

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

**Notes to the consolidated financial statements
for the year ended 31 December 2024 (continued)****3 Accounting policies****Statement of compliance**

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS Accounting Standards) and the applicable requirements of Federal Law No. 32 of 2021.

Basis of preparation

The consolidated financial statements have been prepared on the historical cost basis except for fair valuation of investments carried at fair value profit or loss, as explained in the accounting policies given below. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

Fair value is the price that would be received on sale of an asset or paid on transfer of a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of a financial asset or liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

In addition, for financial reporting purposes, fair value measurements are categorised into level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which is described as follows:

- Level 1 input are quoted price (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

These consolidated financial statements are presented in UAE Dirhams (AED) which is the functional and presentation currency of the Group. All values are rounded to the nearest thousand (AED'000) except when otherwise included. The Group presents its consolidated statement of financial position broadly in order of liquidity, with a distinction based on expectations regarding recovery or settlement within twelve months after the reporting date (current) and more than twelve months after the reporting date (non-current), presented in the notes.

Going concern

The directors have, at the time of approving the consolidated financial statements, a reasonable expectation that the group has adequate resources to continue in operational existence for the foreseeable future. Thus, the group has applied the going concern basis of accounting in preparing the consolidated financial statements.

**Notes to the consolidated financial statements
for the year ended 31 December 2024 (continued)**

3 Accounting policies (continued)

Basis of consolidation

These consolidated financial statements incorporate the financial statements of the Company and the entities controlled by the Company. Control is achieved where the Group has power over the investee; is exposed, or has rights, to variable returns from its involvement; and has the ability to use its power to affect its returns.

The consolidated financial statements incorporate the financial statements of the parent company and entities controlled by the group made up to 31 December each year. Control is achieved when 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)
- is exposed, or has rights, to variable returns from its involvement with the investee
- has the ability to use its power to affect its returns.

The group reassesses 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 listed above.

When the group has less than a majority of the voting rights of an investee, it considers that it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The group considers all relevant facts and circumstances in assessing whether or not the group's voting rights in an investee are sufficient to give it power, including:

- the size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Company, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with the group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between the members of the group are eliminated on consolidation.

**Notes to the consolidated financial statements
for the year ended 31 December 2024 (continued)**

3 Accounting policies (continued)

Basis of consolidation (continued)

Non-controlling interests in subsidiaries are identified separately from the group's equity therein. Those interests of noncontrolling shareholders that are present ownership interests entitling their holders to a proportionate share of net assets upon liquidation may initially be measured at fair value or at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets. The choice of measurement is made on an acquisition-by-acquisition basis. Other non-controlling interests are initially measured at fair value. Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity.

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent company and to the non-controlling interests. Total comprehensive income of the subsidiaries is attributed to the owners of the parent company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Changes in the Group's ownership interests in existing subsidiaries

Changes in the group's interests in subsidiaries that do not result in a loss of control are accounted for as equity transactions. The carrying amount of the group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to the owners of the parent company.

When the group loses control of a subsidiary, the gain or loss on disposal recognised in profit or loss is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), less liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as required/permitted by applicable IFRS Accounting Standards). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IFRS 9 Financial Instruments when applicable, or the cost on initial recognition of an investment in an associate or a joint venture.

**Notes to the consolidated financial statements
for the year ended 31 December 2024 (continued)**

3 Accounting policies (continued)

Basis of consolidation (continued)

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	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
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
Dtech industries Limited *	100%	-	UAE	Providing independent and specialist industrial participation
ASM Nautical Holding Ltd	100%	-	UAE	Holding companies and head office
ASM Shipping Ltd	100%	-	UAE	Ships management and operation

*entity acquired during the year (note 7 and 25).

** newly incorporated during the year

**Notes to the consolidated financial statements
for the year ended 31 December 2024 (continued)**

3 Accounting policies (continued)

Business combinations

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of assets transferred by the group, liabilities incurred by the group to the former owners of the acquiree and the equity interest issued by the group in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value at the acquisition date, except that:

- deferred tax assets or liabilities and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with IAS 12 Income Taxes and IAS 19 Employee Benefits respectively
- liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with IFRS 2 Share-based Payment at the acquisition date
- assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations are measured in accordance with that standard.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

When the consideration transferred by the group in a business combination includes a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the 'measurement period' (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Other contingent consideration is remeasured to fair value at subsequent reporting dates with changes in fair value recognised in profit or loss.

**Notes to the consolidated financial statements
for the year ended 31 December 2024 (continued)****3 Accounting policies (continued)****Business combinations (continued)**

When a business combination is achieved in stages, the group's previously held interests (including joint operations) in the acquired entity are remeasured to its acquisition-date fair value and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss, where such treatment would be appropriate if that interest were disposed of.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see above), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of that date.

Investments in joint ventures

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The results and assets and liabilities of joint ventures are incorporated in these consolidated financial statements using the equity method of accounting, except when the investment, or a portion thereof, is classified as held for sale, in which case it is accounted for in accordance with IFRS 5. Under the equity method, an investment in a joint venture is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the joint venture. When the Group's share of losses of a joint venture exceeds the Group's interest in that joint venture (which includes any long-term interests that, in substance, form part of the Group's net investment in the joint venture), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the joint venture.

An investment in a joint venture is accounted for using the equity method from the date on which the investee becomes a joint venture. On acquisition of the investment in a joint venture, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

**Notes to the consolidated financial statements
for the year ended 31 December 2024 (continued)****3 Accounting policies (continued)****Investments in joint ventures (continued)**

The requirements of IAS 36 are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment in a joint venture. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with IAS 36 as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount. Any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with IAS 36 to the extent that the recoverable amount of the investment subsequently increases.

The Group discontinues the use of the equity method from the date when the investment ceases to be a joint venture, or when the investment is classified as held for sale. When the Group retains an interest in the former joint venture and the retained interest is a financial asset, the Group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition in accordance with IFRS 9. The difference between the carrying amount of the joint venture at the date the equity method was discontinued, and the fair value of any retained interest and any proceeds from disposing of a part interest in the joint venture is included in the determination of the gain or loss on disposal of the joint venture. In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that joint venture on the same basis as would be required if that joint venture had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that joint venture would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) when the equity method is discontinued.

The Group continues to use the equity method when an investment in an associate becomes an investment in a joint venture or an investment in a joint venture becomes an investment in an associate. There is no remeasurement to fair value upon such changes in ownership interests.

When the Group reduces its ownership interest in a joint venture but the Group continues to use the equity method, the Group reclassifies to profit or loss the proportion of the gain or loss that had previously been recognised in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be reclassified to profit or loss on the disposal of the related assets or liabilities.

When a group entity transacts with a joint venture of the Group, profits and losses resulting from the transactions with the joint venture are recognised in the Group's consolidated financial statements only to the extent of interests in the joint venture that are not related to the Group.

Non-current assets held for sale

Non-current assets (and disposal groups) classified as held for sale are measured at the lower of carrying amount and fair value less costs to sell.

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

**Notes to the consolidated financial statements
for the year ended 31 December 2024 (continued)**

3 Accounting policies (continued)

Non-current assets held for sale (continued)

When the group is committed to a sale plan involving loss of control of a subsidiary, all of the assets and liabilities of that subsidiary are classified as held for sale when the criteria described above are met, regardless of whether the group will retain a non-controlling interest in its former subsidiary after the sale.

When the group is committed to a sale plan involving disposal of an investment in an associate or, a portion of an investment in an associate, the investment, or the portion of the investment in the associate, that will be disposed of is classified as held for sale when the criteria described above are met. The group then ceases to apply the equity method in relation to the portion that is classified as held for sale. Any retained portion of an investment in an associate that has not been classified as held for sale continues to be accounted for using the equity method.

Revenue recognition

Revenue is measured at an amount that reflects the considerations, to which an entity expects to be entitled in exchange for transferring goods or services to customer, excluding amounts collected on behalf of third parties. The Group recognizes revenue when it transfers control over goods or services to its customers.

The Group recognises revenue from the following major sources:

Rendering of services

The Group provides specialized yacht management, maintenance and operational support services to its customer. Such services are recognised as a performance obligation satisfied at point in time on monthly basis under IFRS 15. Revenue from rendering of services is based on the contractual rates agreed with the customer including other permissible direct expenses, and is recognised on a straight line basis over the period of each contract.

Time Charter arrangement (Time charter)

The Group measures its progress towards complete satisfaction of the performance obligation using a time-based measure. Further, because the Group charges a fixed amount for each day of service provided, the Group has a right to invoice the customer an amount that corresponds directly with the value of the Group's performance completed to date. Revenue is recognized based on percentage of completion.

Revenue from construction contracts

The Group construct specialized assets for its customers under long term contracts. Under the terms of the contracts, the Group is contractually restricted from redirecting the properties to another customer and has enforceable right to payment for work done. Revenue from construction is therefore recognized over time using output method to recognize revenue on the basis of entity's efforts to the satisfaction of a performance obligation in accounting for its construction contracts. The management consider that this input method is an appropriate measure of the progress towards complete satisfaction of the performance obligations under IFRS 15.

**Notes to the consolidated financial statements
for the year ended 31 December 2024 (continued)**

3 Accounting policies (continued)

Revenue recognition (continued)

Revenue from construction contracts (continued)

Where the outcome of a construction contract cannot be estimated reliably, revenue is measured based on the consideration to which the Group expects to be entitled in a contract with a customer and excludes amounts collected on behalf of third parties. Contract costs incurred are amortized over the period of service.

