The Path to Growth - Building a Platform for Sustainable Success

INTEGRATED REPORT 2023
NMDC GROUP

Table of Contents

About this Report

WHAT TO EXPECT FROM THIS REPORT

This Integrated Report delves into the NMDC Group's capacity to generate value for its diverse stakeholders. It encompasses a comprehensive exploration of our business strategy and approach to Environmental, Social, and Governance (ESG) along with an overview of our financial performance.

REPORTING SCOPE AND BOUNDARY

The scope of financial data reporting for the company covers the consolidated performance of both the National Marine Dredging Company (NMDC) and its subsidiaries, collectively referred to as the "NMDC Group" or "the Group." In terms of the ESG data boundary for the Group, it encompasses its primary business units and functions within the UAE, which include:

BUSINESS UNIT	SERVICE OFFERING
NMDC Dredging & Marine	Dredging, along with related land reclamation activities, civil engineering, port contracting, and marine construction
NMDC Energy	Engineering, procurement, and construction within the energy sector

Moreover, this report incorporates the directors' report, management discussion & analysis, audited financial statements for the fiscal year 2023, and our corporate governance report.

The covered timeframe extends from January 1 to December 31 of the fiscal year 2023, unless specified otherwise.

REPORTING STANDARDS AND FRAMEWORKS

The report has been prepared in accordance with the International Integrated Reporting Framework (IIRF), now part of the IFRS Foundation, employing the Integrated Reporting principles that underscore the incorporation of all pertinent stakeholders' requirements in a dependable, comprehensive, coherent, and comparable fashion.

The sustainability segment of the report aligns with the Global Reporting Initiative (GRI) Standards and aligns with the Abu Dhabi Securities Exchange's ESG metrics. Noteworthy alignments also encompass the Sustainable Development Goals (SDGs), the UAE Vision 2031, and the Abu Dhabi Vision 2030.

ASSURANCE

Our fiscal year 2023 financial statements have been audited by Ernst & Young while the sustainability content has been thoroughly reviewed by relevant internal departments.

MATERIALITY ASSESSMENT PROCESS

In identifying the NMDC's material ESG topics, we engage closely with our stakeholders, ensuring an ongoing and thorough analysis of their evolving requirements. The material topics presented below have been determined using our established stakeholder engagement methods and in alignment with industry best practices:

MATERIAL TOPICS
1. Health and Safety
2. Strong Governance and Business Ethics
3. GHG Emissions and Energy Efficiency
4. Training & Education
5. Biodiversity
6. Economic Performance & Innovation
7. Community Welfare and Emiratization
8. Diversity and Inclusion
9. Waste Management
10. Procurement Practices
11. Employment

BOARD RESPONSIBILITY

The Board of Directors recognizes its duty to uphold the integrity of this report and affirms that the disclosed information faithfully reflects NMDC Group's status and performance and accurately references both the IIRF and the GRI Standards within the report.

FORWARD-LOOKING STATEMENTS

Forward-looking statements inherently entail uncertainty due to the multitude of external factors that may influence the company's operating environment. NMDC Group is under no obligation to publicly update or revise its forward-looking statements throughout the upcoming fiscal year, except as necessitated by applicable laws and regulations.

COMMUNICATION AND FEEDBACK

The creation of this report is a collaborative process that engages various internal stakeholders across the Group. We value and encourage all feedback and suggestions that could contribute to enhancing future reports.

For feedback submission or any inquiries, please feel free to reach out to us at:
integrated_report@nmdc.ae

Key Group Highlights

FINANCIAL HIGHLIGHTS

Revenue	AED 16.71 billion
Net Income	AED 2.15 billion
Net Profit Margin	12.89%
Total Assets	AED 20.85 billion
Earnings Per Share	AED 2.61
Shareholder Equity	AED 8.60billion

SUSTAINABILITY HIGHLIGHTS

Diversity & Inclusion	• **61** Nationalities • **232 female employees** with a female hire rate of **12.13%**
Employee Retention	• Turnover rate of **2.32%**
Employee Training	• **Over 97,000 hours** of Group Training & Development in 2023
Health & Safety	• **The NMDC HSE Training Centre** has received accreditation from the American National Standards Institute (ANSI) for 10 HSE courses • **0 Fatalities** as a Result of Work-Related Ill Health
Community Support	• **~ AED 2.89 million** in community contributions
Emiratisation	• **7.68%** of workforce
Local Suppliers	• **Over 83%** of total suppliers
Environmental Impact	• **20,001 mangrove seedlings** were planted • **Over 34 Beach clean-up** campaigns across project sites

Message from the Group Chairman

(GRI 2-2)

I am pleased to present NMDC Group's Annual Integrated Report 2023 which highlights the significant strides we have made across our operations over the past year and provides insights into our plans for future growth.

NMDC Group registered record growth in net profit and revenue in 2023 as the company expanded its operations following the acquisition and integration of NMDC Energy. Full-year net profit came in at just over AED 2.15 billion in 2023, up by 65% from AED 1.3bn in 2022, while revenue surged by 56% to AED 16.7 billion from AED 10.7 billion a year earlier.

Our project backlog grew by 76% to AED 54 billion, highlighting NMDC Group's strong pipeline of future projects while a 34% increase in cash reserves to AED 3.7 billion positions the Group strongly for further expansion in the coming years. This strong financial performance and highly promising outlook is a vindication of the strategic initiatives undertaken by NMDC in recent years.

NMDC Group takes pride in the successful completion and ongoing progress of major projects both within the UAE and the broader region. Our commitment to excellence and innovation has translated into noteworthy accomplishments, reinforcing our standing as a leader in the industry. Dedication to fostering strong relationships remains a cornerstone of the Group's ethos. We are committed to meeting the needs of all stakeholders, recognizing their importance in our journey towards sustainable growth and success.

A key focus has been on maximizing the potential of our established position in core markets while selectively pursuing new growth opportunities. This balanced approach is fundamental to our strategy for expansion. We are committed to exploring innovative ways to deliver value for our stakeholders. Through continuous improvement and adaptation to market dynamics, we aim to exceed expectations and create lasting value for our partners and clients.

The successful integration of NPCC (now NMDC Energy) in 2022 stands out as a significant milestone for NMDC Group. This achievement strengthens our operational capabilities and positions us for even greater success in the years ahead.

This report also highlights our commitment to sustainability and alignment with global and local initiatives such as UAE Vision 2031, the Abu Dhabi Vision 2030, and the Sustainable Development Goals (SDGs). NMDC is dedicated to playing a pivotal role in shaping the industry landscape through sustainable practices and innovative solutions.

Over the past year we have achieved significant milestones in sustainability initiatives. We continue to invest in environmentally responsible practices and are proud of our contributions to a more sustainable future. Our forward-thinking culture guides the execution of strategic investments, research initiatives, and partnerships. The Group remains at the forefront of innovation, exploring avenues that position us as pioneers in the industry.

I extend my sincere gratitude to all our stakeholders for their continuous support. Your trust empowers us to pursue ambitious goals, and we are committed to delivering sustainable value in return. I appreciate your commitment as NMDC Group remains steadfast in its pursuit of excellence, sustainability, and innovation. As we navigate the evolving landscape, we are confident in our ability to adapt, grow, and contribute meaningfully to the industries we serve. Thank you for your continued trust and partnership.

H.E. Mohamed Thani Murshed Al Rumaithi
Chairman

THE GROUP CEO REVIEW

I am very pleased to present the NMDC Group Annual Integrated Report 2023 displaying operational achievements, firm financial performance, and our readiness in instilling sustainable practices in our operations.

The success of the NMDC Group is indeed the proof that the organization presents a resilient and strategically led face to the industry. The journey toward excellence, characterized by the key performance indicators by the group, is bullish in trends.

In aligning with our commitment to sustainability and innovation, NMDC Group is pioneering a growing young mindset throughout our operations. This strategy is about more than just staying current; it's about anticipating the future and designing our business to be agile, adaptable, and forward-thinking. By integrating this youthful approach, we ensure that our operations remain at the cutting edge of technology, sustainability, and workforce engagement. This Growing Young strategy perfectly complements our efforts in designing our business for resilience, enabling us to navigate the complexities of today's global market with creativity and strategic foresight. Such efforts do not reflect the leadership of environmental stewardship alone but rather act as a lighthouse to other industry peers.

The zero accidents and zero harm emphasis gives the power of our commitment to health and safety. This kind of proactive stance therefore ensures not only the welfare of employees but also enables driving a responsible culture which in turn brings along with it accountability to strengthen people-centric culture guaranteeing safety, well-being, and growth of its employees, partners, and clients. Not only is this adding value to the brand reputation, but the company is also on the road of creating positivity and inclusiveness in the place of work to engrain it as one of the key factors towards sustainable business practice within NMDC Group.

Energy transition is going to form a part of the journey NMDC Group is making through the use of its prowess across the production chain. This is in line with operational efficiency and decarbonization as part of the fight against climate change and thus placing NMDC at the front line of leading sustainable practices.

A specific commitment to climate change shows NMDC's commitment to responsibility as a key player in the global drive to mitigate climate impact. Powered by this commitment is the strategic expansion in the renewable energy portfolio through collaboration, joint ventures, and agreements with the industry leaders, thereby setting a prime example of NMDC's foresightedness in catering to the changing market dynamics. This does not set up the company only to a leading position for the future but also contributes positively to change to using sustainable sources of energy.

The recognition accorded to the need to further intensify focus on the development and maintenance of skills and talents, aside from continued investment in local resources, is a reflection of a commitment towards a development model that is more equitable and inclusive.

Finally, continuous stakeholder support and commitment towards shared success, sustainable growth, and collaborative partnership to establish our responsible corporate entity status, would be appreciated.

This report represents NMDC Group's commitment toward sustainable growth and responsible business. Hoping for more in the next year still, I remain confident that NMDC will continue to chart the way forward and set examples in more sustainable practices in the future.

Eng. Yasser Zaghloul
Group Chief Executive Officer

NMDC Group at a Glance

(GRI 2-1, GRI 2-6, GRI 2-7, GRI 2-8, GRI 2-28)

OVERVIEW

NMDC Group stands as an integrated organization in the fields of energy, marine services, and engineering, procurement, and construction (EPC). Our presence extends across the MENA region, South Asia, and beyond. Focused on the development of ambitious, technically challenging projects, we are dedicated to providing innovative solutions to address even the most intricate engineering challenges.

Within our organizational framework, the Group manages four distinct business units: NMDC Dredging & Marine, NMDC Energy, NMDC Engineering, and NMDC Construction. Our commitment to excellence propels us to execute projects of unparalleled quality, in line with the highest global standards and provide intelligent, sustainable solutions uniquely crafted for the MENA region.

4 BUSINESS UNIT	4 BUSINESS FUNCTION
NMDC Dredging & Marine	Dredging & Marine
NMDC Energy	Energy
NMDC Engineering	Engineering Consultancy
NMDC Construction	Civil

More about our main business units:

NMDC DREDGING & MARINE

NMDC traces its roots to its inception within the framework of the Abu Dhabi National Petroleum Company in 1976. Formally established as an independent shareholding entity in 1979, it later listed on the Abu Dhabi Securities Exchange (ADX) as a public joint stock company in 2000.

Pioneering in dredging, reclamation, and marine construction services, NMDC is established as a prominent regional player serving clients across the energy, environment, maritime, tourism, and urban development sectors. The company sets itself apart by employing cutting-edge technology, ensuring operational excellence, exceptional quality, and leveraging global expertise.

As a leader in capital dredging and land reclamation in the Middle East, NMDC boasts a formidable fleet comprising 98 marine support vessels and 36 dredgers, including 14 cutter-suction and 3 water master dredgers. In marine construction, the company showcases an impressive portfolio encompassing breakwaters, marinas, and man-made islands.

NMDC's proficiency extends to survey expertise, conducting comprehensive surveys, including hydrographic and geophysical assessments. Furthermore, the company excels in geotechnical works, providing ground improvement solutions that surpass performance criteria.

In the realm of marine logistics, NMDC's qualified experts offer specialized project logistics and offshore support, reinforcing the company's commitment to delivering high-quality solutions. This has further been summarized below.

NMDC Dredging & Marine's operations, carried out by its 3,134 employees, are organized into two primary divisions:

DREDGING AND RECLAMATION
Dredging & Reclamation Work
Survey Work
MARINE CIVIL WORKS
Marine Construction
Marine Logistics
Geotechnical Works

Based in Abu Dhabi, NMDC operates from a state-of-the-art facility equipped with multidisciplinary workshops, slipways, and comprehensive administrative and technical departments.

NMDC ENERGY

Established in Abu Dhabi in 1973, NMDC Energy is a leading provider of comprehensive EPC solutions to the energy sector, serving both offshore and onshore clients in the Oil & Gas industry. The company's proven management capabilities, dynamism, and technical expertise enable it to consistently deliver quality services that meet the evolving needs of its clients.

With a workforce of 14,532 employees, NMDC Energy not only excels in providing a diverse range of services but also adopts an integrated approach, acting as a single point of contact for large projects. The company's project execution is guided by the principles of collaboration, integration, safety, and experience, contributing to a successful track record spanning over 45 years.

NMDC Energy's engineering design servicesare complemented by procurement services covering all aspects of material and service sourcing, vendor evaluation, purchasing, material management, order processing, inspection, shipment, and logistics. These services are meticulously carried out in compliance with local content laws, regulations, and client specifications.

Spanning a 1.3 million square meter yard, NMDC Energy offers key services and products, including fabrication of heavy structures (up to 100,000 MT per annum), storage tanks, spheres for petroleum product containment, pipe coating, construction of pressure vessels, load-out facilities, custom-built fabrication yards, offshore operation support services, indoor and outdoor material storage, piping/sub-assembly workshops, and post-weld heat treatment facilities.

NMDC ENGINEERING

NMDC Engineering is the UAE’s leading Coastal & Marine Engineering Consultancy, offering expertise in the fields of marine, civil, hydraulics, geotechnical and environmental engineering.

NMDC CONSTRUCTION

With over 17 years of experience and technical know-how, NMDC Construction is a construction company in Abu Dhabi, offering precast solutions for all construction projects.