When it is possible that total contract costs will exceed total contract revenue, the expected loss is recognized as an expense immediately.

Costs of contracts include all direct costs of labor, materials, depreciation of property and equipment and costs of subcontracted works, plus an appropriate portion of construction overheads and general and administrative expenses of the year allocated to construction contracts in progress during the year at a fixed rate of the value of work done on each contract. Any under recovery at the end of the fiscal year, is charged to profit or loss as unallocated overheads.

In certain revenue arrangements, the Group is entitled to variable benefits or obliged to pay for certain obligations (majorly demurrages) which are contingent upon occurrence or non-occurrence of a specified event. While determining the transaction price, management estimate a transaction price which is highly probable of being recovered and not subject to reversal. The variable benefits are not included in the initial assessment of the transaction price as the Group is entitled to them only on occurrence.

Contract assets and liabilities

When the Group satisfies a performance obligation by delivering the promised goods or services it creates a contract-based asset on the amount of consideration earned by the performance. Where the amount of consideration received from a customer exceeds the amount of revenue recognised, this gives rise to a contract liability.

The Group has determined that contract assets and liabilities are to be recognised at the performance obligation level and not at the contract level and both contract assets and liabilities are to be presented separately in the consolidated financial statements. The Group classifies its contract assets and liabilities as current and non-current based on the timing and pattern of flow of economic benefits.

Interest income

Interest income is recognised when it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

**Notes to the consolidated financial statements
for the year ended 31 December 2024 (continued)**

3 Accounting policies (continued)

Property and equipment

Property and equipment are stated at historical cost less accumulated depreciation and accumulated impairment loss. Historical cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of property and equipment is the purchase cost, together with any incidental expenses of acquisition. The cost of self-constructed assets includes the cost of materials, direct labour, the initial estimate, where relevant, of the costs of dismantling and removing the items and restoring the site on which they are located, and an appropriate proportion of production overheads.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance expenses are charged to the profit or loss in the period in which they are incurred.

The estimated useful lives, residual values and depreciation method are reviewed at each year-end, with the effect of any changes in estimate accounted for on a prospective basis. Depreciation is calculated using the straight-line method to allocate the assets' cost to their residual values over their estimated useful lives as follows:

	Years
Building improvements	5-10
Office equipment	4
Furniture and fixtures	4
Industrial equipment	4
Vessels and motor vehicles	4-23
Prototype boats	5

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

An item of property and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. The gain or loss arising on the disposal or retirement of an item of property and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

For recognition of the Group's vessels, first dry-docking costs are considered as a major component of a vessel which are recorded as a separate asset and depreciated separately. Subsequent dry-docking costs are capitalized as a separate asset and depreciated over the period until the next dry-docking.

**Notes to the consolidated financial statements
for the year ended 31 December 2024 (continued)****3 Accounting policies (continued)****Property and equipment (continued)***Capital work-in-progress*

Properties or assets in the course of construction for production, supply or administrative purposes are carried at cost, less any recognised impairment loss. Cost includes all direct costs attributable to the design and construction of the property including related staff costs, and for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy. When the assets are ready for intended use, the capital work in progress is transferred to investment properties or the appropriate property and equipment category and is depreciated in accordance with the Group's policies.

Inventories

Inventories are valued at the lower of cost and net realisable value. Cost is determined on the weighted average cost basis for spare parts and on the first-in, first-out (FIFO) basis for fuel and, for materials, comprises invoiced cost, related freight charges and import duties. Net realisable value represents the estimated selling price less all estimated costs to be incurred in marketing, selling and distribution.

Impairment of non-financial assets

At the end of each reporting period, the Group reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

**Notes to the consolidated financial statements
for the year ended 31 December 2024 (continued)****3 Accounting policies (continued)****Employee benefits**

Accrual is made for estimated liability for employees' entitlement to annual leave and leave passage as a result of services rendered by eligible employees up to the end of reporting period.

Provision is made for the full amount of end of service benefits due to employees in accordance with the UAE Labour Law, for their period of service up to the end of the reporting period.

Pension contributions are made in respect of UAE national employees to the UAE General Pension and Social Security Authority in accordance with the UAE Federal Law No. (2), 2000 for Pension and Social Security. Such contributions are charged to profit or loss during the employees' period of service.

Foreign currencies

For the purpose of these consolidated financial statements, the UAE Dirhams (AED) is the functional and the presentation currency of the Group.

Transactions in currencies other than AED (foreign currencies) are recorded at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences are recognised in profit or loss in the period in which they arise.

Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows. When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Onerous contracts

Present obligations arising under onerous contracts are recognised and measured as provisions. An onerous contract is considered to exist where the Group has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received from the contract.

**Notes to the consolidated financial statements
for the year ended 31 December 2024 (continued)**

3 Accounting policies (continued)

Leases

The Group as a lessee

The Group assesses whether contract is or contains a lease, at inception of the contract. The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. For these leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise:

- fixed lease payments (including in-substance fixed payments), less any lease incentives;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the amount expected to be payable by the lessee under residual value guarantees;
- the exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is presented as a separate line item in the consolidated statement of financial position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Group remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- the lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).

**Notes to the consolidated financial statements
for the year ended 31 December 2024 (continued)**

3 Accounting policies (continued)

Leases (continued)

The Group as a lessee (continued)

A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.

The Group did not make any such adjustments during the periods presented.

The right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use of asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The right-of-use of assets are presented as a separate line in the consolidated statement of financial position.

The Group applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for an identified impairment loss as described in the 'Property and equipment' policy.

Variable rents that do not depend on an index or rate are not included in the measurement of the lease liability and the right-of-use asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs and are included in the line 'General and administrative expenses' in the consolidated statement of profit or loss.

As a practical expedient, IFRS16 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement. The Group has not used this practical expedient.

Sale and leaseback transactions

The Group applies IFRS 15 for determining if the transfer of an asset to the buyer (lessor) is to be accounted for as a sale of assets. After the sale of assets is concluded, the Group measures the right-of-use assets arising from the leaseback at the proportion of the previous carrying value of the asset that relates to the right of use retained by the Group. Accordingly, the Group recognizes only the amount of any gain or loss that relates to the rights transferred to the buyer (lessor).

If the fair value of the consideration for the sale of an asset does not equal the fair value of the asset, or if the payments for the leases are not at market rates, the Group makes the following adjustments to measure the sale proceeds at fair value:

- any below-market terms shall be accounted for as a prepayment of lease payments
- any above-market terms shall be accounted for as additional financing provided by the buyer-lessor
- to the seller-lessee.

**Notes to the consolidated financial statements
for the year ended 31 December 2024 (continued)**

3 Accounting policies (continued)

Leases (continued)

The group as lessor

Leases for which the group is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

When the group is an intermediate lessor, it accounts for the head lease and the sub-lease as two separate contracts. The sub-lease is classified as a finance or operating lease by reference to the right-of-use asset arising from the head lease.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

Amounts due from lessees under finance leases are recognised as receivables at the amount of the group's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the group's net investment outstanding in respect of the leases.

Subsequent to initial recognition, the group regularly reviews the estimated unguaranteed residual value and applies the impairment requirements of IFRS 9, recognising an allowance for expected credit losses on the finance lease receivables.

Finance lease income is calculated with reference to the gross carrying amount of the lease receivables, except for creditimpaired financial assets for which interest income is calculated with reference to their amortised cost (i.e. after a deduction of the loss allowance).

When a contract includes both lease and non-lease components, the group applies IFRS 15 to allocate the consideration under the contract to each component.

Borrowing costs

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

**Notes to the consolidated financial statements
for the year ended 31 December 2024 (continued)**

3 Accounting policies (continued)

Taxation

The income tax expense represents the sum of current and deferred income tax expense.

Current Tax

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

A provision is recognized for those matters for which the tax determination is uncertain, but it is considered probable that there will be a future outflow of funds to a tax authority. The provisions are measured at the best estimate of the amount expected to become payable. The assessment is based on the judgement of tax professionals within the Group supported by previous experience in respect of such activities and in certain cases based on specialist independent tax advice.

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 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 recognized for all taxable temporary differences and deferred tax assets are recognized to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilized. Such assets and liabilities are not recognized 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 liabilities are recognized for taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

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 realized based on tax laws and rates that have been enacted or substantively enacted at the reporting date.

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.

**Notes to the consolidated financial statements
for the year ended 31 December 2024 (continued)****3 Accounting policies (continued)****Taxation (continued)***Deferred tax (continued)*

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Current tax and deferred tax for the year

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

Cash and cash equivalents

In the consolidated statement of financial position, cash and bank balances comprise cash (i.e. cash on hand and demand deposits) and cash equivalents. Cash equivalents are short-term (generally with original maturity of three months or less), highly liquid investments that are readily convertible to a known amount of cash and which are subject to an insignificant risk of changes in value. Cash equivalents are held for the purpose of meeting short-term cash commitments rather for investment or other purposes.

Bank balances for which use by the Group is subject to third party contractual restrictions are included as part of cash unless the restrictions result in a bank balance no longer meeting the definition of cash. If the contractual restrictions to use the cash extend beyond 12 months after the end of the reporting period, the related amounts are classified as non-current in the consolidated statement of financial position.

For the purposes of the consolidated statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above.

Financial instruments

Financial assets and financial liabilities are recognised in the Group's consolidated statement of financial position when the Group becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

**Notes to the consolidated financial statements
for the year ended 31 December 2024 (continued)**

3 Accounting policies (continued)

Financial instruments (continued)

Financial assets (continued)

Classification of financial assets

Debt instruments that meet the following conditions are measured subsequently at amortised cost:

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

Debt instruments that meet the following conditions are measured subsequently at fair value through other comprehensive income (FVTOCI):

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

By default, all other financial assets are measured subsequently at fair value through profit or loss (FVTPL).

Despite the foregoing, the Group may make the following irrevocable election/designation at initial recognition of a financial asset:

- the Group may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if certain criteria are met (see (iii) below);
- the Group may irrevocably designate a debt investment that meets the amortised cost or FVTOCI criteria as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch (see (iv) below).

(i) Amortised cost and effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period.

For financial assets other than purchased or originated credit-impaired financial assets (i.e. assets that are credit-impaired on initial recognition), the effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) excluding expected credit losses, through the expected life of the debt instrument, or, where appropriate, a shorter period, to the gross carrying amount of the debt instrument on initial recognition. For purchased or originated credit-impaired financial assets, a credit-adjusted effective interest rate is calculated by discounting the estimated future cash flows, including expected credit losses, to the amortised cost of the debt instrument on initial recognition.

**Notes to the consolidated financial statements
for the year ended 31 December 2024 (continued)**

3 Accounting policies (continued)

Financial instruments (continued)

Financial assets (continued)

Classification of financial assets (continued)

(i) Amortised cost and effective interest method (continued)

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. The gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any loss allowance.

Interest income is recognised using the effective interest method for debt instruments measured subsequently at amortised cost and at FVTOCI. For financial assets other than purchased or originated credit-impaired financial assets, interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired (see below). For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset. If, in subsequent reporting periods, the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset.

For purchased or originated credit-impaired financial assets, the Group recognises interest income by applying the credit-adjusted effective interest rate to the amortised cost of the financial asset from initial recognition. The calculation does not revert to the gross basis even if the credit risk of the financial asset subsequently improves so that the financial asset is no longer credit-impaired. Interest income is recognised in profit or loss and is included in the “finance income – interest income” line item.

(ii) Debt instruments classified as at FVTOCI

The corporate bonds are classified as at FVTOCI. The corporate bonds are initially measured at fair value plus transaction costs. Subsequently, changes in the carrying amount of these corporate bonds as a result of foreign exchange gains and losses, impairment gains or losses, and interest income calculated using the effective interest method are recognised in profit or loss. The amounts that are recognised in profit or loss are the same as the amounts that would have been recognised in profit or loss if these corporate bonds had been measured at amortised cost. All other changes in the carrying amount of these corporate bonds are recognised in other comprehensive income and accumulated under the heading of investments revaluation reserve. When these corporate bonds are derecognised, the cumulative gains or losses previously recognised in other comprehensive income are reclassified to profit or loss.

(iii) Equity instruments designated as at FVTOCI

On initial recognition, the Group may make an irrevocable election (on an instrument-by-instrument basis) to designate investments in equity instruments as at FVTOCI. Designation at FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognised by an acquirer in a business combination.

**Notes to the consolidated financial statements
for the year ended 31 December 2024 (continued)**

3 Accounting policies (continued)

Financial instruments (continued)

Financial assets (continued)

(iii) Equity instruments designated as at FVTOCI (continued)

A financial asset is held for trading if:

- it has been acquired principally for the purpose of selling it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has evidence of a recent actual pattern of short-term profit-taking; or
- it is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument).

Investments in equity instruments at FVTOCI are initially measured at fair value plus transaction costs.

Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the investments revaluation reserve. The cumulative gain or loss is not being reclassified to profit or loss on disposal of the equity investments, instead, it is transferred to retained earnings.

Dividends on these investments in equity instruments are recognised in profit or loss in accordance with IFRS 9, unless the dividends clearly represent a recovery of part of the cost of the investment.

(iv) Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortised cost or FVTOCI (see (i) to (iii) above) are measured at FVTPL. Specifically:

- Investments in equity instruments are classified as at FVTPL, unless the Group designates an equity investment that is neither held for trading nor a contingent consideration arising from a business combination as at FVTOCI on initial recognition (see (iii) above).
- Debt instruments that do not meet the amortised cost criteria or the FVTOCI criteria (see (i) and (ii) above) are classified as at FVTPL. In addition, debt instruments that meet either the amortised cost criteria or the FVTOCI criteria may be designated as at FVTPL upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency (so called 'accounting mismatch') that would arise from measuring assets or liabilities or recognising the gains and losses on them on different bases. The Group has not designated any debt instruments as at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss to the extent they are not part of a designated hedging relationship. The net gain or loss recognised in profit or loss includes any dividend or interest earned on the financial asset.

**Notes to the consolidated financial statements
for the year ended 31 December 2024 (continued)**

3 Accounting policies (continued)

Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets

The Group recognises a loss allowance for expected credit losses on investments in debt instruments that are measured at amortised cost or at FVTOCI, lease receivables, trade receivables and contract assets, as well as on financial guarantee contracts. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

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

For all other financial instruments, the Group recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month ECL.

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

(i) Significant increase in credit risk

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument at the reporting date with the risk of a default occurring on the financial instrument at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. Forward-looking information considered includes the future prospects of the industries in which the Group's debtors operate, obtained from economic expert reports, financial analysts, governmental bodies, relevant think-tanks and other similar organisations, as well as consideration of various external sources of actual and forecast economic information that relate to the Group's core operations.

**Notes to the consolidated financial statements
for the year ended 31 December 2024 (continued)**

3 Accounting policies (continued)

Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets (continued)

(i) Significant increase in credit risk (continued)

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk for a particular financial instrument, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor, or the length of time or the extent to which the fair value of a financial asset has been less than its amortised cost;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor;
- significant increases in credit risk on other financial instruments of the same debtor;
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

Despite the foregoing, the Group assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if:

- The financial instrument has a low risk of default,
- The debtor has a strong capacity to meet its contractual cash flow obligations in the near term, and
- Adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

The Group considers a financial asset to have low credit risk when the asset has external credit rating of 'investment grade' in accordance with the globally understood definition or if an external rating is not available, the asset has an internal rating of 'performing'. Performing means that the counterparty has a strong financial position and there is no past due amounts.

**Notes to the consolidated financial statements
for the year ended 31 December 2024 (continued)**

3 Accounting policies (continued)

Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets (continued)

(i) Significant increase in credit risk (continued)

For financial guarantee contracts, the date that the Group becomes a party to the irrevocable commitment is considered to be the date of initial recognition for the purposes of assessing the financial instrument for impairment. In assessing whether there has been a significant increase in the credit risk since initial recognition of a financial guarantee contracts, the Group considers the changes in the risk that the specified debtor will default on the contract.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

(ii) Definition of default

The Group considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that financial assets that meet either of the following criteria are generally not recoverable:

- when there is a breach of financial covenants by the debtor; or
- Information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collateral held by the Group).

Irrespective of the above analysis, the Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

(iii) Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- significant financial difficulty of the issuer or the borrower;
- a breach of contract, such as a default or past due event (see (ii) above);
- the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for that financial asset because of financial difficulties.

**Notes to the consolidated financial statements
for the year ended 31 December 2024 (continued)****3 Accounting policies (continued)****Financial instruments (continued)****Financial assets (continued)**Impairment of financial assets (continued)*(iv) Write-off policy*

The Group writes off a financial asset when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of trade receivables, when the amounts are over two years past due, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

(v) Measurement and recognition of expected credit losses

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date; for financial guarantee contracts, the exposure includes the amount drawn down as at the reporting date, together with any additional amounts expected to be drawn down in the future by default date determined based on historical trend, the Group's understanding of the specific future financing needs of the debtors, and other relevant forward-looking information.

For financial assets, the expected credit loss is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the original effective interest rate. For a lease receivable, the cash flows used for determining the expected credit losses is consistent with the cash flows used in measuring the lease receivable in accordance with IAS 17 Leases.

For a financial guarantee contract, as the Group is required to make payments only in the event of a default by the debtor in accordance with the terms of the instrument that is guaranteed, the expected loss allowance is the expected payments to reimburse the holder for a credit loss that it incurs less any amounts that the Group expects to receive from the holder, the debtor or any other party.

If the Group has measured the loss allowance for a financial instrument at an amount equal to lifetime ECL in the previous reporting period, but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the Group measures the loss allowance at an amount equal to 12-month ECL at the current reporting date, except for assets for which simplified approach was used.

The Group recognises an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt instruments that are measured at FVTOCI, for which the loss allowance is recognised in other comprehensive income and accumulated in the investment revaluation reserve, and does not reduce the carrying amount of the financial asset in the consolidated statement of financial position.

**Notes to the consolidated financial statements
for the year ended 31 December 2024 (continued)**

3 Accounting policies (continued)

Financial instruments (continued)

Financial assets (continued)

Derecognition of financial assets

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

Financial liabilities and equity instruments

Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recorded at the proceeds received, net of direct issue costs.

Financial liabilities

Trade and other payables and due to related parties, classified as 'financial liabilities', are initially measured at fair value, net of transaction costs, and are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis, except for short term liabilities when the recognition of interest is immaterial.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire.