The product portfolio encompasses a wide range of precast concrete products, from structural elements like foundations, beams, floors, and walls, to architectural elements and marine products like breakwater/shores armor units and quay blocks.

The experienced engineering team can convert conventional designs to precast designs, saving valuable resources through value engineering. NMDC Construction is led by innovation in the region, adopting the latest precast technology and quality standards.

OUR BUSINESS PRINCIPLES

OUR VISION

Deliver innovative solutions shaping the future

OUR MISSION

We leverage the talent and experience of our people and provide opportunities to build successful and rewarding careers.

We serve our clients through delivering EPC solutions and beyond, that are environmentally conscious, safe, and cost efficient.

We generate exceptional returns for our shareholders.

OUR VALUES

KNOWLEDGE

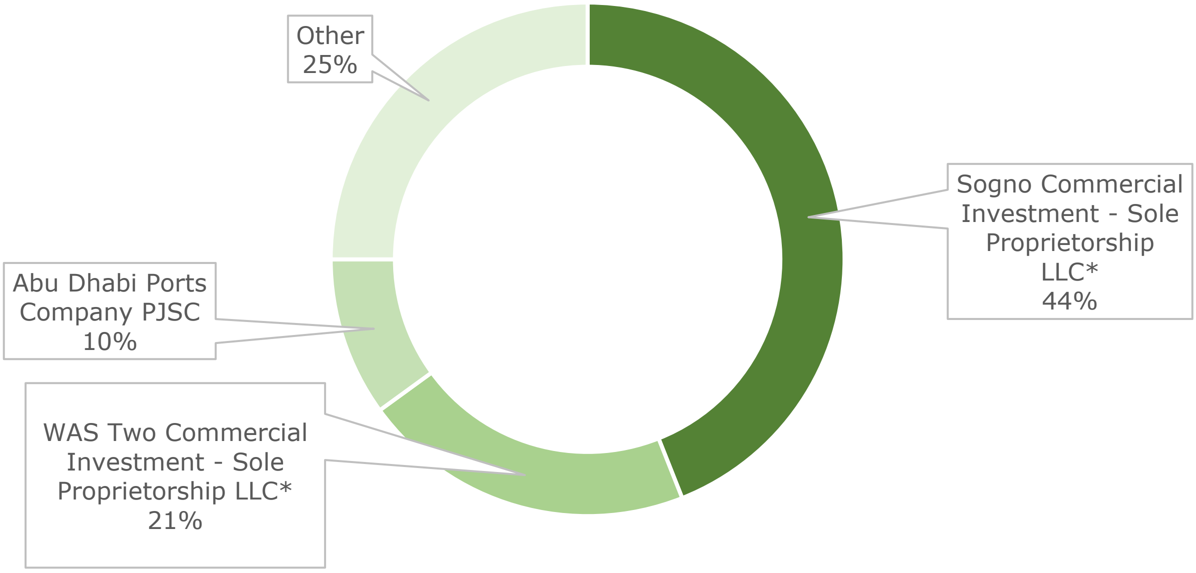
ACCOUNTABILITY

MORALITY

ALLIANCE

LEADERSHIP

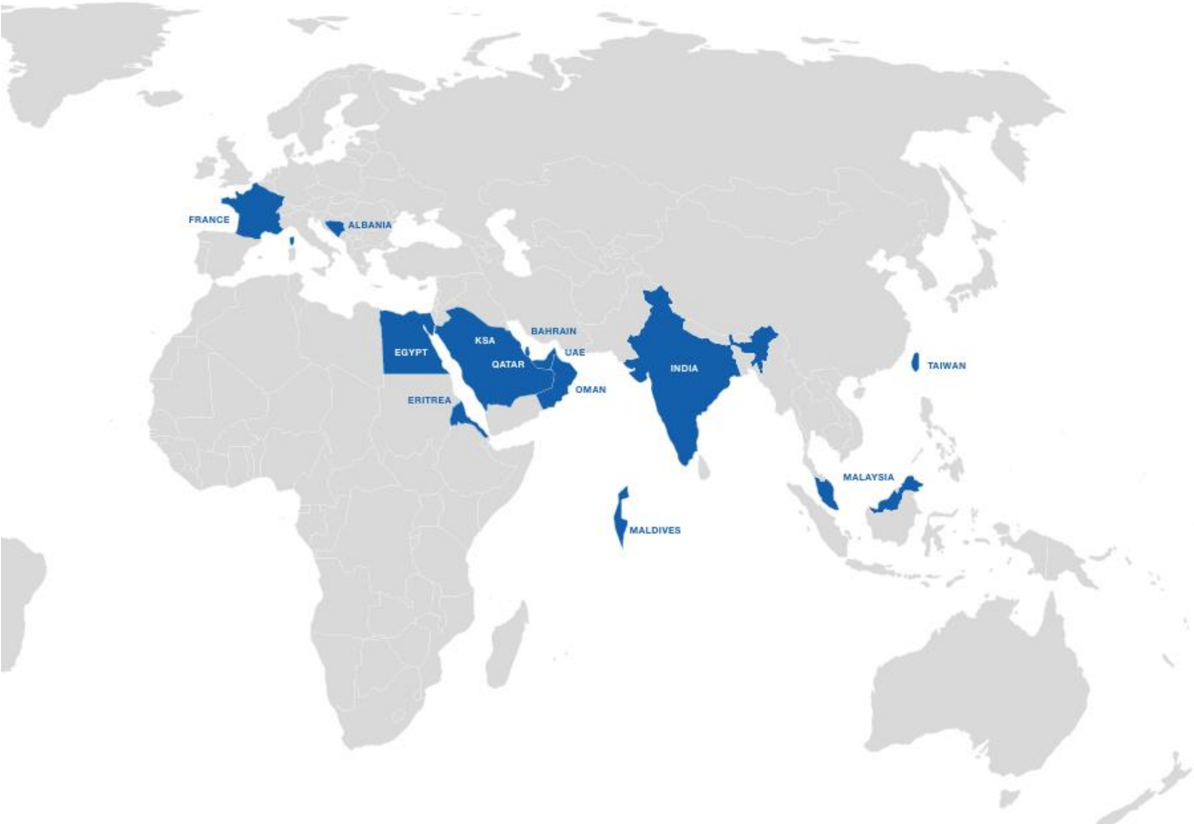
OUR OWNERSHIP STRUCTURE



*Sogno Commercial Investment and WAS Two Commercial Investment are 100% owned by Alpha Dhabi Holding PJSC

GLOBAL FOOTPRINT

NMDC Group's global footprint is a testament to our strategic presence across diverse regions, reflecting our commitment to serving clients on a worldwide scale. This map encapsulates the extensive reach of our operations, showcasing the geographic spread of our projects and engagements. From the Middle East and North Africa (MENA) to South Asia and beyond, each point on this map represents a milestone in our journey of delivering excellence. As we continue to expand our horizons, this visual representation underlines our dedication to contributing to sustainable development and meeting the evolving needs of our global clientele. The markers on the map not only symbolize our physical presence but also stand as indicators of the collaborative relationships we have built across borders, reinforcing our position as a trusted partner globally.



FLEET

NMDC ENERGY EQUIPMENT	**NMDC DREDGERS**	**NMDC SUPPORT CRAFTS**
TOTAL OF 19 VESSELS	*TOTAL 36 DREDGERS*	*TOTAL 98 CRAFTS*
VESSEL NAME	DREDGER TYPE	CRAFT TYPE
DLS-4200	Heavy Duty CSD (9)	Tug (23)
DELMA 2000	Beavers (18)	Multicat (17)
UMM SHAIF	Water Masters (3)	Pushycat (9)
DLB-1000	Booster stations (3)	Crew Boats (3)
DLB-750	TSHD (2)	Survey Boats (8)
PLB-648	Backhoe (1)	Fuel Barge (1)
SEP-750		Landcraft (4)
SEP-650		Rock Barges (15)
SEP-550		Positioning Barges (4)
SEP-450		Modular Pontoon Barges (5)
SEP-150		Accommodation Barge (1)
NPCC AL MARYAH		Crane Barge (1)
NPCC YAS		Split Hopper Barges (2)
NPCC SAADIYAT		Speed Boat (5)
B-42		
LB-2		
CB-8		
CB-7		
CB-6		

SELECTED FLAGSHIP CLIENTS

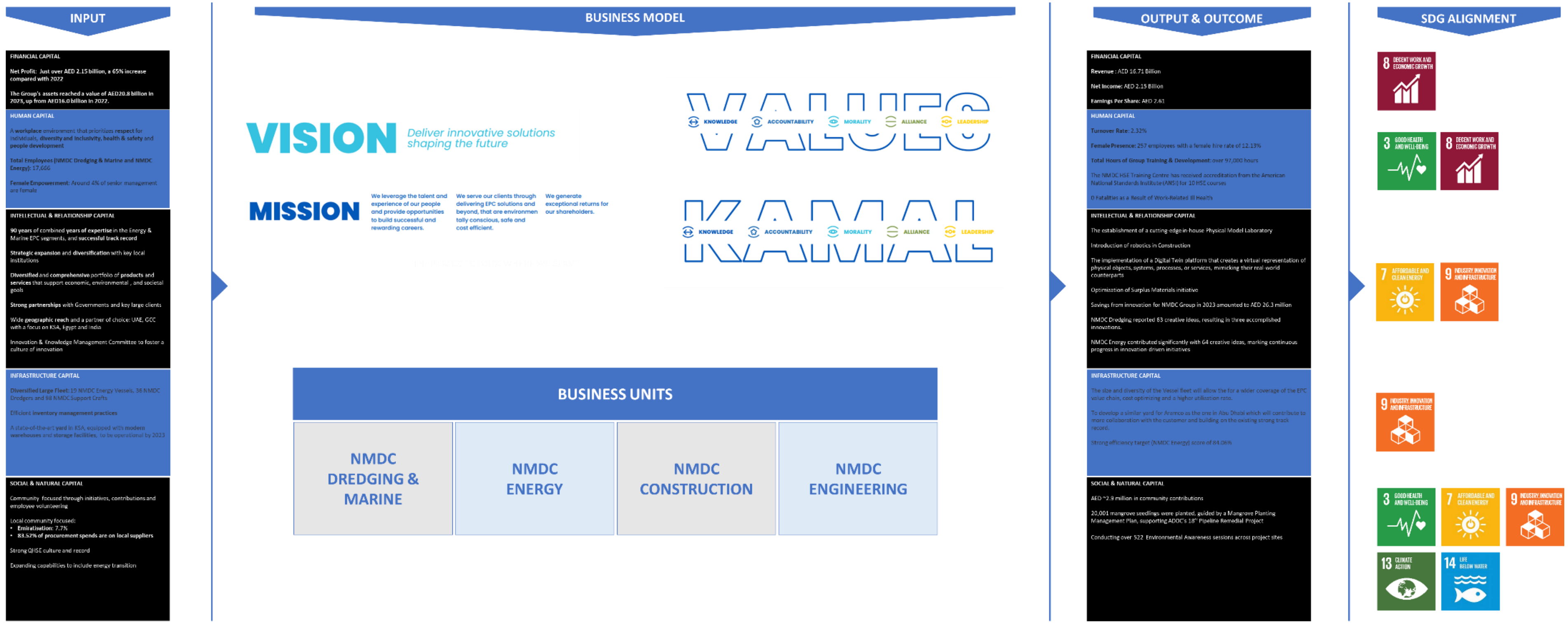
NMDC Dredging & Marine and NMDC Energy each maintain an extensive portfolio of clients, featuring prominent port authorities and global leaders in energy and marine development.

ADNOC	saudi aramco	ABU DHABI PORTS
OXY	TOTAL	MAERSK
ALDAR	Environment Agency - ABU DHABI	OQ
KJO AL KHAFJI JOINT OPERATIONS	BUNDUQ OIL PRODUCING COMPANY	SUEZ CANAL AUTHORITY

Value Creation

(GRI 2-2)

OUR VALUE CREATION MODEL



GROUP STRATEGY

GROUP STRATEGY: NAVIGATING TOWARDS SUCCESS

Our Group's integrated strategy is anchored in diversification through cross-selling within our verticals and geographical expansion. A primary objective is to broaden our footprint across the entire EPC value chain. With the seamless integration of NMDC Energy in 2022, our strategic vision has entered a transformative phase.

Guiding this journey is our comprehensive program, initially named ERTIQAA, now known as the Falcon Program. Comprising a comprehensive suite of initiatives, Falcon is designed to elevate efficiency, reliability, and transparency in quality and asset management. It not only signifies a collection of actions but a commitment to redefining the way we work, preparing us for a dynamic future.

FALCON PROGRAM 2023: ELEVATING OUR OPERATIONAL EXCELLENCE

Falcon 2023 witnessed a collaborative effort across all facets of our organization, uniting under a common objective of improvement. Executing 34 initiatives across Engineering, Procurement, and Construction Departments, Falcon generated savings totalling AED 125 million.

Key Milestones and Achievements:

- 34 initiatives executed, resulting in total benefits/savings of AED 125 million.
- The Falcon program aimed at improving the overall operational efficiency.

The Falcon Program continues its stride towards operational excellence through three primary pillars - Engineering (E), Procurement (P), and Construction (C).

Our Engineering focus remains on strengthening collaboration between Group business units and maximizing the expertise of our local engineering teams in Abu Dhabi and India. This initiative aims to drive innovation and efficiency across all engineering endeavours.

Simultaneously, our Procurement enhancement initiative is dedicated to nurturing enduring relationships with key suppliers. Through the implementation of framework agreements, we aim to foster trust and reliability in our supply chain, ensuring stability and efficiency.

In parallel, the Construction efficiency endeavour is committed to optimizing yard processes at our Abu Dhabi facility. Through meticulous planning and execution, we strive to enhance productivity and streamline operations, ultimately improving overall efficiency and project outcomes.

As the Falcon Program progresses, we remain committed to these initiatives, striving for tangible improvements in our operations while laying the groundwork for sustainable growth.