**Notes to the consolidated financial statements
for the year ended 31 December 2024 (continued)**

4 Critical accounting judgments and key sources of estimation uncertainty

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

The estimates and underlying assumptions are reviewed on an ongoing basis. Revision to accounting estimates are recognised in the period of the revision in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. The significant judgments and estimate made by management are summarised as follows:

4.1 Critical judgments in applying the Group's accounting policies

The following are the critical judgments, apart from those involving estimations (see 4.2 below), that the management have made in the process of applying the Group's accounting policies and have the most significant effect on the amounts recognised in the consolidated financial statements.

Revenue recognition

Management considers recognising revenue over time, if one of the following criteria is met, otherwise revenue will be recognised at a point in time:

- the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;
- the Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or
- the Group's performance does not create an asset with an alternative use to the entity and the entity has an enforceable right to payment for performance completed to date.

Where revenue is recognised at a point in time, the Group assesses each contract with customers to determine when the performance obligation of the Group under the contract is satisfied.

Business model assessment

Classification and measurement of financial assets depends on the results of the SPPI and the business model test (please see financial assets sections of note 3). The group determines the business model at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. This assessment includes judgement reflecting all relevant evidence including how the performance of the assets is evaluated and their performance measured, the risks that affect the performance of the assets and how these are managed and how the managers of the assets are compensated. The group monitors financial assets measured at amortised cost that are derecognised prior to their maturity to understand the reason for their disposal and whether the reasons are consistent with the objective of the business for which the asset was held. Monitoring is part of the group's continuous assessment of whether the business model for which the remaining financial assets are held continues to be appropriate and if it is not appropriate whether there has been a change in business model and so a prospective change to the classification of those assets. No such changes were required during the periods presented.

**Notes to the consolidated financial statements
for the year ended 31 December 2024 (continued)**

4 Critical accounting judgments and key sources of estimation uncertainty

4.1 Critical judgments in applying the Group's accounting policies (continued)

Significant increase in credit risk

As explained in note 3, ECL are measured as an allowance equal to 12-month ECL for stage 1 assets, or lifetime ECL for stage 2 or stage 3 assets. An asset moves to stage 2 when its credit risk has increased significantly since initial recognition. IFRS 9 does not define what constitutes a significant increase in credit risk. In assessing whether the credit risk of an asset has significantly increased the Group takes into account qualitative and quantitative reasonable and supportable forward-looking information.

Determining the lease term

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated). Potential future cash outflows have not been included in the lease liability because it is not reasonably certain that the leases will be extended (or not terminated).

Repurchase option at the end of lease term

During the period the Group entered into leases of vessels as a result of a sale and leaseback transactions which contain repurchase options exercisable by the Group after the end of the non-cancellable contract period. The options held are exercisable only by the Group and not by the lessors. The Group assesses at lease commencement date whether it is reasonably certain to exercise the option. The Group reassesses whether it is reasonably certain to exercise the option if there is a significant event or significant changes in circumstances within its control.

Classification of capital contribution

In the process of classifying a financial instrument, management has made various judgments. Judgment is needed to determine whether a financial instrument, or its component parts, on initial recognition is classified as a financial liability, a financial asset or an equity instrument in accordance with the substance of the contractual arrangement and the definitions of a financial liability, a financial asset and an equity instrument. In making its judgment, management considered the detailed criteria and related guidance for the classification of financial instruments as set out in IAS 32, in particular, whether the instrument includes a contractual obligation to deliver cash or another financial asset to another entity and whether it may be settled in the Group's own equity instrument. Based on the criteria, management has concluded that capital contribution is the part of the equity.

Joint control over a joint venture

Note 7 describes that the Group owns more than 50% of the equity interest and voting rights in joint ventures. The directors of the group have assessed whether the Group has control, joint control or significant influence over these entities.

In making their judgement, the directors considered the Group's absolute size of holding in the entity and control over the relevant activities. After assessment, the directors have concluded that the Group has a joint control to direct the relevant activities of the entity and therefore the Group has classified the investments as joint ventures.

**Notes to the consolidated financial statements
for the year ended 31 December 2024 (continued)**

4 Critical accounting judgments and key sources of estimation uncertainty (continued)

4.2 Key sources of estimation uncertainty

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

Useful lives and residual value of property and equipment

Management reviews the residual values and estimated useful lives of property, plant and equipment at the end of each annual reporting period in accordance with IAS 16 *Property, Plant and Equipment*. Management determined that current year expectations do not differ from previous estimates based on its review. For the newly purchased vessels during the year, management performed an internal assessment supported by an external expert to determine the useful lives and residual value of these vessels.

Impairment of property and equipment

Property and equipment are assessed for impairment based on assessment of cash flows on individual cash generating units when there is indication of impairment. Cash flows are determined based on estimations over the useful life of the assets and discounted using a range of discounting rates representing the rate of return on such cash generating units. The net present values are compared to the carrying amounts to assess any probable impairment. Management is satisfied that no impairment provision is necessary on property and equipment.

Calculation of loss allowance

When measuring ECL the Group uses reasonable and supportable forward looking information, which is based on assumptions for the future movement of different economic drivers and how these drivers will affect each other. The Group uses estimates for the computation of loss rates.

Loss given default is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, taking into account cash flows from collateral and integral credit enhancements.

Probability of default constitutes a key input in measuring ECL. Probability of default is an estimate of the likelihood of default over a given time horizon, the calculation of which includes historical data, assumptions and expectations of future conditions. As per ECL model, the impairment loss allowance for trade receivables required as at 31 December 2024 is AED 1,848 thousand (2023: AED 1,605 thousand) (note 9).

**Notes to the consolidated financial statements
for the year ended 31 December 2024 (continued)**

5 Property and equipment

	Building improvements AED'000	Office equipment AED'000	Furniture and fixtures AED'000	Industrial equipment AED'000	Vessels and motor vehicles AED'000	Prototype boats AED'000	Capital work- in-progress AED'000	Total AED'000
Cost								
At 1 January 2023	55,497	1,768	1,461	4,362	1,184,996	5,520	17,099	1,270,703
Additions	600	1,498	18	1,846	-	-	192,206	196,168
Transfers	-	14,218	-	-	-	2,329	(16,547)	-
At 1 January 2024	56,097	17,484	1,479	6,208	1,184,996	7,849	192,758	1,466,871
Additions	29	39	219	624	48,932	-	644,054	693,897
Transfers	-	-	-	-	676,117	-	(676,117)	-
Disposals	-	-	-	-	(677,618)	-	-	(677,618)
At 31 December 2024	56,126	17,523	1,698	6,832	1,232,427	7,849	160,695	1,483,150
Accumulated depreciation								
At 1 January 2023	31,754	1,714	1,350	3,290	32,409	5,520	-	76,037
Charge for the year	4,702	2,544	72	720	59,173	19	-	67,230
At 1 January 2024	36,456	4,258	1,422	4,010	91,582	5,539	-	143,267
Charge for the year	4,699	3,187	34	951	65,788	543	-	75,202
Disposals	-	-	-	-	(1,496)	-	-	(1,496)
At 31 December 2024	41,155	7,445	1,456	4,961	155,874	6,082	-	216,973
Carrying amount								
At 31 December 2024	14,971	10,078	242	1,871	1,076,553	1,767	160,695	1,266,177
At 31 December 2023	19,641	13,226	57	2,198	1,093,414	2,310	192,758	1,323,604

**Notes to the consolidated financial statements
for the year ended 31 December 2024 (continued)**

5 Property and equipment (continued)

Building improvements include (i) Group's office premises built on a plot of land in Musaffah ICAD, provided by a related party free of cost and (ii) warehouse in Musaffah built on a plot of land leased from Zone Corporation for a period of 30 years commencing from May 2005.

Capital work in progress:

The Group signed contracts on 2023 and 2024 with a shipbuilder to construct 2 Vessels for a total amount of AED 312,529 thousand. All vessels will be delivered in during 2025.

The contractual commitments for the construction of these vessels amounting to 165,191 (2023: 765.282) (note 26).

Capitalised borrowing costs

The amount of borrowing costs capitalised during the year ended 31 December 2024 was 6,659 thousand (2023: Nil). The rate used to determine the amount of borrowing costs eligible for capitalisation was 11%, which is the EIR of the specific borrowing.

Allocation of depreciation charge for the year is as follows:

	2024	2023
	AED'000	AED'000
Cost of sales (note 21)	73,340	65,977
General and administrative expenses (note 22)	1,862	1,253
	<hr/>	<hr/>
	75,202	67,230
	<hr/>	<hr/>

**Notes to the consolidated financial statements
for the year ended 31 December 2024 (continued)**

6 Leases

Right-of-use assets

	Land AED'000	Vessels AED'000	Total AED'000
Cost			
At 1 January and 31 December 2023	7,837	-	7,837
Additions	-	675,810	675,810
At 31 December 2024	7,837	675,810	683,647
Accumulated depreciation			
1 January 2023	1,910	-	1,910
Charge for the year	477	-	477
At 1 January 2024	2,387	-	2,387
Charge for the period	478	6,489	6,967
At 30 December 2024	2,865	6,489	9,354
Carrying value			
At 30 December 2024	4,972	669,321	674,293
At 31 December 2023	5,450	-	5,450

The group leases several assets including land and vessels. The average lease term for the land and vessels are 15 years and 10 years, respectively (2023: 15 years and nil years, respectively).

The group has options to purchase the vessels for a nominal amount at the end of the lease term. The group's obligations are secured by the lessors' title to the leased assets for such leases.

Vessels leases in which the group is the lessee contain variable lease payment terms that are linked to sales generated from the leased vessels. Variable payment terms are used to link rental payments to vessels cash flows. The breakdown of lease payments for these vessels is as follows:

	2024 AED'000	2023 AED'000
Fixed payments	587,600	-
Variable payments	277,949	-
Total payments	865,549	-

**Notes to the consolidated financial statements
for the year ended 31 December 2024 (continued)**

6 Leases

Lease liabilities

Movement of lease liabilities during the year is as follows:

	2024 AED'000	2023 AED'000
At 1 January	6,161	6,531
Additions	589,279	-
Add: accretion of finance costs (note 21)	288	306
Less: repayments during the year	(17,979)	(676)
At 31 December	577,749	6,161

The present value of lease liabilities is as follows:

	2024 AED'000	2023 AED'000	2022 AED'000
Within one year	67,232	387	676
Later than one year and not later than five years	254,066	2,219	3,380
Later than five years	256,452	3,555	2,475
Lease liabilities	577,750	6,161	6,531
Non-current	506,226	5,774	6,144
Current	71,524	387	387
	577,750	6,161	6,531

The total cash outflow for leases in 2024 was AED 17,979 thousand (2023: AED 676 thousand).

The group does not face a significant liquidity risk with regard to its lease liabilities. Lease liabilities are monitored within the group's treasury function.

**Notes to the consolidated financial statements
for the year ended 31 December 2024 (continued)**

6 Leases

Amounts recognised in the condensed consolidated statement of profit or loss and other comprehensive income are as follows:

	Year ended 31 December	
	2024	2023
	AED'000	AED'000
Recognised within cost of sales		
Depreciation of right-of-use assets:	6,966	477
Finance costs on lease liabilities	288	306
Low value and short-term leases:	923	250
	8,177	1,033

Sale and leaseback transaction

- On 8 August 2024, the Group entered into a sale and leaseback agreement for two vessels (Betelgeuse and Bellatrix) with a foreign financing institution. The vessels were sold for a net sale price of USD 40,000 thousand each. Concurrently the Group leased back the vessels under a 10-years bareboat contract at an average rate of AED 1,227 thousand per month with a repurchase option. The sale and leaseback meet the definition of a lease under IFRS 16 Leases, resulting in the recognition of a right-of-use asset and lease liabilities of AED 340,249 thousand and AED 295,502 thousand, respectively. Prior to the sale, the carrying values of the vessels was AED 339,700 thousand. Cash proceeds of AED 293,800 thousand were received, recorded within Disposal of Property, Plant and Equipment within the Condensed Consolidated Statement of Cash Flows, and a loss on disposal of AED 954 thousand was recorded in Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income.
- On 30 October 2024, the Group entered into a sale and leaseback agreement for two vessels (Mintaka and Saiph) with a foreign financing institution. The vessels were sold for a net sale price of USD 40,000 thousand each. Concurrently the Group leased back the vessels under a 10-years bareboat contract at an average rate of AED 1,227 thousand per month with a repurchase option. The sale and leaseback meet the definition of a lease under IFRS 16 Leases, resulting in the recognition of a right-of-use asset and lease liabilities of AED 314,066 thousand and AED 293,675 thousand, respectively. Prior to the sale, the carrying values of the vessels was AED 336,302 thousand. Cash proceeds of AED 293,800 thousand were received, recorded within Disposal of Property, Plant and Equipment within the Condensed Consolidated Statement of Cash Flows, and a loss on disposal of AED 631 thousand was recorded in Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income.

**Notes to the consolidated financial statements
for the year ended 31 December 2024 (continued)**

7 Investment in joint ventures

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

Name of joint venture	Principal activities	Place of incorporation and principal place of business	Proportion of ownership interest and voting rights held by the group	
			2024	2023
ABGC DMCC	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	UAE	51%	51%
Dtech Limited	Providing independent and specialist industrial participation and offset services for the global defense and security market primarily in the maritime industry.	UAE	-	57.5%
Dune Limited	Providing independent and specialist industrial participation and offset services for the global defense and security market primarily in the maritime industry.	UAE	57.5%	-

The Group's joint arrangement provides the Group and the parties to the arrangements with rights to the net assets. The investment in joint ventures is accounted for using the equity method in accordance with IAS 28.

Movement of the investments in joint ventures during the year as follows:

	2024 AED'000	2023 AED'000
At 1 January	195,137	76,591
Transfers during the year	-	129
Additions / (Debit Notes collections) during the year	(2,327)	119,052
Transfers to Investment in Subsidiary during the year (note 25)	(148)	-
Share of profit /(loss) for the year	1,221	(635)
At 31 December	193,883	195,137

**Notes to the consolidated financial statements
for the year ended 31 December 2024 (continued)**

7 Investment in joint ventures (continued)

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

	2024				2023		
	ABGC DMCC AED'000	Dune Limited AED'000	Dtech Limited * AED'000	Total AED'000	ABGC DMCC AED'000	Dtech Limited * AED'000	Total AED'000
Total assets	1,037,818	128	-	1,037,946	930,214	338	930,552
Total liabilities	632,895	549	-	633,444	550,473	25	550,498
Net assets	404,923	(421)	-	404,502	379,741	314	380,055
Group's share of net assets	206,511	(242)	-	206,269	194,957	180	195,137
Net profit / (loss) for the year	2,873	(219)	-	2,654	(875)	(292)	(1,167)
Share of net profit / (loss) for the year	1,465	(126)	(118)	1,221	(446)	(169)	(615)

* On 31 October 2024, the group acquired 100 per cent of the issued share capital of Dtech industries Limited obtaining control of Dtech industries Limited (note 25)

**Notes to the consolidated financial statements
for the year ended 31 December 2024 (continued)**

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

Movement in investments carried at fair value through profit or loss is as follows:

	2024	2023
	AED'000	AED'000
At 1 January	6,861,704	7,581,743
Additions during the year	-	367,250
Disposals during the year	(18,674)	-
Net change in fair value during the year	(1,572,803)	(1,087,289)
	<hr/>	<hr/>
At 31 December	5,270,227	6,861,704
	<hr/> <hr/>	<hr/> <hr/>

Fair values of the quoted investments are determined by reference to published price quotations in an active market (level 1) (note 27). All the investments are located in the United Arab Emirates.

Investments carried at FVTPL include AED 2,382,910 thousand (31 December 2023: AED 3,763,885 thousand) towards investment in shares of related parties (entities under common control) (note 11).

Investments carried at FVTPL amounting to AED 4,275,195 thousand (31 December 2023: AED 6,158,034 thousand) are provided as security for the bank borrowings (note 17) obtained to finance the purchase of quoted shares and vessels.

9 Trade and other receivables

	2024	2023
	AED'000	AED'000
Trade receivables	317,306	233,489
Less: Expected credit loss	(1,848)	(1,605)
	<hr/>	<hr/>
	315,458	231,884
Advances to suppliers	95,428	136,748
Prepayments	20,787	21,068
Labor deposits	5,587	2,149
Dividend receivables	60,700	1,241
Other receivables	177	157
	<hr/>	<hr/>
	498,137	393,247
	<hr/> <hr/>	<hr/> <hr/>

The average credit period of trade receivables is 60 days (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 year, AED 229,952 thousand (2023: AED 218,979 thousand) representing 72% (2023: 94%) of the total trade receivables is due from 5 (2023: 5) major customers of the Group.

**Notes to the consolidated financial statements
for the year ended 31 December 2024 (continued)**

9 Trade and other receivables (continued)

The group always measures the loss allowance for trade receivables at an amount equal to lifetime ECL. The expected credit losses 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.

The following table details the risk profile of trade receivables based on the Group's provision matrix. 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.

	Trade receivables						Total AED'000
	Collectively assessed					Individually assessed	
	Not past due AED'000	1-60 AED'000	61-120 AED'000	121-180 AED'000	181-365 AED'000	AED'000	
31 December 2024							
<i>Government customers</i>							
Expected credit loss	0.50%	0.50%	0.50%	0.50%	0.85%	100%	
Estimated total gross carrying amount at default	62,976	54,318	22,542	101,967	75,503	-	317,306
Lifetime ECL	314	272	113	510	639	-	1,848
<i>Corporate customers</i>							
Expected credit loss	-	-	-	-	-	-	
Estimated total gross carrying amount at default	-	-	-	-	-	-	
Lifetime ECL	-	-	-	-	-	-	
31 December 2023							
<i>Government customers</i>							
Expected credit loss	0.27%	0.27%	0.27%	0.27%	1.61%	100%	
Estimated total gross carrying amount at default	84,679	60,517	10,885	59,652	17,008	-	232,741
Lifetime ECL	229	163	29	161	274	-	856
<i>Corporate customers</i>							
Expected credit loss	-	-	-	-	-	100%	-
Estimated total gross carrying amount at default	-	-	-	-	-	748	748
Lifetime ECL	-	-	-	-	-	748	748

**Notes to the consolidated financial statements
for the year ended 31 December 2024 (continued)**

9 Trade and other receivables (continued)

The following table shows the movement in lifetime ECL that has been recognised for trade and other receivables in accordance with the simplified approach set out in IFRS 9.

	Collectively assessed AED'000	Individually assessed AED'000	Total AED'000
Balance as at 1 January 2023	950	69	1,019
Net re-measurement of loss allowance	(94)	680	586
Balance as at 1 January 2024	856	749	1,605
Net re-measurement of loss allowance	992	(749)	243
Balance as at 31 December 2024	1,849	-	1,848

10 Contract assets

	2024 AED'000	2023 AED'000
Contract assets		
- <i>construction contracts</i>	3,592	13,034
- <i>rendering of services</i>	7,839	12,240
Contract costs	-	12,021
	11,431	37,295
Less: allowance for expected credit losses	(412)	(1,322)
	11,019	35,973

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 would 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 31 December 2024 and 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 amounts due from customers under construction contracts.