Initiatives Lined-Up for Falcon 2024

Engineering, Procurement, and Construction Departments align for ongoing improvements in integrated systems, QA/QC processes, roles and training, onshore capabilities, fleet management, corporate procurement, resource optimization, and cutting-edge technologies.

Our strategic vision, seamlessly integrated with Falcon, sets the stage for continuous enhancement. The integration of NMDC Energy and the Falcon Program have become pivotal milestones in our journey towards operational excellence. We are not just transforming processes; we are transforming our future.

PEOPLE & CULTURE

Culture change management was crucial for creating a strong and cohesive culture within NMDC Group. A comprehensive transformation program was launched in 2022 after the union with NMDC Energy, focusing on People, Systems, and Processes. This program aimed to increase efficiency and effectiveness, with initiatives spanning primary technical capabilities and corporate functions.

Achievements and Outcomes from the 2022 Transformation Program (People Transformation):

The integration of NMDC and NPCC into a single Group was designed to preserve the distinct identity of each entity while fostering a shared commitment to the common goal of organizational success. This effort was encapsulated in the "Stronger Together" slogan, emphasizing unity and collaboration as the driving force behind the newly formed NMDC Group.

NMDC Leadership actively engaged in collaborative efforts with external bodies to project and define the culture of the NMDC Group. This inclusive approach involved people from all levels of the organization in the process of shaping shared values. Through these partnerships and collective efforts, the NMDC Group's unique culture emerged as a testament to the organization's commitment to a shared vision and identity.

Progress Made in Achieving a Strong and Cohesive Culture:

In the pursuit of cultivating a robust and unified organizational culture, NMDC Group implemented a series of strategic initiatives to foster collaboration and connectivity among its diverse teams. These efforts were underpinned by a thoughtfully crafted organizational structure designed to facilitate seamless cross-business interactions, knowledge transfer, and the cultivation of unity for shared growth, risk mitigation, and operational efficiency. Reinforcing this structural approach, the physical relocation of employees to shared offices served as a tangible support mechanism for enhancing overall cohesion.

Complementing this structural foundation, NMDC Group embraced a range of engagement activities aimed at nurturing close-knit relationships across the organization. Team-building events, sports activities, gatherings, award ceremonies, and town hall sessions were meticulously implemented to foster a sense of belonging and interconnectedness. These engagement strategies extended beyond conventional approaches, utilizing various communication channels to ensure a continuous flow of information and bonding opportunities across the organization.

Moreover, leadership played a pivotal role in shaping the culture of NMDC Group. Demonstrating a commitment to collaboration, harmony, and fairness, leadership actively led by example. Their initiatives aimed to synchronize benefits across all business units, creating an environment where employees could thrive collectively.

In tandem with these efforts, NMDC Group integrated its values and behaviors into the fabric of performance management tools, corporate KPI systems, and organizational processes. This strategic alignment was pivotal in supporting synergy and cohesion, further reinforcing the organization's commitment to a shared culture.

Living the Values Journey:

Central to NMDC Group's cultural evolution was the ‘Living the Values’ journey, anchored by the KAMAL framework (Knowledge, Accountability, Morality, Alliance, Leadership). This framework exemplified the organization's unwavering commitment to excellence and distinction in every facet of its operations.

Through this journey, employees experienced a transformation in their confidence, trust, and strength. The initial apprehensions related to job insecurity and the fear of change gradually dissipated, replaced by positive discussions surrounding the ongoing cultural shift. Employees actively engaged in surveys, contributing to a culture where their voices were not just heard but valued.

The organization, transitioning into a learning environment, witnessed employees willingly sharing knowledge, developing others, and participating in open discussions that promoted transparency and constructive feedback. The Living the Values journey also extended beyond internal dynamics, leading to the implementation of synergies and alliances with subcontractors, showcasing a broader culture of collaboration.

Notably, employees who actively participated in the cultural transformation journey exhibited enthusiasm for further growth, reflecting a positive and forward-looking mindset that embraced continuous improvement and development.

KEY RISKS & OPPORTUNITIES

RISK MITIGATION & OPPORTUNITIES ENHANCEMENT

We have integrated several significant risks into our planning and risk management framework, consistently monitoring and evaluating their potential impact on our operations as well as enhancing and exploring opportunities.

Oil and Gas Price Fluctuations and Overall Inflation:

The fluctuation in oil and gas prices and overall inflation continues to pose a significant risk to our business, given our exposure to the oil and gas industry. Strategies include proactive monitoring, financial hedging, partnering with local supply chain and diversification of revenue streams to mitigate the impact of volatile market conditions.

Changing Regulatory Environment:
Navigating the complex regulatory landscape for EPC companies remains a challenge. To address this, we maintain a robust compliance strategy, utilizing legal experts and technology tools to stay abreast of regulatory changes. Regular internal and external compliance audits and training programs are conducted to ensure adherence.

Building and Maintaining a Talent Pool:
Attracting and retaining top talent in the competitive energy and marine EPC sector is crucial. Our People & Culture strategy focuses on creating an engaging and encouraging workplace, offering competitive compensation, and investing in continuous training and development programs to retain skilled individuals.

Competitive Landscape & Agility in New Markets:
As we expand into new markets, assessing and adapting to local competition is imperative. Thorough market research, adaptive pricing strategies, partnering with right local players and customized offerings help us establish a competitive edge. Continuous monitoring of market dynamics allows for agile adjustments to maintain competitiveness.

Supply Chain Disruptions:
Potential disruptions in sourcing materials or equipment are acknowledged. Strategies involve maintaining strategic partnerships with reliable suppliers, diversifying sourcing channels, pre-qualifying new vendors and implementing contingency plans to address any unforeseen disruptions promptly.

Geopolitical Factors:
The impact of geopolitical factors, including policy changes, is monitored closely. On a monthly basis with Communication & Marketing department a geo political analysis within the region and the globe is obtained and our risk mitigation plan includes scenario planning, political risk assessments, and proactive engagement with relevant stakeholders to navigate and adapt to geopolitical shifts.

OPPORTUNITY CAPITALIZATION

Leveraging joint ventures and partnerships has been a focus for the Group in recent years. We have established several strategic collaborations that enable us to expand our reach, enhance our revenue streams, entering in new markets and consolidate our standing as a prominent Energy and Marine EPC company.

Sustainability Opportunities:
NMDC Group is actively capitalizing on sustainability opportunities, with a focus on initiatives such as sustainable construction materials and energy-efficient design are central to our commitment to environmental stewardship.

Client Sector Focus:
We are tailoring our strategies to specific client sectors, including energy, environment, maritime, tourism, and urban development. By understanding the unique needs of each sector, we can provide specialized services, ensuring client satisfaction and fostering long-term partnerships.

Technological Advancements:
Embracing technological advancements, NMDC continues to innovate in dredging, reclamation, digital twins in Energy market and marine construction services. Investments in state-of-the-art equipment, digital tools for project management, and automation contribute to enhanced competitiveness and service excellence.

ESG - Environmental and Social Impact:
Beyond business success, NMDC prides itself on its positive impact on the environment, local communities, and social development. Our projects prioritize environmental conservation, community engagement, and social responsibility, aligning with our commitment to sustainable and responsible business practices.

Inorganic Growth Opportunities:
NMDC Group's access to capital positions us to explore inorganic growth opportunities, including strategic acquisitions. Acquiring companies that align with our values and business contribute to our ability to generate value and expand our offering remains a key focus.

Robust Governance:
The integration of NMDC Energy into NMDC Group enhances governance and unlocks opportunities across the EPC value chain and to become largest EPC Turnkey player in the Middle East. Joint ventures and strategic partnerships will continue to accelerate our expansion into new geographies, fostering sustainable growth.

Enhancing Competitiveness through Cost Optimization and Resource Utilization:
Ongoing initiatives involve optimizing costs through resource pooling, consolidated procurement, operational cost reduction , and centralizing support services. These measures enhance competitiveness, lower costs, and improve overall productivity.

STRONG GOVERNANCE

(GRI 2-9, GRI 2-10, GRI 2-11, GRI 2-15, GRI 2-16, GRI 2-17, GRI 2-18, GRI 2-19, GRI 2-20, GRI 2-21, GRI 2-23, GRI 2-24, GRI 2-25, GRI 2-26, GRI 2-27, GRI 205-1, GRI 205-2, GRI 205-3, S1, S9, S10, G2, G3, G5, G6)

Effective governance plays a crucial role in safeguarding the interests of all our stakeholders and fostering long-term success. Our Board of Directors, the highest governing body of our organization, is committed to implementing strong corporate governance. From charting our strategic course to overseeing risk management and compliance, our board is committed to ensuring that we operate with integrity, transparency, and accountability. This commitment is reflected in our robust governance framework and processes that are designed to align our actions with our values, mission, and goals. NMDC Group acknowledges the significance of ESG considerations in setting up the scope and structure of our governance as we prioritise delivering sustainable value to our stakeholders. Recognizing the increasing influence of ESG factors on investment decisions, we are strengthening our alignment with rising clients and stakeholders expectations on transparency and performance throughout our value chain. We take pride in our governance practices and strive to maintain a culture of ethical conduct, compliance, and continuous improvement. We believe in open and transparent communication, which we expand upon in our 2023 Corporate Governance Report. The report provides an in-depth overview of information on our governance structure and practices.

BOARD COMPOSITION

We are committed to implementing the highest standards of corporate governance, in line with all relevant regulations as well as international best practices. We believe that a robust governance structure is essential to our corporate values and culture, and we are constantly reviewing and evolving our governance practices to ensure they are effective. In 2023, our Board of Directors is composed of seven members, all of whom are non-executive and bring a wealth of experience in leading successful organizations.

BOARD COMMITTEES

In alignment with corporate best practices, we have formed several Board committees to ensure the Board's tasks are thoroughly conducted and their responsibilities meticulously applied. From ensuring compliance with laws and regulations to developing sustainable business strategies, these committees are essential to our success. Below is a list of NMDC's committees, each with its own specific mandate and responsibilities:

Audit Committee

Our Audit Committee's Mandate is to assist the Board of Directors in fulfilling its oversight responsibilities related to the financial reporting process, internal control systems, audit functions, and compliance with legal and regulatory requirements. The primary goal is to ensure transparency, accuracy, and reliability in the financial reporting of the organization.

Nomination & Remuneration Committee

Our Nomination & Remuneration Committee is established to assist the Board of Directors in fulfilling its responsibilities related to the nomination and remuneration of directors and senior executives. The committee aims to ensure a transparent and effective process for board appointments and executive compensation.

Strategy Committee

Our Strategy Committee's mandate includes a focus on shaping sustainability-related matters as well as setting the Group's strategic direction. This committee is now responsible for driving our sustainability journey, from reviewing and endorsing our sustainability strategy and policies to approving related initiatives and investments.

MANAGEMENT COMMITTEES:

NMDC has established a number of management committees to review and oversee the development and execution of related strategies, plans and processes. The function of key management committees is listed below:

Strategy & Sustainability Committee: This committee reviews, approves, and synchronizes the short- and long-term strategies, including sustainability matters, business plans, and special projects, including investments, merger & acquisitions, and divestiture opportunities.

Business Continuity & Risk Management Committee: This committee drives and enforces the implementation of the Business Continuity Management Program across the Group and oversees its related policies, procedures, and strategic initiatives. The committee is also responsible for overseeing the Enterprise Risk Management policies and processes to ensure effectiveness and compliance.

People & Culture Committee: This committee is responsible for employee recognition, including promotions / career development / yearly bonuses, and Emiratization target.

Technology Transformation Committee: As part of NMDC Group's strategic initiative to further embed digitalization and technology in its operational processes and growth plan, this committee oversees the implementation of all strategic IT plans.

CSR Committee: The CSR committee oversees the implementation of NMDC's CSR framework, while also shaping the company's CSR activities and approving budgets accordingly.

Ethics and Compliance Committee: This committee is responsible for overseeing all matters pertaining to the prevention and detection of fraud as well as ensuring the necessary response measures are in place.

Follow-up and Supervision Committee: This committee is responsible for monitoring, following up, supervising, and managing the dealings of all Insiders, registering their dealings and ownership in the Register, and communicates and reports to ADX regularly on all such matters.

Having a strong internal control system in place safeguards the interests of all stakeholders, ensures regulatory compliance, and protects against fraud. We maintain the highest standards of business practices and constantly review and assess our internal controls to ensure their effectiveness. This is achieved within the Company through a combination of risk identification, evaluation and monitoring processes, appropriate decision and oversight forums, assurance and control functions such as External Audit, Internal Audit, Ethics & Compliance, Risk Management, QHSE (Quality, Health, Safety and Environment).

FRAUD CONTROL POLICY & PROCEDURES

We take fraud and corruption seriously and have implemented strict measures to prevent such risks from occurring. Our code of business conduct includes guidelines for identifying and preventing fraud and corruption. Additionally, we have introduced dedicated Fraud Control Policy & Procedures. We are proud to report that no material instances of fraud took place during the year, which is a testament to our commitment to maintaining a culture of integrity and ethical behavior. We will continue to uphold these standards and protect our company's reputation by enforcing strict adherence to good business conduct.

CODE OF BUSINESS CONDUCT

Maintaining our code of conduct is vital in ensuring that our employees act with integrity and uphold the highest ethical standards in alignment with our values. Our Code of Business Conduct is a comprehensive guide that lays out clear guidelines on compliance with laws, rules, and regulations, personal conduct, fair competition, and dealing with conflicts of interest. We are committed to fostering a culture of ethical behaviour and integrity, and we take any violations of our code of conduct very seriously. We will continue to enforce this code to protect our reputation and ensure that our business practices align with our core values.

Sustainability Across Our Capitals

SUSTAINABILITY APPROACH

(GRI 2-12, GRI 2-13, GRI 2-14, GRI 2-22, GRI 2-29, GRI 2-30, GRI 3-1, GRI 3-2)

At NMDC Group, our primary goal is to generate sustainable value for our stakeholders. Our integrated strategy, encompassing cross-selling, geographic diversification, and extending our reach along the EPC value chain, plays a pivotal role in propelling the continuous growth and prosperity of our organization. Additionally, we place significant emphasis on our people, undertaking a dedicated program to foster cultural alignment and seamless integration within our workforce.