**Notes to the consolidated financial statements
for the year ended 31 December 2024 (continued)**

10 Contract assets (continued)

The following table shows the movement in lifetime ECL that has been recognized for contract assets in accordance with the simplified approach set out in IFRS 9.

	2024 AED'000	2023 AED'000
At 1 January	1,322	-
Net re-measurement of loss allowance	(910)	1,322
At 31 December	412	1,322

11 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:

	2024 AED'000	2023 AED'000
Due from a related party (ultimate parent)	4,595	31,778
Loan to a related party (Joint venture)	11,304	-
Due to related parties (under common control)	5,366	4,812
Related party transactions:		
Revenue	18,742	36,030
Purchases of goods and services	11,277	12,074
Managerial remuneration	1,553	3,663
Directors' remuneration (note 22)	2,087	1,130

**Notes to the consolidated financial statements
for the year ended 31 December 2024 (continued)**

11 Related parties (continued)

Loan to a related party

During the year, The group has provided a joint venture (ABGC DMCC), with a long-term loan which forms part of the net investment in the joint venture. The loan is repayable in 10 years and interest of 7.7% is receivable annually. The group does not apply the equity method of accounting to this instrument because it does not entitle the group to the share of net assets of the joint venture.

The loan is held by the group within a business model whose objective is to collect contractual cash flows which are solely payments of principal and interest on the principal amount outstanding. Hence the loan to the joint venture is classified at amortised cost.

Refer to notes 12 and 17 for details of the Group's cash at bank and borrowings with a bank which is a related party.

Refer to note 8 for details of Group's investments carried at FVTPL in related parties.

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.

12 Cash and bank balances

	2024	2023
	AED'000	AED'000
Cash on hand	500	300
Cash at banks - current accounts	364,686	194,751
Fixed deposits	84,411	40,877
	<hr/>	<hr/>
Cash and bank balances	449,597	235,928
Less: fixed deposits with maturity more than 90 days	(3,078)	(3,178)
	<hr/>	<hr/>
Cash and cash equivalents	446,519	232,750
	<hr/> <hr/>	<hr/> <hr/>

Fixed deposits comprise short term deposits placed with a local bank bearing interest rates ranging from 0.15% per annum to 4.6% per annum (2023: from 0.15% per annum to 5% per annum). The Group earned interest income of AED 2,867 thousand during the year (2023: AED 6,162 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 11).

**Notes to the consolidated financial statements
for the year ended 31 December 2024 (continued)**

13 Corporate tax

Income tax expense

	2024 AED'000	2023 AED'000
Current Income Tax:		
Current income tax charge	3,731	-
Deferred Income Tax:		
Relating to opt for election on realisation basis for all assets and liabilities subject to fair valuation or impairment testing	(25)	-
	<hr/>	<hr/>
	3,706	-
	<hr/> <hr/>	<hr/> <hr/>

Income tax expense (continued)

On 9 December 2022, the UAE Ministry of Finance released Federal Decree-Law No. 47 of 2022 on the Taxation of Corporations and Businesses (Corporate Tax Law or 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.

Decision No. 116 of 2022 (published in December 2022 and considered to be effective from 16 January 2023) specifies that taxable income not exceeding AED 375,000 would be subject to a 0% UAE CT rate, and taxable income exceeding AED 375,000 would be subject to the 9% UAE CT rate. With the publication of this Decision, the UAE CT Law is considered to have been substantively enacted for the purposes of accounting for Income Taxes.

Subsequently, the UAE CT Law has been supplemented by a number of Decisions of the Cabinet of Ministers of the UAE (Decisions). Such Decisions and other interpretive guidance of the UAE Federal Tax Authority provide important details relating to the interpretation of the UAE CT Law and are required to fully evaluate the impact of the UAE CT Law on the Company.

The Group is subject to the provisions of the UAE CT Law with effect from 1 January 2024, and current taxes have been accounted for as appropriate in the consolidated financial statements for the financial year beginning 1 January 2024.

The taxable income of the Group for UAE CT purposes will be subject to the rate of 9% corporate tax.

On 24 November 2023, the Ministry of Finance ("MOF") published Federal Decree Law No. (60) of 2023, amending specific provisions of the CT Law to facilitate the future introduction of domestic minimum taxes under Organization for Economic Cooperation and Development (OECD) Pillar 2 rules.

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%. As of 31st December 2024, the Pillar Two legislation has not been yet substantively enacted in the UAE. The MoF is expected to provide further details on the legislation. We are closely monitoring legislative developments and will provide necessary disclosures following further announcements.

**Notes to the consolidated financial statements
for the year ended 31 December 2024 (continued)**

13 Corporate tax (continued)

The charge for the year can be reconciled to the loss before tax as follows:

	2024 AED'000	2023 AED'000
Profit before tax	41,452	-
	<hr/>	<hr/>
Tax at the UAE corporate tax rate of 9% (2023:0%)	3,730	-
Tax effect of expenses that are not deductible in determining taxable profit	-	-
Tax effect of standard deduction	-	-
	<hr/>	<hr/>
Total income tax for the year	3,730	-
	<hr/> <hr/>	<hr/> <hr/>

The Effective Tax Rate (ETR) of 9% (2023: 0%). The delta in the ETR year-on-year is due to introduction of the corporate tax being implemented in the UAE.

Deferred Tax

The following are the net deferred tax asset recognized by the Group during the current reporting period due to the temporary differences.

	2024 AED'000	2023 AED'000
Deferred tax due to provision for ECL	25	-
	<hr/>	<hr/>
	25	-
	<hr/> <hr/>	<hr/> <hr/>

The Group has concluded that there is a deferred tax impact in the form of recognition of deferred tax asset of AED 25 thousands as on the reporting date. The deferred tax asset balance comprises temporary difference amounting to AED 277 thousand (2023: Nil). The deferred tax is recorded in respect to opting of election under Article 20(3) of the UAE CT Law.

For the year ended 31 December 2023, UAE CT Law was not effectively enacted. Accordingly, no temporary differences arose during the year which would result in any related deferred taxation for the Group.

**Notes to the consolidated financial statements
for the year ended 31 December 2024 (continued)**

14 Share capital

	2024	2023
	AED'000	AED'000
The Company's issued and fully paid-up share capital comprises 1,000,000,000 shares of AED 1 each.	1,000,000	1,000,000

15 Statutory reserve

In accordance with the UAE Federal Decree Law No. 32 of 2021 and the Company's Articles of Association, 10% of the profit for the year is transferred to a statutory reserve, which is non-distributable. Transfers to this reserve are required to be made until such time as it equals at least 50% of the share capital of the Company.

16 Provision for employees' end of service benefits

	2024	2023
	AED'000	AED'000
At 1 January	19,862	14,184
Charge for the year	282	6,580
Paid during the year	(3,319)	(902)
At 31 December	16,825	19,862

**Notes to the consolidated financial statements
for the year ended 31 December 2024 (continued)**

17 Bank borrowings

The Group has obtained loans from a local bank (a related party) to finance the acquisition of certain investments carried at FVTPL and the purchase of vessels (notes 5, 8 and 11).

- 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 8) and assignment of related dividend income. The Group has complied with the applicable loan covenants as of 31 December 2024.
- b. Loans 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 8) and assignment of related dividend income. The Group has complied with the applicable loan covenants as of 31 December 2024.
- c. Loans 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 8) and assignment of related dividend income. The Group has complied with the applicable loan covenants as of 31 December 2024.
- d. Loans 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 8) and assignment of related dividend income. The Group has complied with the applicable loan covenants as of 31 December 2024.
- e. Loans 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 8) and assignment of related dividend income. The Group has complied with the applicable loan covenants as of 31 December 2024.
- f. Loans 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 8) and assignment of related dividend income. The Group has complied with the applicable loan covenants as of 31 December 2024.
- g. Loans 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 8) and assignment of related dividend income. The Group has complied with the applicable loan covenants as of 31 December 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 8) and assignment of related dividend income. The Group has complied with the applicable loan covenants as of 31 December 2024.
- 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 8) and assignment of related dividend income. The Group has complied with the applicable loan covenants as of 31 December 2024.

**Notes to the consolidated financial statements
for the year ended 31 December 2024 (continued)**

17 Bank borrowings (continued)

- 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 8) and assignment of related dividend income. The Group has complied with the applicable loan covenants as of 31 December 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 8) and assignment of related dividend income. The Group has complied with the applicable loan covenants as of 31 December 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 8) and assignment of related dividend income. The Group has complied with the applicable loan covenants as of 31 December 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 8) and assignment of related dividend income. The Group has complied with the applicable loan covenants as of 31 December 2024.
- n. 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 8) and assignment of related dividend income. The Group has complied with the applicable loan covenants as of 31 December 2024.
- o. Loan amounting to AED 4,700 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 8) and assignment of related dividend income. The Group has complied with the applicable loan covenants as of 31 December 2024.
- p. Loan amounting to AED 100,000 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 8) and assignment of related dividend income. The Group has complied with the applicable loan covenants as of 31 December 2024.

Movement of bank borrowings is as follow:

	2024	2023
	AED'000	AED'000
At January 1	2,756,122	2,386,122
Availed during the year	502,908	370,000
Repaid during the year	(199,268)	-
	<hr/>	<hr/>
At 31 December 31	3,059,762	2,756,122
	<hr/>	<hr/>
Non-current portion	1,681,701	2,756,122
Current portion	1,378,061	-
	<hr/>	<hr/>
At 31 December 31	3,059,762	2,756,122
	<hr/>	<hr/>

**Notes to the consolidated financial statements
for the year ended 31 December 2024 (continued)**

17 Bank borrowings (continued)

During the year, the Group incurred finance costs of AED 137,378 thousand (2023: AED 127,044 thousand) towards the bank borrowings. Out of the total finance costs, AED 68,491 thousand (2023: AED 70,692 thousand) has been allocated to cost of sales (note 21).

18 Trade and other payables

	2024	2023
	AED'000	AED'000
Trade payables	73,794	33,643
Interest payable on term loan	35,874	65,788
Accrued and other payables	37,290	37,200
	146,958	136,631
Less: non-current accrued interest	-	(38,849)
	146,958	97,782

The average credit period on the purchase of goods is 90 days (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.

19 Contract liabilities

	2024	2023
	AED'000	AED'000
Amounts received in advances from customers	143,704	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 the Group is recognised as contract liability until the control of promised goods and services transferred to the customer.

**Notes to the consolidated financial statements
for the year ended 31 December 2024 (continued)**

20 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.

	2024 AED'000	2023 AED'000
Disaggregation of revenue - at a point in time		
Rendering of services	979,366	859,112
Disaggregation of revenue - over time		
Chartering income	301,052	365,733
Construction income	994	7,270
	1,281,412	1,232,115

All Group revenue is generated from business operations conducted within the United Arab Emirates.

The transaction price allocated to (partially) unsatisfied performance obligations at 31 December 2024 are set out below:

	2024 AED'000	2023 AED'000
Remaining construction revenue	572	1,566

21 Cost of sales

	2024 AED'000	2023 AED'000
Rendering of services	1,128,346	1,083,012
Construction contract	232	5,226
	1,128,578	1,088,238

Cost of sales is allocated as follow:

	2024 AED'000	2023 AED'000
Direct costs	911,746	881,003
Finance costs on term loans (note 17)	68,491	70,692
Staff costs	67,747	69,783
Depreciation of property and equipment (note 5)	73,340	65,977
Depreciation of right-of-use assets (note 6)	6,967	477
Finance costs on lease liabilities (note 6)	288	306
	1,128,579	1,088,238

**Notes to the consolidated financial statements
for the year ended 31 December 2024 (continued)**

22 General and administrative expenses

	2024	2023
	AED'000	AED'000
Staff costs	33,117	27,773
Loss allowance for doubtful debts	244	1,908
Repairs and maintenance	3,208	1,650
Depreciation of property and equipment (note 5)	1,862	1,253
Directors' remuneration (note 11)	2,087	1,130
Legal and professional fees	759	616
Other	5,434	2,869
	<u>46,711</u>	<u>37,199</u>

23 Finance costs

	2024	2023
	AED'000	AED'000
Interest expenses on bank borrowings (note 17)	68,887	56,352
Other bank charges	318	483
	<u>69,205</u>	<u>56,835</u>

24 Other income/(expenses)

	2024	2023
	AED'000	AED'000
Dividend income	64,484	6,830
Reversal of provisions	1,283	-
Gain from disposal of property and equipment	166	-
Other income	1,778	7
Loss on rights transferred in sale and leaseback transaction	(1,585)	-
	<u>66,126</u>	<u>6,837</u>

25 Acquisition of Dtech industries Limited

On 31 October 2024, the Group acquired 100 per cent of the issued share capital of Dtech industries Limited obtaining control of Dtech industries Limited. Dtech industries Limited is a providing independent and specialist industrial participation and offset services for the global defense and security market primarily in the maritime industry and qualifies as a business as defined in IFRS 3 Business Combinations. Dtech industries Limited was acquired for business expansion.

**Notes to the consolidated financial statements
for the year ended 31 December 2024 (continued)**

25 Acquisition of Dtech industries Limited (continued)

The accounting for the business combination is provisional for valuation of all assets, liabilities and contingent consideration. The amounts recognized in the consolidated financial statements for the business combination thus have been determined only provisionally with no value attributed to separately identifiable acquired intangible assets as at 31 December 2024

The following table summarizes the consideration paid and the fair value of assets and liabilities acquired at the acquisition date, and the amounts of revenue and loss of the acquiree since the acquisition date included in the consolidated statement of profit or loss and other comprehensive income.

	2024
	AED'000
Gross consideration	335
Less: cash in business at the date of acquisition	(142)
	<hr/>
Net consideration	193
	<hr/>
Identifiable assets acquired and liabilities assumed:	
Cash at bank	142
Other receivables	1,122
Deposit receivables	6
Accrued expense	(1,013)
	<hr/>
Total identifiable net assets acquired	257
	<hr/>
Revenue — post-acquisition	-
Loss — post-acquisition	(57)

26 Contingent liabilities and capital commitments

	2024	2023
	AED'000	AED'000
Letter of guarantees	102,450	33,539
	<hr/>	<hr/>
Capital commitments	505,499	1,159,268
	<hr/>	<hr/>

Above letters of guarantees were issued in the normal course of business on which the bank charges a fee of 1% per annum (2023: 1% per annum).

The Group has a commitment to invest additional AED 340,308 thousand (2023: AED 393,986 thousand) in the joint ventures. Further the Group has capital commitments totaling to AED 165,191 thousand (2023: AED 765,282 thousand) towards construction of two (2023: four) vessels.

**Notes to the consolidated financial statements
for the year ended 31 December 2024 (continued)**

27 Financial instruments

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

27.1 Classes and categories of financial instruments and their fair values

The following table combines information about:

- classes of financial instruments based on their nature and characteristics;
- the carrying amounts of financial instruments;
- fair values of financial instruments (except financial instruments when carrying amount approximates their fair value); and
- fair value hierarchy levels of financial assets and financial liabilities for which fair value was disclosed.

Fair value hierarchy levels 1 to 3 are based on the degree to which the fair value is observable:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
 - Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (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 consolidated financial statements
for the year ended 31 December 2024 (continued)**

27 Financial instruments

27.1 Classes and categories of financial instruments and their fair values

At 31 December 2024	Carrying amounts			Fair values			
	FVTPL - equity instruments AED'000	Measured at amortised cost AED'000	Total AED'000	Level 1 AED'000	Level 2 AED'000	Level 3 AED'000	Total AED'000
Financial assets							
Investments carried at							
FVTPL	5,270,227	-	5,270,227	5,270,227	-	-	5,270,227
Trade and other receivables	-	383,770	383,770	-	-	-	-
Contract assets	-	11,019	11,019	-	-	-	-
Due from related parties	-	4,595	4,595	-	-	-	-
Bank balances	-	449,597	449,597	-	-	-	-
	<u>5,270,227</u>	<u>848,981</u>	<u>6,119,208</u>	<u>5,270,227</u>	<u>-</u>	<u>-</u>	<u>5,270,227</u>
Financial liabilities							
Bank borrowings	-	3,059,762	3,059,762	-	-	-	-
Interest payable	-	35,874	35,874	-	-	-	-
Lease liabilities	-	577,749	577,749	-	-	-	-
Trade and other payables	-	146,958	146,958	-	-	-	-
Due to related parties	-	5,366	5,366	-	-	-	-
	<u>-</u>	<u>3,825,709</u>	<u>3,825,709</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

**Notes to the consolidated financial statements
for the year ended 31 December 2024 (continued)**

27 Financial instruments (continued)

27.1 Classes and categories of financial instruments and their fair values (continued)

At 31 December 2023	Carrying amounts			Fair values			
	FVTPL - equity instruments AED'000	Measured at amortised cost AED'000	Total AED'000	Level 1 AED'000	Level 2 AED'000	Level 3 AED'000	Total AED'000
Financial assets							
Investments carried at FVTPL	6,861,704	-	6,861,704	6,861,704	-	-	6,861,704
Trade and other receivables	-	235,431	235,431	-	-	-	-
Contract assets	-	35,973	35,973	-	-	-	-
Due from related parties	-	31,778	31,778	-	-	-	-
Bank balances	-	235,928	235,928	-	-	-	-
	<u>6,861,704</u>	<u>538,310</u>	<u>7,400,514</u>	<u>6,861,704</u>	<u>-</u>	<u>-</u>	<u>6,861,704</u>
Financial liabilities							
Bank borrowings	-	2,756,122	2,756,122	-	-	-	-
Interest payable	-	65,788	65,788	-	-	-	-
Lease liabilities	-	6,161	6,161	-	-	-	-
Trade and other payables	-	70,843	70,843	-	-	-	-
Due to related parties	-	4,812	4,812	-	-	-	-
	<u>-</u>	<u>2,903,726</u>	<u>2,903,726</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

**Notes to the consolidated financial statements
for the year ended 31 December 2024 (continued)**

27 Financial instruments (continued)

27.1 Classes and categories of financial instruments and their fair values (continued)

Fair value of the group's financial assets and financial liabilities that are measured at fair value on a recurring basis

Investments carried at fair value through profit or loss, are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets are determined (in particular, the valuation technique(s) and inputs used).