EMBEDDING ESG INTO OUR OPERATIONS

NMDC Group is committed to the seamless integration of ESG into our business model. Our executive team devotes full attention to ESG, showcasing advancements across various fronts, as detailed within the pages of this report. We are fully aligned with the UAE Vision 2031 ('We the UAE 2031') to accelerate the nation's growth and development.

At NMDC Group, our ethos revolves around putting people first, taking a holistic approach that encompasses their safety, health, well-being, and endeavors to support them in achieving their aspirations.

As an EPC group specializing in energy and marine services, we acknowledge our responsibility to contribute to the realization of the 17 Sustainable Development Goals (SDGs). Our operations intersect with various factors directly linked to the SDGs, such as population growth and coastal urbanization, escalating energy demand, and the ongoing energy transition towards a decarbonized sector. Our approach to addressing these factors is outlined as follows:

POPULATION GROWTH AND URBANIZATION:

With the global population projected to reach approximately 10 billion by 2050, leading to increased coastal habitation, NMDC Group is committed to developing the necessary infrastructure to accommodate rising population density, emphasizing efficient land use while safeguarding coastal ecosystems. We are dedicated to understanding and mitigating any adverse impacts our operations may have on coastal environments.

INCREASING ENERGY DEMAND:

Acknowledging the escalating demand for energy, NMDC plays a vital role in supporting energy companies to meet these requirements. We actively engage in servicing the energy sector, aiding clients in enhancing production capacity and implementing sustainable practices. Our focus extends to facilitating the demand for low-carbon energy through strategic services and solutions.

ENERGY TRANSITION TOWARDS A DECARBONIZED SECTOR:

NMDC Group is steadfast in its commitment to the renewable energy sector, particularly wind power. We actively participate in the development, construction, and maintenance of wind power facilities, and facilitate the transition of energy companies to clean and renewable sources. Exploring opportunities in hydrogen production further contributes to our commitment to decarbonization, aligning with the broader goals of reducing greenhouse gas emissions.

CLIMATE CHANGE SOLUTIONS:

In addressing climate change, NMDC actively participates in the development of low-carbon energy projects, including wind farms and hydrogen production. These initiatives contribute to the reduction of greenhouse gas emissions and play a role in climate change mitigation. Additionally, we actively engage in carbon capture and storage projects, aiming to reduce emissions in the Oil & Gas sector. Our commitment extends to adapting infrastructure to climate change impacts and incorporating green standards and sustainability regulations into projects, utilizing environmentally friendly materials and construction methods.

STAKEHOLDER ENGAGEMENT

As a conscientious corporate entity, we recognize the significance of maintaining robust connections with our key stakeholders. Continuous engagement with them is essential to not only meet their evolving needs but also to position ourselves as their preferred partner.

Stakeholder feedback serves as a vital source of insights, enabling us to enhance our comprehension of crucial economic and ESG matters relevant to them. Integrating these insights into our strategic and operational decision-making processes is imperative. This approach allows us to generate substantial value for all stakeholders, including our valued shareholders, in a manner that is sustainable over the long term.

Our commitment extends to fostering close collaboration with stakeholders, understanding their concerns, and identifying their priorities. This collaborative approach is geared towards building robust and mutually beneficial relationships. Through these efforts, we aim to pinpoint and address the most pertinent issues and opportunities, thereby cultivating lasting value for our diverse stakeholders.

OUR STAKEHOLDER ENGAGEMENT MATRIX:

KEY STAKEHOLDER	METHODS OF ENGAGEMENT	KEY TOPICS OF DISCUSSION	CORRESPONDING MATERIAL TOPICS
CLIENTS	• Performance evaluation surveys • Day-to-day interactions & • meetings • Website	• Client wellbeing • Privacy & security • Responsiveness to their requirements	• Quality, health & safety • Biodiversity • GHG emissions • Waste management • Business ethics

	• Marketing material (e.g., annual • reports, sustainability reports, • social media, etc.) • Exhibitions and conferences • Business Development efforts • Networking events	• Quality, safety, and cost • Business ethics • Company impact on the environment	• Procurement practices
SHAREHOLDER S	• Annual general meeting • Periodic meetings • Corporate regulatory • disclosures	• Economic performance • Capital allocation • Successful strategy implementation • Business ethics • National employment • ESG issues • Environmental impact • Regulatory issues	• Economic performance • Business ethics • Governance • Emiratization • Environmental impact & GHG emissions • Community Welfare • Procurement practices
BOD MEMBERS	• BOD & related committees' meetings • Periodic meetings • Company events • Press releases	• Economic performance • Business ethics • ESG performance • Emiratization • Successful strategy implementation • Capital allocation • Digital transformation	• Economic performance • Business ethics • Strong governance • Emiratization • ESG performance • Environmental impact & GHG emissions • Sustainable workplace & practices
EMPLOYEES	• Employee engagement surveys Performance reviews	• Employee wellbeing • Business ethics • Diversity & inclusion • Health & safety	• Occupational health & safety • Equal opportunity, diversity, & inclusion

	• Internal communication • Company events • Succession planning & development • Policies & procedures • Exit interviews	• Training & development • Sustainable workplace • Compensation • Succession planning	• Training & development • Gainful employment • Business ethics
COMMUNITY	• Local initiatives and volunteering activities • Society surveys • Donations and sponsorship	• Environmental impact • Community Wellbeing • Industry practices	• Community welfare • Environmental impact & • sustainability practices • Business ethics • Biodiversity • Waste Management
GOVERNMENT ENTITIES	• Direct engagement through on site licensing department • National development plans and programs • Audits • Press releases • Local forums	• Environmental compliance • Alignment with national development plans & programs • Regulatory compliance • Labor practices • Transparency • Community wellbeing • National employment	• Business ethics • Economic performance • Emiratization • ESG performance • Procurement practices • Environmental impact & sustainability practices • Community welfare • Biodiversity
SUPPLIERS & BUSINESS PARTNERS	• Supplier code of conduct • Supplier assessment and audit • Regular meetings with key suppliers and subcontractors • In-Country Value Score • Supplier satisfaction survey	• Procurement practices • Fair practice • Business ethics • Environmental impact • Terms and conditions • Cost negotiation	• Procurement practices • Environmental impact & sustainability practices • Business ethics • Waste Management

OUR MATERIAL TOPICS

At NMDC, we embrace a commitment to transparency and accountability in our engagements with stakeholders. Recognizing the profound impact of certain issues on both our stakeholders and our business, we have established a dedicated approach to identify and report on topics of material importance.

Our focus encompasses economic and ESG dimensions that significantly influence our operations. To ensure a thorough understanding of our stakeholders' key interests, we actively foster an ongoing dialogue with them. This engagement process is guided by industry-leading frameworks, including the IIRF, GRI Standards, and the AA1000 – Stakeholder Engagement Standard.

By steadfastly adhering to these best practices, we identified a list of material topics that reflect the issues deemed most critical to our stakeholders. This approach not only allows us to remain attuned to evolving priorities but also facilitates the effective reporting and management of these key topics, thereby fortifying our commitment to stakeholder satisfaction and sustainable business practices.

MATERIAL TOPICS	GRI STANDARDS	ADX DISCLOSURES
Health and Safety	GRI 403 - Occupational Health & Safety	S7: Injury Rate S8: Global Health & Safety
Strong Governance and Business Ethics	GRI 205 - Anti-Corruption	S1: CEO Pay Ratio S9: Child & Forced Labor S10: Human Rights G1: Board Diversity G2: Board Independence G3: Incentivized Pay G5: Ethics & Prevention of Corruption G6: Data Privacy
GHG Emissions and Energy Efficiency	GRI 302 - Energy GRI 303- Water and Effluents GRI 305 - Emissions GRI 307 - Environmental Compliance	E1: GHG Emissions E2: Emissions Intensity E3: Energy Usage E4: Energy Intensity E5: Energy Mix E6: Water Usage E7: Environmental Operations E8: Environmental Oversight E9: Environmental Oversight E10: Climate Risk Mitigation
Training & Education	GRI 404 - Training and Education	
Biodiversity	GRI 304 - Biodiversity	
Economic Performance & Innovation	GRI 201 - Economic Performance GRI 203 - Indirect Economic Impacts	
Community Welfare and Emiratization	GRI 202 - Market Presence	S11: Nationalization S12: Community Investment

	GRI 413 - Local Communities	
Diversity and Inclusion	GRI 405 - Diversity and Equal Opportunity GRI 406 - Non-discrimination	S2: Gender Pay Ratio S4: Gender Diversity S6: Non-Discrimination
Waste Management	GRI 306 - Waste	
Procurement Practices	GRI 204 - Procurement Practices GRI 308- Supplier Environmental Assessment GRI 414- Supplier Social Assessment	G4: Supplier Code of Conduct
Employment	GRI 401 - Employment	S3: Employee Turnover S5: Temporary Worker Ratio

Our Financial Capital

Our Alignment	
Material Topics	• Economic Performance & Innovation
GRI Standards	• GRI 201 - Economic Performance • GRI 203 - Indirect Economic Impacts
	• A sustainable knowledge-based economy • An optimal, transparent regulatory environment • Premium education, healthcare, and infrastructure assets • Maintaining Abu Dhabi's value, culture and heritage
SDGs	

Financial Performance

NMDC Group registered record growth in net profit and revenue in 2023 as the company expanded its operations following the acquisition and integration of NMDC Energy.

Net profit for the full year was just over AED 2.15 billion in 2023, a 65% increase from AED 1.3bn a year earlier, while revenue surged by 56% to AED 16.7 billion from AED 10.7 billion in 2022.

As a result of this strong performance, cash reserves increased by 34% to AED 3.7 billion putting the Group in a strong position for future expansion, both domestically and in overseas markets.

The Group's assets rose in value by 30% to AED 20.8 billion in 2023 from AED 16.0 billion in 2022. Importantly, the project backlog grew by 76% to AED 54 billion, highlighting NMDC Group's strong pipeline of future projects.

For a comprehensive assessment of our financial performance in 2023, we invite you to explore our audited financial statements.

	2023	YoY Percentage Growth
Revenue (AED bn)	16.70	56% increase
Net Profits (AED bn)	2.15	65% increase
Total Assets (AED bn)	20.80	30% increase
Earnings per share (AED)	2.61	65% increase

Economic Value Creation

At the core of NMDC's mission lies a dedication to fostering economic prosperity and community well-being. We believe that by prioritizing the generation and distribution of economic value, we can create value for our stakeholders as well as for society as a whole.

As the cornerstone of our operation, we are committed to ensuring our employees receive fair and competitive compensation, enabling them to achieve financial security, look after their families, and plan for their future.

Furthermore, we recognize that by paying taxes, we support the public sector in meeting its commitments to citizens and facilitate the provision of essential public services and infrastructure.

Moreover, our commitment to sourcing from local suppliers extends our impact beyond our immediate operations. By prioritizing procurement spending within the local economy, we support local ecosystems while fostering enduring relationships within the communities in which we operate.

NMDC also believes in engaging directly with and giving back to our communities. Through charitable donations, sponsorships, and volunteer initiatives, we aim to make a meaningful difference to people's lives by addressing key societal challenges while promoting social cohesion.

Ultimately, our ability to create and distribute economic value and generate prosperity serves as a measure of our success.

Our Human Capital

Our Alignment	
Material Topics	• Health & Safety • Training & Education • Diversity & Inclusion • Employment
GRI Standards	• GRI 202 - Market Presence • GRI 403- Occupational Health & Safety • GRI 401 - Employment • GRI 404 - Training and Education • GRI 405 - Diversity and Equal Opportunity • GRI 406 - Non-Discrimination
Abu Dhabi رؤية 2030 Vision	• A sustainable knowledge-based economy • Premium education, healthcare, and infrastructure assets • Maintaining Abu Dhabi's value, culture and heritage
SDGs	3 GOOD HEALTH AND WELL-BEING 8 DECENT WORK AND ECONOMIC GROWTH

Our Workplace Culture and Values

At NMDC, we recognize that our employees play a pivotal role in our achievements, and we are committed to cultivating an environment that empowers them to excel and realize their aspirations.

Our robust HR framework is designed to provide a solid foundation, ensuring that each team member can unleash their full potential and experience a sense of value in their roles. We foster a sense of belonging and facilitate career advancement for overall employee satisfaction and engagement.

To create this culture, we have implemented various HR processes and programs, focusing on career development, open communication, and equitable treatment for all employees. Upholding a fair workplace, our business conduct code and non-discrimination policies guarantee a level playing field for every individual, irrespective of gender, colour, race, nationality, age, religion, or other factors.

	Employee Breakdown		
	NMDC D&M	NMDC Energy	Total
2021	2,278	9,591	11,869
2022	2,550	9,358	11,908
2023	3,134	14,532	17,666

	Total Employees by Gender					
	NMDC D&M		NMDC Energy		Total	
	Female	Male	Female	Male	Female	Male
2021	4.13%	95.87%	1.26%	98.74%	1.81%	98.19%
2022	5.02%	94.98%	1.20%	98.80%	2.02%	97.98%
2023	4.50%	95.50%	1.67%	98.33%	2.17%	97.79%

Talent Management, Engagement, & Retention

NMDC Group attracts and retains talent by offering a challenging and stimulating work environment as well as competitive packages of salary and benefits in addition to essential provisions such as life insurance, healthcare coverage, disability and invalidity protection, parental leave, and retirement benefits.

Recognizing the diverse needs of our workforce, we go a beyond our legal obligations and provide additional benefits such as education assistance and accommodation loans in specific cases, supporting our employees in achieving both their personal and professional aspirations. We view these benefits as an investment in the future of our employees which, in turn, contributes to the enduring success of our organization.

Our commitment to creating a workplace where employees feel valued and engaged is evident in our continuous efforts to enhance and adapt our benefits package. We strive to meet the evolving needs of our workforce, ensuring that our employees thrive both personally and professionally within our organization.

To engage our employees, we organize team-building events and promote the importance of mentorship in career development. By encouraging collaboration and strengthening bonds within our teams, we foster a workplace culture that is attractive for top talent in the industry. We recently honoured our mentors with an appreciation breakfast as part of our ongoing program.