Financial asset	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship and sensitivity of unobservable inputs to fair value
Investments carried at fair value through profit or loss (note 8)	Quoted bid prices in an active market.	N/A	N/A

There were no transfers between Level 1 and 2 during the current or prior year.

27.2 Financial risk management objectives

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

27.3 Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments. The Group's activities expose it primarily to the financial risks of changes in foreign currency exchange rates and equity prices.

Foreign currency risk management

The Group undertakes certain transactions denominated in foreign currencies; consequently, exposures to exchange rate fluctuations arise. Exchange rate exposures are managed within approved policy parameters utilising forward foreign exchange contracts. The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at the reporting date are as follows:

	2024		2023	
	Liabilities AED'000	Assets AED'000	Liabilities AED'000	Assets AED'000
Euro	37,370	146,057	8,312	63,894
US Dollars	19,160	149,077	8,421	111,159
Great Britain Pound	229	1,501	458	13,256
Australia Dollar	-	5	-	185
Indian Rupee	94	-	11	-
Singapore Dollar	-	-	24	19
Seychelles rupee	-	-	38	-
South African rand	8	-	-	5

**Notes to the consolidated financial statements
for the year ended 31 December 2024 (continued)**

27 Financial instruments (continued)

27.3 Market risk (continued)

Foreign currency risk management (continued)

Foreign currency sensitivity analysis

The Group is mainly exposed to United States Dollars (USD), Great Britain Pound and Euro. The exchange rate of UAE Dirham is pegged to the US Dollars and therefore the risks associated therewith are considered to be insignificant.

Based on the sensitivity analysis to a 10% (2023: 10%) increase/decrease in the Euros against the AED with all other variables held constant profit for the year would have been lower or higher by AED 10,869 thousand (2023: lower/higher by AED 5,558 thousand).

Based on the sensitivity analysis to a 10% (2023: 10%) increase/decrease in the Great Britain Pound against the AED with all other variables held constant profit for the year would have been lower or higher by AED 127 thousand (2023: lower/higher by AED 1,280 thousand).

Based on the sensitivity analysis to a 10% (2023: 10%) increase/decrease in the Australian Dollar against the AED with all other variables held constant profit for the year would have been lower or higher by AED 0.57 thousand (2023: lower/higher by AED 18.5 thousand).

Interest rate risk

Interest rate risk arises from the possibility that changes in interest rates will affect the net finance costs of the Group. The Group is exposed to interest rate risk on its bank borrowings that carry variable interest rates which are detailed in note 17. The Group generally tries to minimize the interest rate risk by closely monitoring the market interest rates.

Interest rate sensitivity analysis

The sensitivity analyses below have been determined based on the exposure to interest rates for interest bearing financial liabilities assuming the amount of liabilities at the end of the reporting period were outstanding for the whole year.

If interest rates had been 100 basis points higher/lower and all other variables were held constant, the Group's profit for the year ended 31 December 2024 would decrease/increase by AED 30,597 thousand. This is mainly attributable to the Group's exposure to interest rates on its variable rate borrowings.

Equity price risks

The Group is exposed to market price risk with respect to its quoted investments. The Group limits market risk by maintaining a diversified portfolio and by continuous monitoring of developments in the market. In addition, the Group actively monitors the key factors that affect stock and market movements, including analysis of the operational and financial performance of investees.

Equity price sensitivity analysis

The sensitivity analyses below have been determined based on the exposure to equity price risks at the reporting date. At the end of the reporting period, if the equity prices are 5% higher/lower, with all other variables held constant, the Group's investments carried at FVTPL and profit for the year would

**Notes to the consolidated financial statements
for the year ended 31 December 2024 (continued)**

27 Financial instruments (continued)

27.3 Market risk (continued)

Equity price risks (continued)

Equity price sensitivity analysis (continued)

Increase/decrease by AED 263,511 thousand (2023: AED 343,085 thousand) as a result of the movement in market prices.

The methods and assumptions used in preparing the sensitivity analysis above have not changed significantly from the prior year.

27.4 Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. As at 31 December 2024 and 2023, the Group's maximum exposure to credit risk without taking into account any collateral held or other credit enhancements, which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties and financial guarantees provided by the Group arises from:

- the carrying amount of the respective recognised financial assets as stated in the consolidated statement of financial position.

In order to minimise credit risk, the management develop and maintain the Group's credit risk gradings to categorise exposures according to their degree of risk of default. The credit rating information is supplied by independent rating agencies where available and, if not available, management uses other publicly available financial information and the Group's own trading records to rate its major customers and other debtors. The Group's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties.

The tables below detail the credit quality of the Group's financial assets and contract assets, as well as the Group's maximum exposure to credit risk by credit risk rating grades.

	Notes	External credit ratings	Internal credit ratings	12 month or lifetime ECL	Gross carrying amount AED'000	Loss allowance AED'000	Net carrying amount AED'000
31 December 2024							
Trade receivables	9	N/A	(i)	Lifetime ECL	317,306	(1,848)	315,458
Contract assets	10	N/A	N/A	Lifetime ECL	11,431	(412)	11,019
Due from related parties	11	N/A	N/A	12-month ECL	4,595	-	4,595
Bank balances	12	AA	N/A	12-month ECL	449,097	-	449,097
Other receivables	9	N/A	N/A	Lifetime ECL	66,464	-	66,464
31 December 2023							
Trade receivables	9	N/A	(i)	Lifetime ECL	233,489	(1,605)	231,884
Contract assets	10	N/A	N/A	Lifetime ECL	37,295	(1,322)	35,973
Due from related parties	11	N/A	N/A	12-month ECL	31,778	-	31,778
Bank balances	12	AA	N/A	12-month ECL	235,628	-	235,628
Other receivables	9	N/A	N/A	Lifetime ECL	3,547	-	3,547

**Notes to the consolidated financial statements
for the year ended 31 December 2024 (continued)**

27 Financial instruments (continued)

27.4 Credit risk management (continued)

(i) For trade receivables, the Group has applied the simplified approach in IFRS 9 to measure the loss allowance at lifetime ECL. The Group determines the expected credit losses on these items by using a provision matrix, estimated based on historical credit loss experience based on the past due status of the debtors, adjusted as appropriate to reflect current conditions and estimates of future economic conditions. Accordingly, the credit risk profile of these assets is presented based on their past due status in terms of the provision matrix.

27.5 Liquidity risk management

Ultimate responsibility for liquidity risk rests with the Shareholders' team, which has built an appropriate liquidity risk management framework for the planning of the Group's short, medium and long-term funding and liquidity management requirements.

The Group manages liquidity risk by maintaining adequate reserves by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. The following tables detail the Group's remaining contractual maturity for its non-derivative financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay.

	Within 1 year AED'000	Between 1 to 3 years AED'000	More than 3 years AED'000	Total AED'000
31 December 2024				
Bank borrowings	1,378,061	1,378,060	303,641	3,059,762
Interest payable	35,874			35,874
Trade and other payables	146,958	-	-	146,958
Lease liabilities	71,523	254,066	252,160	577,749
Due to related parties	5,366	-	-	5,366
	1,637,782	1,632,126	555,801	3,825,709
31 December 2023				
Bank borrowings	-	1,093,427	1,662,695	2,756,122
Interest payable	26,939	-	38,849	65,788
Trade and other payables	70,843	-	-	70,843
Lease liabilities	387	5,774	-	6,161
Due to related parties	4,812	-	-	4,812
	102,981	1,099,201	1,701,544	2,903,726

**Notes to the consolidated financial statements
for the year ended 31 December 2024 (continued)**

27 Financial instruments (continued)

27.6 Capital risk management

The Group manages its capital to ensure that it is able to continue as a going concern while maximising the return on equity. The Group does not have a formalised optimal target capital structure or target ratios in connection with its capital risk management objectives. The Group's overall strategy remains unchanged from the prior year.

The gearing ratio at the year end is as follows:

	2024 AED'000	2023 AED'000
Debt	3,059,762	2,756,122
Cash and cash equivalents	(449,597)	(232,741)
Net debt	2,610,165	2,523,381
Equity	4,432,799	5,902,178
Net debt to equity ratio	58%	43%

28 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:

	31 December	
	2024	2023
Loss for the year (AED'000)*	(1,469,378)	(1,025,082)
Weighted average number of ordinary shares issued (thousand)	1,000,000	1,000,000
Basic loss per share (AED)	(1.469)	(1.025)

*Loss for the current year includes change in fair value of investments carried at FVTPL.

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

**Notes to the consolidated financial statements
for the year ended 31 December 2024 (continued)**

29 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 consolidated financial statements.

For management purpose, the Group is organized into Three segments, namely blue economy (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 profit/(loss) information regarding operating segments for the years ended 31 December 2024 and 2023:

	Blue economy AED'000	Yachting AED'000	IDT AED'000	Total AED'000
31 December 2024				
Segment revenue	301,052	916,183	64,176	1,281,412
Segment direct costs	(244,415)	(818,034)	(66,130)	(1,128,579)
Segment gross profit/(loss)	<u>56,637</u>	<u>98,149</u>	<u>(1,954)</u>	<u>152,833</u>
31 December 2023				
Segment revenue	365,733	820,640	45,742	1,232,115
Segment direct costs	(302,057)	(730,517)	(55,664)	(1,088,238)
Segment gross profit/(loss)	<u>63,676</u>	<u>90,123</u>	<u>(9,922)</u>	<u>143,877</u>

30 Approval of consolidated financial statements

The consolidated financial statements were approved by management and authorised for issue on 28 January 2025.