	Total New Hires							
	NMDC D&M		NMDC Energy		Total			
	Female	Male	Female	Male	Female	Male	Female	Male
2021	5	57	1	163	6	220	2.65%	97.35%
2022	1	33	35	625	36	658	5.19%	94.81%
2023	34	577	164	857	198	1,434	12.13%	87.87%

	Total New Hires											
	NMDC D&M			NMDC Energy			Total					
	Below 30 years old	Between 30-50 years old	Over 50 years old	Below 30 years old	Between 30-50 years old	Over 50 years old	Below 30 years old	Between 30-50 years old	Over 50 years old	Below 30 years old	Between 30-50 years old	Over 50 years old
2021	3	27	9	12	134	18	15	161	27	1.59%	1.72%	1.47%
2022	10	41	11	76	521	63	86	562	74	10.83%	5.71%	4.11%
2023	117	494	0	230	705	86	347	1,199	86	15.09%	10.86%	3.94%

	Total Employees that Left							
	NMDC D&M		NMDC Energy		Total			
	Female	Male	Female	Male	Female	Male	Female	Male
2021	2	153	18	184	20	337	5.60%	94.40%
2022	2	87	21	144	23	231	9.06%	90.94%
2023	15	164	33	197	48	361	11.74%	88.26%

	Total Employees that Left											
	NMDC D&M			NMDC Energy			Total					
	Below 30 years old	Between 30-50 years old	Over 50 years old	Below 30 years old	Between 30-50 years old	Over 50 years old	Below 30 years old	Between 30-50 years old	Over 50 years old	Below 30 years old	Between 30-50 years old	Over 50 years old
2021	7	66	81	15	148	39	22	214	120	10.33%	12.27%	37.38%
2022	5	40	24	15	129	21	20	169	45	10.00%	8.63%	11.48%
2023	21	119	39	50	158	22	71	277	61	30.60%	11.47%	12.53%

	Total Turnover	Total New Hires
2021	3.01%	1.90%
2022	2.13%	5.83%
2023	2.32%	9.24%

Benefits offered to the employees is the following:

- Life Insurance
- Health Care
- Disability and invalidity coverage
- Parental leave
- Retirement provision
- Educational assistance
- Accommodation Loans

	Total Employees that took parental leave					
	NMDC D&M		NMDC Energy		Total	
	Female	Male	Female	Male	Female	Male
2021	6	0	21	0	27	0
2022	10	0	12	0	22	0
2023	8	0	8	0	16	0

	Total Employees that returned to work after parental leave ended					
	NMDC D&M		NMDC Energy		Total	
	Female	Male	Female	Male	Female	Male
2021	5	0	19	0	24	0
2022	9	0	17	0	26	0
2023	7	0	9	0	16	0

	Total Employees that returned to work after parental leave ended that were still employed 12 months after their return to work					
	NMDC D&M		NMDC Energy		Total	
	Female	Male	Female	Male	Female	Male
2021	5	0	15	0	20	0
2022	9	0	15	0	24	0
2023	7	0	1*	0	8	0

*Return from Leave in 2023: the remaining 8 employees have returned to work but have not completed the 12 months period.

	Total rate of employees that returned to work after parental leave ended			
	NMDC D&M		NMDC Energy	
	Female	Male	Female	Male
2021	83.33%	N/A	90.48%	N/A
2022	90.00%	N/A	141.67%	N/A
2023	87.50%	N/A	112.50%	N/A

	Total rate of employees that returned to work after parental leave ended that were still employed 12 months after their return to work			
	NMDC D&M		NMDC Energy	
	Female	Male	Female	Male
2021	100.00%	N/A	136.36%	N/A
2022	180.00%	N/A	78.95%	N/A
2023	77.78%	N/A	5.88%	N/A

Workforce Equity & Empowerment

At NMDC, we recognize the significance of fostering a diverse and inclusive workforce. Our team consists of 11,908 full-time employees hailing from 130 different nationalities, bringing a rich array of perspectives and experiences to our organization. Of these employees, 85% hold permanent positions, while the remaining 15% are employed on a temporary basis.

While celebrating our diversity, we acknowledge the need for ongoing improvement, particularly in gender representation. Presently, only 2.02% of our workforce is female, reflecting the current nature of our business activities. Despite the challenges inherent in our industry, we are steadfast in our commitment to enhancing diversity, with a specific focus on increasing the presence of female employees in roles such as engineering, support, technicians, and managerial positions.

In 2023, progress was achieved, with 5.88% of our female employees attaining senior to executive positions, marking a notable increase in female representation from the previous year. Furthermore, 45% of our female employees hold mid-level positions, while 46% are in entry-level roles. Our dedication remains unwavering as we strive to create a more diverse and inclusive workforce that reflects the communities we serve.

	TOTAL EMPLOYEES BY JOB CATEGORY AND BY GENDER - NMDC D&M							
	Labor		Entry-Level		Mid-Level		Senior-to-Executive Level	
	Female	Male	Female	Male	Female	Male	Female	Male
2021	0.27%	99.73%	9.55%	90.45%	3.34%	96.66%	2.38%	97.62%
2022	1.40%	98.60%	9.04%	90.96%	5.04%	94.96%	4.65%	95.35%
2023	4.73%	95.27%	4.28%	95.72%	4.51%	95.49%	5.88%	94.12%

	TOTAL EMPLOYEES BY JOB CATEGORY AND BY GENDER - NMDC Energy							
	Labor		Entry-Level		Mid-Level		Senior-to-Executive Level	
	Female	Male	Female	Male	Female	Male	Female	Male
2021	0.01%	99.99%	3.08%	96.92%	8.34%	91.66%	1.33%	98.67%
2022	0.00%	100.00%	4.05%	95.95%	5.52%	94.48%	0.63%	99.37%
2023	0.00%	100.00%	10.56%	89.44%	4.66%	95.34%	1.45%	98.55%

TOTAL EMPLOYEES BY JOB CATEGORY AND BY GENDER	Labor		Entry-Level		Mid-Level		Senior-to-Executive Level	
	Female	Male	Female	Male	Female	Male	Female	Male
2021	0.04%	99.96%	5.62%	94.38%	6.24%	93.76%	1.81%	98.19%
2022	0.14%	99.86%	5.98%	94.02%	5.32%	94.68%	2.73%	97.27%
2023	0.11%	99.89%	7.49%	92.51%	4.60%	95.40%	4.00%	96.00%

TOTAL EMPLOYEES BY JOB CATEGORY AND BY AGE - NMDC D&M	Labor			Entry-Level			Mid-Level			Senior-to-Executive Level		
	Below 30 years old	Between 30-50 years old	Over 50 years old	Below 30 years old	Between 30-50 years old	Over 50 years old	Below 30 years old	Between 30-50 years old	Over 50 years old	Below 30 years old	Between 30-50 years old	Over 50 years old
2021	9.14%	75.58%	15.28%	15.37%	75.22%	9.40%	5.61%	80.24%	14.15%	0.79%	67.46%	31.75%
2022	8.52%	75.83%	15.65%	11.96%	75.38%	12.66%	5.38%	79.27%	15.35%	0.00%	74.42%	25.58%
2023	16.73%	74.55%	8.73%	8.03%	76.96%	15.01%	5.55%	78.84%	15.61%	0.00%	70.59%	29.41%

TOTAL EMPLOYEES BY JOB CATEGORY AND BY AGE - NMDC Energy	Labor			Entry-Level			Mid-Level			Senior-to-Executive Level		
	Below 30 years old	Between 30-50 years old	Over 50 years old	Below 30 years old	Between 30-50 years old	Over 50 years old	Below 30 years old	Between 30-50 years old	Over 50 years old	Below 30 years old	Between 30-50 years old	Over 50 years old
2021	8.57%	78.64%	12.79%	4.05%	70.91%	25.05%	5.53%	72.45%	22.02%	0.00%	39.33%	60.67%
2022	6.85%	80.53%	12.62%	8.00%	72.65%	19.35%	2.63%	78.16%	19.20%	0.00%	40.51%	59.49%
2023	15.98%	74.91%	9.12%	14.77%	67.25%	17.98%	2.43%	78.17%	19.40%	0.00%	41.30%	58.70%

TOTAL EMPLOYEES BY JOB CATEGORY AND BY AGE	Labor			Entry-Level			Mid-Level			Senior-to-Executive Level		
	Below 30 years old	Between 30-50 years old	Over 50 years old	Below 30 years old	Between 30-50 years old	Over 50 years old	Below 30 years old	Between 30-50 years old	Over 50 years old	Below 30 years old	Between 30-50 years old	Over 50 years old
2021	8.62%	78.36%	13.02%	8.49%	72.60%	18.91%	5.56%	75.73%	18.71%	0.36%	52.17%	47.46%
2022	7.03%	80.04%	12.93%	9.54%	73.71%	16.76%	3.80%	78.63%	17.56%	0.00%	58.18%	41.82%
2023	15.99%	74.90%	9.11%	11.48%	71.99%	16.53%	3.75%	78.46%	17.79%	0.00%	58.15%	41.85%

	Total Number of Nationalities - NMDC D&M	Total Number of Nationalities - NMDC Energy
2021	60	61
2022	60	65
2023	62	68

	Female to Male Median Compensation Ratio		
	NMDC D&M	NMDC Energy*	Total
2021	1.74	2.32	2.13
2022	1.83	1.61	1.69
2023	1.87	1.18	1.42

*Reported on White Collared (monthly Employees)

	Female to Male Median Compensation Ratio by job category – NMDC D&M			
	Labor	Entry-Level	Mid-Level	Senior-to-Executive Level
2022	1.30	1.38	1.35	1.23
2023	1.39	1.67	1.30	1.08

	Female to Male Median Compensation Ratio by job category – NMDC Energy			
	Labor	Entry-Level	Mid-Level	Senior-to-Executive Level
2022	0.00	1.00	1.67	0.97
2023	0.00	2.22	1.54	1.11

	Female to Male Median Compensation Ratio by job category – Total			
	Labor	Entry-Level	Mid-Level	Senior-to-Executive Level
2022	0.98	1.18	1.54	1.08
2023	1.02	1.99	1.44	1.10

Compensation Ratio breakdown by job category is not available for the year 2021

	Total number of incidents of discrimination		
	NMDC D&M	NMDC Energy*	Total
2021	0	0	0
2022	0	0	0
2023	0	0	0

To uphold a workplace free from discrimination or harassment, NMDC Group has implemented a comprehensive set of measures:

Equal Opportunity Policy:
We have a clear and comprehensive Equal Opportunity Policy that underscores the organization's commitment to fair and equal treatment of all employees, irrespective of their background.

Anti-Discrimination Training:
Regular training sessions are conducted to educate employees and management on recognizing and preventing discrimination and harassment. This training addresses critical topics, including unconscious bias, cultural sensitivity, and appropriate workplace behavior.

Diversity and Inclusion Initiatives:
Actively promoting diversity and inclusion, we implement initiatives such as mentorship programs, affinity groups, and diversity celebrations. These efforts celebrate the unique contributions of individuals from various backgrounds.

Clear Reporting Mechanisms:
Employees are provided with clear channels to report incidents of discrimination or harassment. Our reporting mechanisms, including both formal and informal options, ensure that employees feel comfortable coming forward with their concerns.

Whistleblower Protection:
NMDC Group has established whistleblower protection policies to safeguard employees who report incidents of discrimination or harassment. These policies guarantee protection against retaliation for those reporting wrongdoing.

Investigation Procedures:
Upon receiving a complaint, a designated team or individual conducts a prompt and thorough investigation. This process prioritizes confidentiality and fairness, aiming to identify the facts surrounding the alleged incident.

Consequences for Violations:
Substantiated cases of discrimination or harassment are addressed with appropriate disciplinary action, ranging from counseling and retraining to suspension or termination, depending on the severity of the offense.

Regular Audits and Assessments:
NMDC Group conducts regular audits and assessments of its policies and practices to identify areas for improvement. This includes reviewing employee feedback, analyzing incident reports, and staying informed about emerging issues related to workplace discrimination.

Communication and Awareness Campaigns:
Engaging in ongoing communication campaigns, we reinforce the company's commitment to a discrimination-free workplace. This involves disseminating information about policies, sharing success stories, and promoting awareness about the importance of respectful workplace interactions.

Inclusive Leadership Training:
Leadership training programs emphasize fostering an inclusive environment. Leaders are trained to recognize and address potential issues, set an example for respectful behavior, and actively promote diversity and inclusion.

Through the implementation of these measures, NMDC Group strives to maintain a workplace culture built on respect, fairness, and equal opportunities for all employees, fostering an environment free from discrimination and harassment.

Management approach to employee training and development:
The management approach to employee training and development in NMDC Group is designed to advance continuous learning and skill enhancement. Our dedication to cultivating a skilled and knowledgeable workforce is evident through our commitment to the following policies, processes, systems, and resources:

Training Needs Assessment:
Conducting regular assessments allows us to pinpoint the specific training needs of employees. This involves evaluating individual performance, team dynamics, and considering industry trends.

Individual Development Plans:
Upon identifying training needs, we collaborate with employees to formulate personalized Individual Development Plans. These plans outline the skills and knowledge necessary for excelling in current roles and preparing for future responsibilities.

Training Programs and Workshops:
Our organization provides a diverse range of training programs and workshops covering technical, soft, and leadership skills. These sessions, facilitated by internal experts or external trainers, offer comprehensive learning opportunities.

E-Learning Platforms (Tumooh Initiatives):
Leveraging e-learning platforms facilitates self-paced learning, offering a variety of courses. This enables employees to access training materials at their convenience, promoting flexibility in their learning journey.

Performance Management System:
Integrating the performance management system with our training and development approach ensures that regular performance reviews serve as opportunities to discuss training progress, identify new development areas, and align individual goals with organizational objectives.

Mentorship and Coaching:
Encouraging mentorship and coaching relationships within our organization provides employees with personalized guidance. This approach fosters knowledge transfer, skills development, and the sharing of valuable insights.

Budget Allocation:
Adequate budgetary provisions are allocated to support training and development initiatives, ensuring necessary resources are available to implement effective programs and provide employees with optimal learning experiences.

Feedback and Evaluation:

Regular feedback mechanisms and evaluations are integral to our training approach. Soliciting input from participants allows us to continually enhance the quality and relevance of our training programs.

Through the effective implementation of these policies and resources, our aim is to guarantee that our employees consistently possess the skills and knowledge required to excel in their roles, contributing to the overall success of the organization.

Training breakdown:

	Total Training Hours by Gender					
	NMDC D&M		**NMDC Energy**		**Total**	
	Female	Male	Female	Male	Female	Male
2021	2,282	9,073	2,282	9,073	4,564	18,146
2022	4,066	41,966	1,573	17,719	5,639	59,685
2023	3,717	52,124	6,434	35,609	10,151	87,733

	Average Training Hours by Gender by Employee					
	NMDC D&M		**NMDC Energy**		**Total**	
	Female	Male	Female	Male	Female	Male
2021	24.28	4.15	18.86	0.96	19.67	1.52
2022	14.53	10.40	4.70	3.80	22.29	5.00
2023	5.00	7.00	6.00	6.00	24.82	4.96

	Total Training Hours by Job Category											
	NMDC D&M				**NMDC Energy**				**Total**			
	Labor	Entry-Level	Mid-Level	Senior-to-Executive Level	Labor	Entry-Level	Mid-Level	Senior-to-Executive Level	Labor	Entry-Level	Mid-Level	Senior-to-Executive Level
2021	N/A	4,086	6,056	1,214	N/A	4,086	6,056	1,214	N/A	8,172	12,112	2,428
2022	7,339	6,206	17,891	14,597	N/A	11,667	6,688	937	7,339	17,873	24,579	15,534
2023	2,040	25,054	23,429	5318	N/A	20,912	18,743	2,388	2,040	20,912	42,172	7,706

	Average Training Hours by Job Category by Employee											
	NMDC D&M				**NMDC Energy**				**Total**			
	Labor	Entry-Level	Mid-Level	Senior-to-Executive Level	Labor	Entry-Level	Mid-Level	Senior-to-Executive Level	Labor	Entry-Level	Mid-Level	Senior-to-Executive Level
2021	N/A	6.10	8.09	9.63	N/A	3.94	5.87	8.09	N/A	4.78	6.80	8.80
2022	9.34	8.63	20.49	84.87	N/A	10.26	5.68	5.93	0.96	9.63	11.99	47.07
2023	7.42	16.49	20.32	28.44	N/A	13.14	11.96	17.30	0.18	6.72	15.50	23.71

Workforce Protection

Vision, Policies, and Principles

NMDC Group is dedicated to achieving excellence in Health, Safety, and Environment (HSE) management. Our overarching vision is to prioritize the safety, health, and environmental protection of all stakeholders. Our QHSE policy is implemented daily, ensuring strict compliance at all organizational levels.

Leadership Commitment

Group leadership is committed to process safety throughout the organization. This commitment is evident in the organizational structure, emphasizing employee participation, motivation, and accountability.

Employee Involvement and Motivation

Employee engagement is pivotal to NMDC Group's HSE management. The QHSE Department ensures that process safety is a top priority at all levels, utilizing effective measurement systems and performance indicators to learn from near misses and avoid major incidents.

Incentivizing employee participation in promoting HSE has shown tangible results. The HSE Management's efforts resulted in a remarkable 145% increase in hazard reporting by non-HSE employees. In recognition of their outstanding contributions, the best reporting and HSE-complying employees receive rewards and award certificates on each project. This not only motivates individuals but also reinforces a safety culture within NMDC Group.

Training and Competency

Safety is a top priority at the Group and this is reflected in our rigorous training programs. Employees are equipped with the necessary knowledge and skills to identify hazards and implement preventive measures, contributing to a secure work environment.

H&S Performance Indicators

The table below outlines key H&S performance indicators for the reporting period, detailing man-hours, incidents, and safety frequencies across business units.

Metric	Unit	Target	NMDC D&M	NMDC ENERGY
Total Man hours (Million)	number	-	33.12M	47.98M
Average Employees Worked	number	-	5,493	346
Fatality	number	-	1	0
Total Lost Time Injuries	number	-	1	2
LTIFR	FR	0.2	0.06	0.04
TRIFR	FR	1.15	0.42	0.33
Lost Days	FR	-	9	241
Behavioural Safety Audits	FR	150	228	101
Unsafe Observation Reporting	FR	800	969	706
Critical Environmental Incidents	number	0	0	0
High Profile Tours	number	6	51	315
HSE Training hours	FR	2,500	11,118	4,249
HSE Campaigns	number	4	7	7

Initiatives and Programs

NMDC Group is committed to ensuring the well-being of its employees and contractors through a comprehensive range of health and safety programs and initiatives.

Wellness Programs

Regular wellness programs are a cornerstone of the Group's commitment to physical and mental health. These initiatives include health screenings, fitness challenges, and activities promoting a healthy work-life balance.

Occupational Health Services

NMDC Group provides access to occupational health services, offering regular health check-ups, vaccinations, and medical consultations to monitor and address any health issues.

Ergonomics Assessments

Ergonomics assessments evaluate the interaction between employees and their work environment. These cover workstation design, equipment usage, manual handling practices, and the overall physical environment. Success in integrating ergonomics is measured through qualitative and quantitative Key Performance

Indicators, including employee feedback, comfort improvements, and incident reduction.

These assessments have a broad scope, encompassing various job roles and work environments across NMDC Group. It reflects a company-wide initiative to integrate human factors and ergonomics principles. Ergonomics assessments involve collaboration with third-party experts, such as RPM, ensuring in-depth evaluations. NMDC Group remains open to collaborations with research institutions for continuous improvement. The Group aims to continually enhance its ergonomics initiatives, setting specific targets and objectives to guide improvements in employee well-being and safety.

Safety Campaigns and Awareness Program

The QHSE department runs safety campaigns, utilizing posters, newsletters, and workshops to raise awareness about safety topics among employees and contractors.

Incident Reporting and Investigation

NMDC Group has established a robust incident reporting system (INTELEX) to promptly identify and address safety concerns. Thorough investigations are conducted to understand the root causes of incidents and implement preventive measures.

Mental Health Support

Recognizing the importance of mental health, the GroupNMDC provides resources and support, including counselling services, stress management workshops, and initiatives to foster a positive work environment.

Additional Initiatives

NMDC Group has undertaken significant initiatives to protect employees, prevent property damages, and preserve the environment:

- A proactive and inclusive safety approach is deeply ingrained in NMDC D&M management.
- Completion of the Hail & Ghasha Artificial Island Construction Project (AICP) achieved +41 million man-hours worked without Lost Time Injury (LTI), showcasing a commitment to safety culture.
- Reduction in accidents, injuries, and environmental impacts, with an impressive LTI Frequency Rate of 0.05, the lowest among competitors.
- Dedication to enhancing subcontractor HSE performance and aligning with legal requirements.
- Registration under the Abu Dhabi Occupational Safety and Health System Framework (OSHAD-SF), passing three consecutive external audits with ZERO Non-Conformities.
- Accreditation from the American National Standards Institute (ANSI) for 10 HSE courses at the NMDC HSE Training Centre.
- Initiatives to reduce CO_2 emissions across operations.
- Health monitoring and Blood Donation Campaign.

HSE Day and Various Campaigns

HSE Day, held on November 25, 2023, aimed to increase awareness and promote a safety culture among employees. Competitions and activities were organized, contributing to a total of AED 1.5 million being distributed among employees.

NMDC Group conducted various HSE campaigns throughout the year, focusing on hazard identification, housekeeping, preventing slips, trips & falls, beating plastic pollution, managing heat stress, safe lifting operations, and proper waste disposal.

Continuous Improvement

NMDC Group regularly reviews and updates its health and safety programs, incorporating feedback, industry best practices, and evolving regulations through Management Review Meetings. Continuous improvement is a core principle to adapt to changing circumstances and enhance overall safety.

Audits and Compliance

NMDC Group operates in various regulatory jurisdictions, ensuring compliance with local legislation and overarching standards. Appropriate audit procedures are conducted to confirm compliance with HSE management systems.

The Group performed audits regarding compliance with laws and regulations affecting its operations. Strict adherence to the written company HSE management system is ensured.

Recognition and Awards

Incentive schemes and awards recognize the efforts of employees and subcontractors. Incentive schemes and awards are established to recognize the efforts of employees and subcontractors. They are acknowledged and awarded for their HSE performance, with recognitions including financial rewards, and other.

Training and Competency Development

NMDC Group's commitment to proactive HSE management is reflected in the extensive training provided to employees. The table below summarizes the training hours conducted in 2023 across various topics, contributing to increased skill, competency, and safety awareness, totalling 716,154 hours.

Training Topic – in Hours	NMDC D&M	NMDC ENERGY
HSE Induction	12,504	24,655
Safety Group Meeting	48,643	9,315
Toolbox Talks (TBT)	180,214	28,400
HSE In-house Training	130,296	123,407
External / 3rd Party Training	39,783	-
TOTAL	**411,440**	**185,777**

Regular health and safety training sessions are conducted by QHSE & HR L&D departments, covering topics such as emergency response procedures, hazard identification, proper use of personal protective equipment (PPE), and safety protocols.

Emergency Preparedness Drills

NMDC Group's Base, Yard, and Projects conduct periodic emergency response drills, including fire drills and evacuation procedures, ensuring employees and contractors are well-prepared for various emergency situations.

As part of promoting employees' emergency preparedness and response awareness, NMDC Group conducted 2,178 drills and practical exercises among the projects in different Business Units. Additionally, as part of the Behavioural Safety Audit (BSA), NMDC Group conducted a total of 13,823 drills and practical exercises. These initiatives collectively contribute to enhancing overall emergency preparedness and response awareness among employees and contractors.

Breakdown of work-related injuries

	Number of Fatalities as a Result of Work-Related Ill Health		
	NMDC D&M	NMDC Energy	Total
2021	0	2	0
2022	0	0	0
2023	0	0	0

	Number of Cases of Recordable Work-Related Ill Health		
	NMDC D&M	NMDC Energy	Total
2021	2	0	2
2022	0	0	0
2023	0	0	0

	Main types of work-related ill-health		
	NMDC D&M	NMDC Energy	Total
2021	0	2	0
2022	0	0	0
2023	0	0	0

	NMDC D&M												
	Number of Fatalities	**Rate of Fatalities**	**Number of high-consequence work-related injury**	**Rate of recordable work-related injury**	**Number of recordable work-related injury ***	**Rate of recordable work-related injury**	**Main types of work-related injury**	**Number of Lost Time Injuries ****	**Number of Work Days Lost Due to Injury**	**Number of Other Occupational Injuries**	**Number of High Potential Incidents**	**Number of Near Miss Incidents**	**Number of Hours Worked**
2021	1	0.04	0	0.00	12	0.44	EME Incidents	1	24	13	13	102	27,233,183
2022	0	0.00	5	0.22	7	0.31	Slip & Trips	5	320	31	4	100	22,575,190
2023	1	0.03	1	0.03	12	0.36	Caught in between	2	10	46	11	97	33,116,019

* Excluding Fatality & LTI

** Including Fatality

	NMDC Energy												
	Number of Fatalities	**Rate of Fatalities**	**Number of high-consequence work-related injury**	**Rate of recordable work-related injury**	**Number of recordable work-related injury**	**Rate of recordable work-related injury**	**Main types of work-related injury**	**Number of Lost Time Injuries**	**Number of Work Days Lost Due to Injury**	**Number of Other Occupational Injuries**	**Number of High Potential Incidents**	**Number of Near Miss Incidents**	**Number of Hours Worked**
2021	Data not available	N/A	Data not available	N/A	Data not available	N/A	N/A	1	56	55	1	143	25,490,600
2022	0	0.00	0	0.00	2	0.09	Slip & Trips	0	0	17	1	172	23,062,865
2023	0	0.00	2	0.04	14	0.29	Caught in between	2	241	19	2	24	47,976,178

	Total											
	Number of Fatalities	**Rate of Fatalities**	**Number of high-consequence work-related injury**	**Rate of recordable work-related injury**	**Number of recordable work-related injury**	**Rate of recordable work-related injury**	**Number of Lost Time Injuries**	**Number of Work Days Lost Due to Injury**	**Number of Other Occupational Injuries**	**Number of High Potential Incidents**	**Number of Near Miss Incidents**	**Number of Hours Worked**
2021	1	0.02	0	0.00	12	0.23	2	80	68	14	245	52,723,783
2022	0	0.00	5	0.00	9	0.20	5	320	48	5	272	45,638,055
2023	1	0.01	3	0.00	26	0.32	4	251	65	13	121	81,092,197

The rate of injuries is calculated by 1,000,000 hours worked

Our Social & Relationship Capital

Our Alignment	
Material Topics	• Procurement Practices • Community Welfare & Emiratization
GRI Standards	• GRI 414- Supplier Social Assessment • GRI 202 - Market Presence • GRI 413 - Local Communities • GRI 204 - Procurement Practices • GRI 205 - Anti-Corruption • GRI 308 - Supplier Environmental Assessment
	• A sustainable knowledge-based economy • Maintaining Abu Dhabi's value, culture and heritage • A significant and ongoing contribution to the federation of the UAE • The optimization of the Emirate's resources
SDGs	

Supporting our Community

Fostering meaningful connections with local community entities and organizations are the cornerstones of NMDC Group’s Corporate Social Responsibility (CSR) strategy. Through this, we actively contribute to the betterment of our communities, addressing environmental and social challenges. This commitment involves a strong emphasis on providing employment opportunities to UAE nationals, prioritizing local suppliers, and executing diverse initiatives aimed at enriching and supporting the community. In addition, we enhance our ability to make a positive societal impact and boost employee engagement through volunteer opportunities.

OUR CORPORATE SOCIAL RESPONSIBILITY

NMDC Group recognizes the potential impact of its activities on the environment and, in response, has proactively developed a robust Corporate Social Responsibility (CSR) strategy. This strategy, integral to our core values of Knowledge, Accountability, Morality, Alliance, and Leadership, aligns with the company's commitment to activities that contribute to the welfare of the community. Regular adaptations to the CSR strategy reflect the Group's responsiveness to changes in the business environment and stakeholder expectations.

In conjunction with its Quality, Health, Safety, and Environment (QHSE) policy, NMDC Group is committed to safeguarding people and property, preventing pollution, protecting the environment, conserving power, and mitigating adverse environmental impacts associated with its operations. This commitment extends to compliance with specific customer requirements, applicable laws, regulations, standards, and best practices.

CSR initiatives are strategically categorized into four categories, each contributing to the overall well-being and sustainability of the community:

1. **Donations:** NMDC Group actively encourages initiatives that elevate its participation in community life, fostering positive connections and impactful contributions.
2. **Internal Customers:** Initiatives are undertaken to provide a conducive and safe working environment, enhance work-life balance, and increase employees' engagement and well-being.
3. **Business Partners and Authorities:** NMDC Group collaborates with business partners and authorities, actively participating in the delivery of Abu Dhabi Urban Planning and Economic Vision 2030. The company emphasizes a long-term partnership strategy with vendors and shares valuable insights with industry organizations such as Central Dredging Association (CEDA) and International Marine Contractors Association (IMCA).
4. **HSE and Marine**: The Group's commitment to minimizing adverse environmental impacts is evident in initiatives that focus on achieving high environmental performance, particularly in the realms of Health, Safety, and Environment (HSE) and marine conservation.

We are proud to say that we invested a total of AED 2,894,917 back into the community in 2023, which represents a 27.3% increase from the previous year. Some of our main contributions are summarized below.

	TOTAL AMOUNT IN AED
2021	7,001,501.99
2022	2,273,086.92
2023	2,894,917.26

In 2023, NMDC Group conducted comprehensive society surveys to assess our CSR performance. Our initiatives were diverse, covering areas such as cancer awareness campaigns, community outreach programs providing health assistance to employees' family members (people of determination), health campaigns including blood donation drives and health checkups, Ramadan campaigns, Umrah and Hajj support for laborers/workers, Eid donation campaigns, and sports activities for employees.

In 2023, NMDC Group delivered the following impactful CSR initiatives:

Mangrove Planting for ADOC's Pipeline Project:

NMDC Energy planted 20,001 mangrove seedlings, guided by a Mangrove Planting Management Plan, supporting ADOC's 18'' Pipeline Remedial Project. The initiative, executed from December 2022 to January 2023, demonstrates ours dedication to ecological conservation.

Beach Clean-Up Campaigns:

Organizing 34 campaigns across project sites, NMDC Group responsibly disposed of 14 tonnes of waste, contributing significantly to coastal ecosystem preservation.

Hawksbill Turtles Rescue:

Collaborating with the National Aquarium, the Group's Shamal Project Team ensured the safe rescue and rehabilitation of hawksbill turtles in February and March 2023, highlighting the commitment to marine life preservation.

Marine Data Catalogue Development:

The Hail & Gasha project, in collaboration with the Environment Agency of Abu Dhabi (EAD), created a marine data catalogue. With 2,000 produced and 250 distributed, NMDC enhances environmental awareness among stakeholders.

Environmental Awareness Sessions:

Conducting over 522 sessions across project sites, NMDC Group empowered employees with knowledge on waste management, chemical handling, and marine conservation, fostering a culture of environmental responsibility.

World Environment Day - "Beat Plastic Pollution":

Celebrating on June 5, 2023, we distributed 5,000 reusable bags, aiming to prevent 250,000 plastic bags annually from reaching landfills, aligning with the theme "Beat Plastic Pollution."

Alongside our environmental initiatives, NMDC Group strives to make meaningful contributions to the well-being and development of the community, fostering partnerships and creating lasting positive impact beyond its business operations. Here is the list of community-related initiatives that NMDC Group actively supports and engages in:

Innovation Culture Promotion:

Through our Innovation Committee, we actively foster a culture of innovation among employees. Utilizing an innovation cloud portal, employees engage in various 'Innovation Schemes,' contributing to creative problem-solving and continuous improvement.

As we reflect on these achievements, it's clear that our commitment extends beyond operations and monetary figures. NMDC Group is dedicated to making a lasting positive impact on the community, environment, and industry, embodying our principles of excellence, innovation, and sustainable growth.

CASE STUDY: NMDC GROUP'S TRANSFORMATIVE CSR JOURNEY (2022-2026); PROMOTING AN INCLUSIVE CULTURE FOR ALL

NMDC Group is committed to creating an inclusive workplace culture, focusing on safety, openness, and innovation. With a vision to be the most inclusive group, the journey involves transitioning from a Conscious Culture to building an environment that encourages diversity and empowers employees to bring their authentic selves to work.

1. Culture Conscious:

- *Monthly Sports and Recreational Activities:* NMDC Group actively engages employees through a diverse range of monthly sports activities, including football, tennis, badminton, volleyball, cricket, and basketball. These activities not only promote physical health but also contribute to team cohesion and community building. The annual sports day serves as a pinnacle event, fostering employee interaction and a sense of community. Additionally, NMDC Group plans to enhance employee health by renting the Yas cycling track.
- *Birthday and Anniversary Recognition:* NMDC Group recognizes the importance of celebrating personal milestones. Sending birthday emails and anniversary greetings contributes to a positive work environment, making employees feel valued and welcome. This simple yet impactful gesture enhances workplace satisfaction, comfort, and overall employee morale.
- *Open Gym:* To further promote employee well-being, NMDC Group plans to establish an open-air gym. This initiative provides employees with a pleasant and enjoyable environment for outdoor workouts, emphasizing the organization's commitment to holistic health.
- *Labor Day Celebration:* The group dedicates a day annually, starting from 2023, to celebrate the hard work and achievements of its laborers (workers). Labor Day becomes an opportunity to recognize and honour the contributions of every individual, fostering a workplace culture that values inclusivity and acknowledges the diverse efforts of the workforce.

- Umrah and Hajj Pilgrimages: As part of the commitment to employee spiritual well-being, NMDC Group plans to organize annual Umrah for 50-100 employees and an annual Hajj pilgrimage for 10 employees.

2. Trust and Responsibility:

- *Beaches Cleaning Campaign:* NMDC Group collaborates to clean Abu Dhabi beaches, and engages with the media to showcase sustainability efforts.
- *Tree Plantation:* Aligning with Abu Dhabi Municipality rules, this initiative focuses on environmental protection and climate change awareness.
- *Decarbonization & Circular Economy:* A shared initiative with the Sustainability Committee, emphasizing blue and green hydrogen, and decarbonization projects.
- *Blood Donation Campaigns:* Organizing bi-annual blood donation campaigns to promote community responsibility and philanthropy.

3. Employee Wellbeing:

- *Health Awareness – Mental and Physical Wellbeing:* Continual health awareness campaigns emphasizing mental and physical health.
- *Monthly Star Performance Award:* Recognizing outstanding employee performance through a monthly award to promote healthy competition and motivation.
- *Charity Programs:* Multiple charity programs, including Meer Ramadan, Kiswat Eid, support for special needs education, and medical assistance.

NMDC Group's CSR initiatives play a pivotal role in establishing our reputation as a responsible business. By investing in CSR, we elevate employee morale while broadening our appeal among external stakeholders, including customers and investors. These efforts have a dual impact, positively influencing internal factors like employee engagement, productivity, and turnover rate, while simultaneously enhancing external aspects such as customer loyalty and brand awareness. Aligned with the SDGs, NMDC Group's CSR endeavours reflect a commitment to doing social and environmental good.

Responsible Procurement

At our core, we are committed to cultivating robust partnerships and maintaining transparent communication channels with our suppliers, reinforcing the local supply chain's strength while advocating for ethical and responsible business practices. Our dedication to supporting local suppliers extends beyond mere economic contributions, as we actively prioritize local sourcing. This commitment not only fosters job creation, capacity building, and skills development within the UAE economy but also aligns with our broader sustainability goals.

To drive sustainable procurement practices, we have implemented a Supplier Code of Conduct. This code serves as a foundation for our partnerships, ensuring that our suppliers uphold the highest standards of integrity that resonate with our company values. All suppliers are required to adhere to this code, and local suppliers undergo a formal certification process to validate their compliance.

Proudly, we have consistently maintained a substantial percentage of local suppliers. We continually assess the quality of our suppliers through comprehensive pre- and post-award performance evaluations.

At NMDC Group, we have witnessed a transformation in our procurement landscape, with a notable decrease in overall procurement spending year on year. However, it is important to note that the portion of our procurement budget spent with local suppliers rose to 83.52% from 61.20% a year earlier. This shift underscores our commitment to supporting local economies, fostering partnerships with regional businesses, and maximizing the positive impact of our procurement practices on the communities we operate in. The statistics are as follows:

Breakdown of procurement spending on local suppliers:

UAE Operations (NMDC D&M+ NMDC Energy)	2021	2022	2023
Total number of suppliers engaged	3,638	3,921	1,062
Total number of local suppliers engaged	3,014	3,182	899
Percentage of local suppliers hired	82.85%	81.15%	84.65%
Total procurement spending (AED m)	2,032.65	6,065.77	3,110.61
Procurement spending on local suppliers (AED m)	1,415.00	3,712.00	2,597.88
Percentage of spending on local suppliers (%)	69.61%	61.20%	83.52%

NMDC Group recognizes the importance of having efficient inventory management practices in place. By maintaining the right level of stock, we can ensure smooth operations, avoid supply chain disruptions, and ultimately keep our customers happy.

As a measure of our success in this area, NMDC Energy sets a yearly target for stock efficiency, with a goal of achieving 80%. In 2022, we exceeded score of 84.06%.

To continuously strengthen our procurement capabilities and increase process efficiency, we have:

- Established a yard in KSA which includes warehouses and storage facilities.
- Installed a new tower crane in our material operations yard in Abu Dhabi to enhance material processing and more effectively feed the blasting machine.

EMBEDDING ENVIRONMENTAL CONSIDERATIONS INTO OUR PROCUREMENT PRACTICES

To make our procurement practices more environmentally and socially responsible, we are always looking for ways to further integrate ESG considerations into our sourcing. This enables us to improve our overall ESG performance, drive innovation and minimize the risk of negative impacts on the environment, communities, and employees. Additionally, this approach can also reduce the risk of legal action and reputational damage.

In 2022 we implemented new Key Performance Indicators (KPIs) with a focus on sustainability. These include a goal of clearing 85% of scrap material, which we exceeded with a score of 88.61%, and a target of a 1.25% discrepancy rate in materials, which we accomplished with a score of 0.54%.

Emiratization

As a home-grown company, NMDC Group regards Emiratization as an essential part of being a responsible and conscientious corporate entity. It is important to us that the UAE's cultural values are strongly reflected in our workforce. We support efforts to upskill local workers, build capacities, and integrate more UAE nationals into the private sector, providing them with pathways to successful and thriving careers. In doing so, NMDC Group serves local communities helps foster economic progress and social cohesion.

Emiratization breakdown:

	Number of UAE Nationals											
	NMDC D&M				NMDC Energy				Total			
	Female	Male	Female %	Male %	Female	Male	Female %	Male %	Female	Male	Female %	Male %
2021	26	65	28.57%	71.43%	83	191	30.29%	69.71%	109	256	29.86%	70.14%
2022	49	109	31.01%	68.99%	60	140	30.00%	70.00%	109	249	30.45%	69.55%
2023	41	97	29.71%	70.29%	176	159	52.54%	47.46%	217	256	45.88%	54.12%

	Number of UAE Nationals – NMDC D&M							
	Labor	Entry-Level	Mid-Level	Senior-to-Executive Level	Labor %	Entry-Level %	Mid-Level %	Senior-to-Executive Level %
2021	0	66	20	5	0.00%	72.53%	21.98%	5.49%
2022	8	86	53	11	5.06%	54.43%	33.54%	6.96%
2023	10	58	58	12	7.25%	189.86%	42.03%	8.70%

	Number of UAE Nationals - NMDC Energy							
	Labor	Entry-Level	Mid-Level	Senior-to-Executive Level	Labor %	Entry-Level %	Mid-Level %	Senior-to-Executive Level %
2021	0	54	203	17	0.00%	19.71%	74.09%	6.20%
2022	0	54	134	12	0.00%	27.00%	67.00%	6.00%
2023	0	200	124	11	0.00%	59.70%	37.01%	3.28%

	Number of UAE Nationals – Total							
	Labor	Entry-Level	Mid-Level	Senior-to-Executive Level	Labor %	Entry-Level %	Mid-Level %	Senior-to-Executive Level %
2021	0	120	223	22	0.00%	32.88%	61.10%	6.03%
2022	8	140	187	23	2.23%	39.11%	52.23%	6.42%
2023	10	258	182	23	2.11%	0.00%	38.48%	4.86%

	Emiratization Rate*
2021	9.7%
2022	8.5%
2023	7.7%

**Note - that the Emiratisation rate calculation does not include labourers as part of the computation.*

Our Intellectual Capital

Our Alignment	
Material Topics	• Economic Performance & Innovation
GRI Standards	• GRI 201 - Economic Performance • GRI 203 - Indirect Economic Impact
Abu Dhabi رؤية 2030 Vision	• Economic development • Infrastructure development and environmental sustainability
SDGs	7 AFFORDABLE AND CLEAN ENERGY; 8 DECENT WORK AND ECONOMIC GROWTH; 9 INNOVATION AND INFRASTRUCTURE

Innovation

Innovation forms the very essence of our endeavours at NMDC Group, propelling us beyond conventional boundaries. It serves as the catalyst not only for amplifying the value we deliver to stakeholders but also for maintaining a pioneering edge in our industry. A fundamental tenet of our innovation pursuits is sustainability, an integral element woven into our initiatives. Our goal is not solely to enhance operational efficiency but to create a positive societal impact.

Our commitment to innovation stands as a significant competitive advantage, establishing trust with clients and positioning us as frontrunners in the industry. Within our organizational culture, we cultivate an environment that inspires and empowers our team members to devise innovative solutions, facilitating our continuous evolution and leadership in the sector.

At the core of our innovation strategy is a dedicated Innovation Plan and Framework, providing a platform for the exchange and discussion of novel ideas. Complementing this, we have a proactive plan in action for the creation and registration of new patents, contributing to the development of intellectual capital. Spearheading these endeavours is our Strategy & Sustainability Committee, reporting directly to the Board, championing and endorsing innovative initiatives across the entire organization. This narrative, while rooted in the essence of last year's report, has been reimagined to capture the dynamic spirit of our ongoing commitment to innovation and sustainability.

Our commitment to innovation is not merely a statement but a testament to the transformative initiatives we undertake. Under the ambitious 2023 Falcon transformation program, NMDC Group has made significant strides in integrating technology enhancements and fostering innovation across various facets of our operations. These initiatives reflect our dedication to staying at the forefront of industry advancements.

In the domain of D&M Engineering, one notable initiative was the envisioned development of a Flume for the D&M business unit. The establishment of a cutting-edge in-house Physical Model Laboratory aimed to optimize design, manage risks, and reduce material usage in projects. Although not fully implemented, this initiative underscores our commitment to pushing the boundaries of engineering excellence.

The Procurement Team played a pivotal role in technology-driven optimization through the Support Vessel Demand Planning initiative. This involved the development of a system providing real-time location data for all support vessels. By strategically deploying vessels and minimizing idle time, we not only enhance operational efficiency but also strengthen our negotiation position in contracting chartered vessels.

In Construction, our focus on automation has led to the partial implementation of data analytics to optimize dredging operations. Simultaneously, efforts to streamline yard processes, including structural fabrication and assembly, have resulted in increased efficiency through the adoption of advanced technology and processes.

A notable step towards embracing the future is the introduction of robotics in Construction. With the procurement of three robotic beam coping and processing lines and welding robots currently in progress, we anticipate significant advancements in our construction processes.

The implementation of a Digital Twin platform further exemplifies our commitment to technological innovation. This platform creates a virtual representation of physical objects, systems, processes, or services, mimicking their real-world counterparts. Additionally, the utilization of RealWear Headsets for remote inspections in Construction enhances safety and efficiency.

Moving forward into the 2024 Falcon Transformation program, our commitment to technological advancements remains steadfast. In Procurement, the Optimization of Surplus Materials initiative aims to enhance the general surplus materials process, cost, and levels. This involves enabling surplus materials declaration throughout project timelines and increasing surplus materials utilization.

Quantifying the impact of these innovations, the actual savings from innovation for NMDC Group in 2023 amounted to AED 26.31 million. This positive financial impact validates our efforts to push technological boundaries and foster a culture of innovation.

To gauge the success of our innovation efforts, we track the number of creative ideas and accomplishments across various business units within NMDC Group. In 2023, NMDC Dredging reported 63 creative ideas, resulting in three accomplished innovations. Similarly, NMDC Energy contributed significantly with 64 creative ideas, marking continuous progress in innovation-driven initiatives.

In summarizing our collective innovation journey, NMDC Group witnessed a surge in creative ideas, recording 127 in 2023, resulting in the accomplishment of three innovations. This not only reflects the vibrancy of our innovation ecosystem but also underscores the active engagement of our employees in driving initiatives related to health, safety, environment, and sustainability.

As we move forward, we remain committed to fostering a culture of innovation, pushing boundaries, and contributing to the sustainable development of our industry and beyond.

Case Study: Digital Twin

The main objective of the Digital Twin initiative was to address the challenges arising from the absence of an integrated design and engineering platform. The traditional methods involved extensive manual data input, repetitive actions, and inherent risks of lost data or errors. The goal was to streamline these processes, reduce resource allocation, and eliminate inefficiencies throughout projects.

Key drivers for deploying Digital Twin technology included enhanced design visualization, design simulation, improved cost estimation, better construction and planning scheduling, real-time quality control, resource management, and safety enhancements. Challenges involved overcoming the complexities of implementing a well-defined strategy and ensuring effective visualization, data capture, and analysis for data-driven decision-making.

Utsav Kishore, a Project Manager within NMDC Energy, identified the challenges during the design and engineering stages. Collaborating with colleagues, a robust business plan was crafted, addressing process issues, gaps, and resource requirements. The plan included thorough process mapping using Digital Twin Technology to identify cost, process, and business improvements. The successful deployment against one project ensured functionality, interface testing, user training, and effective project delivery.

The Digital Twin initiative resulted in significant cost savings and operational improvements during the EPC phase. The technology streamlined processes, reduced manual efforts, and allowed for real-time monitoring. This not only enhanced safety planning but also enabled data-driven decision-making, contributing to future cost controls.

"At NMDC Energy, we are committed to exceeding our targets of enhancing efficiency and reducing emissions, as we have proven with the successful implementation of Digital Twin technology."

Abdelaziz AlMatrooshi, Rigging Operations Manager

Case Study: Reduction in Temporary Mobile Cranes in Construction Yard with Improved Work System and Electric Gantry Cranes

The primary focus of this initiative was to address issues related to routine lifting operations during the construction of major steel offshore structures. The objective was to reduce excessive diesel consumption, traffic hazards, and resource allocation associated with multiple temporary mobile cranes, and to improve efficiency in workflows through the introduction of electric gantry cranes.

Key drivers included a reduction in diesel consumption, improved workflow efficiency, better deployment of resources, and cost reduction through the replacement of third-party mobile cranes with electric gantry cranes. Challenges involved assessing workflows, staging posts, and conducting a cost comparison between fixed electric gantry cranes and temporary mobile cranes.

The Yard Team identified inefficient crane usage patterns and areas where temporary cranes could be eliminated. An improved workflow process and design were created, leading to the strategic installation of overhead electric gantry cranes at staging locations.

The initiative resulted in a reduction in recurring hire costs, minimized vehicle movements, increased efficiency in yard flow, and better resource utilization. The introduction of electric gantry cranes led to a reduction in CO_2 emissions from excessive diesel equipment use.

"At NMDC Energy Yard, we are committed to exceeding our targets of enhancing efficiency and reducing emissions, as we have proven with the successful reduction in temporary mobile cranes through improved workflows."

Abdelaziz AlMatrooshi, Rigging Operations Manager

Our Natural Capital

Our Alignment	
Material Topics	• GHG Emissions and Energy Efficiency • Waste Management • Biodiversity
GRI Standards	• GRI 302 - Energy • GRI 303 - Water and Effluents • GRI 304 - Biodiversity • GRI 305 - Emissions • GRI 306 - Waste • GRI 307 - Environmental Compliance
Abu Dhabi رؤية 2030 Vision	• A sustainable knowledge-based economy • The optimization of the Emirate's resources • Premium education, healthcare, and infrastructure assets
SDGs	7 AFFORDABLE AND CLEAN ENERGY 9 INNOVATION AND INFRASTRUCTURE 13 CLIMATE ACTION 14 LIFE BELOW WATER

Climate Change Management

NMDC Group's approach to minimizing our environmental impact is underpinned by strict adherence to global best practices and standards which are embedded in our Environmental Management System (EMS). Aligned with our HSE policy and ISO 14001:2015 standards, we consistently measure, monitor, manage, and report on our environmental performance. As an energy and marine EPC company, we recognize the industry challenges and actively work towards reducing our environmental footprint, preserving biodiversity, and advancing technologies for decarbonization. Responsible environmental management is an integral part of our core strategy, emphasizing continuous improvement and stewardship.

Our environmental initiatives span across all projects in Abu Dhabi, including Musaffah Base, Jubail, Khalifa Port, Hudariyat, Mugharraq, Sila, Hail & Gasha, and NMDC construction. We supervise and monitor environmental factors, ensuring compliance with legal requirements, obtaining necessary Environmental Permits (NOC's), and certifying our EMS to meet ISO 14001:2015 standards. External Environmental Studies enhance project sustainability while internally we prepare and implement Construction Environmental Management Plans (CEMP) for various projects, reinforcing our commitment to environmental stewardship.

Our proactive stance extends to the implementation of an Environmental Inspection plan, covering ongoing NMDC Projects and Musaffah Base activities. Monitoring Programs for environmental indicators, conducted in SQD-FSW Khalifa Port, Jubail, Cove Hudariyat, Mugharraq, Sila, Hail & Gasha, NMDC construction, and NMDC base, showcase our commitment to measuring and managing our environmental impact. Inductions and training at project sites ensure employees are well versed in areas directly impacting their day-to-day work.

Finally, NMDC Group's contribution to environmental protection reflects our active engagement in environmental initiatives, beach clean-up campaigns, and wildlife conservation efforts. From planting mangrove seedlings to distributing reusable bags on World Environment Day, we consistently strive to make a positive impact. Our commitment is recognized on prestigious platforms, such as Forbes Middle East Sustainability Leaders' Summit 2023, where our GCEO, Mr. Yasser Nassr Zaghloul, received a recognition award.

			2023
Energy Consumption of NMDC D&M and NMDC Energy (GJ)	**Fuel Consumption**	**Petrol**	139,663.76
		Diesel	73,779,248.32
	Electricity Consumption		27,912.21
	Chilled Water		N/A
Direct Energy Consumption			73,918,912.09
Indirect Energy Consumption			27,912.21
Total Energy Consumption			73,946,824.29

Energy Intensity of NMDC D&M and NMDC Energy (GJ/Employee)	2023
Direct Energy Intensity	4,184.25
Indirect Energy Intensity	1.58
Total Energy Intensity	4,185.83

GHG EMISSIONS (MT CO2 E) of NMDC D&M and NMDC Energy

Scope	Item	Sub-Item	2023
Scope 1	Owned or leased vehicles, vessels, and marine equipment	Diesel	36,970,398.87
		Petrol	10,000.96
	Refrigerant Leakage		1,765.30
	Other		29.47
Scope 2	Electricity		3,194.92
	Chilled Water		N/A
Total Emissions (Scope 1 and Scope 2)			36,985,389.52

Scope	Category	Unit	2023
Scope 3 (Indirect Emissions)	Category 1 - Purchased goods and services*	MTCO2e	241.88
	Category 3 - Fuel- and energy-related activities**		744.51
	Category 5 - Waste generated in operations		107,374.01

**Water purchase-related emissions*
****Emissions associated with transmission and distribution loss of the purchased electricity*

TOTAL EMISSIONS (MT CO2 E)	2023
Scope 1	36,982,194.60
Scope 2 (Electricity)	3,194.92
Scope 3 (Category 1, Category 3, and Category 5)	108,360.40
Total Emissions	37,093,749.92

TOTAL EMISSIONS INTENSITY (MT CO2 E)	2023
Scope 1 Intensity	2,093.41
Scope 2 Intensity	0.18
Scope 3 Intensity	6.13
Total Emissions Intensity	2,099.73

NMDC Group is not displaying historical environmental data as we are currently in the process of establishing the GHG emissions baseline.

Case Study: Blasting Emissions

The primary objective of this initiative was to address the environmental impact of blasting emissions during construction activities. Blasting processes, traditionally involving the use of garnet abrasive materials, were assessed for their environmental impact. The aim was to identify a more sustainable alternative that aligns with economic performance, responsible operations, and community well-being.

The key drivers for this initiative were centred around environmental responsibility and sustainable practices. Challenges included the need to find a suitable alternative to garnet that not only maintains operational efficiency but also reduces the environmental footprint associated with blasting emissions. Economic considerations, community concerns, and responsible operations were critical drivers in exploring this sustainable solution.

Upon identifying the environmental challenges associated with garnet-based blasting emissions, a comprehensive business plan was designed to address issues in processes, identify gaps, and resource requirements. A detailed process mapping exercise using Digital Twin Technology was conducted to identify potential improvements in cost, process efficiency, and overall business performance.

The business case, highlighting the environmental benefits and economic feasibility of transitioning to a more sustainable blasting alternative, was presented to senior management for approval. With management support, the technology was successfully deployed on a pilot project. This involved ensuring the functionality of the new blasting method, interface compatibility, and providing user training to project teams. The project delivery phase was closely monitored to assess the effectiveness of the new approach.

The following steps and procedures were undertaken:

- Identifying Environmental Challenges: Evaluate the environmental impact of traditional garnet-based blasting emissions.
- Technology Assessment: Research and assess alternative blasting technologies with a focus on reducing environmental impact.
- Business Case Development: Create a robust business plan outlining the potential benefits in terms of environmental sustainability, cost efficiency, and operational improvements.
- Process Mapping with Digital Twin Technology: Utilize Digital Twin Technology to map existing processes and identify areas for improvement.
- Senior Management Approval: Present the business case to senior management for approval, emphasizing the economic and environmental advantages.
- Pilot Project Implementation: Deploy the new blasting technology on a pilot project to test functionality, interface compatibility, and user training.
- Monitoring and Evaluation: Continuously monitor the pilot project to evaluate the effectiveness of the new approach in terms of cost controls, environmental impact, and overall operational performance.

This initiative aimed to demonstrate that responsible operations and environmental sustainability can be achieved while maintaining economic performance and fostering community well-being.

Biodiversity

NMDC Group protects biodiversity by minimizing disruptions to species and their habitats during our operations while actively contributing to conservation and restoration efforts.

To effectively manage biodiversity and protect the environment throughout our projects, we adhere to a rigorous process. This involves conducting thorough Environmental Impact Assessments, which include extensive surveys of marine life and obtaining approvals from the Environmental Agency – Abu Dhabi. Additionally, we develop and implement Control Plans outlining measures to mitigate environmental impacts during construction. We conduct regular inspections, audits, and continually monitor our performance to ensure that we uphold our commitments to biodiversity preservation.

	2022	2023
Water Consumption (in M3)	1,555,576.38	788,813.83
Consumption Intensity (M3/Employee)	224.57	44.65

Waste Management

Responsible waste management is considered a critical aspect of our operations at NMDC Group. Understanding the environmental implications of our work as a marine dredging company, we take proactive measures to minimize our footprint by effectively identifying and managing the diverse types of waste we generate. Through meticulous classification, sorting, and separation procedures, we ensure the safety of our employees and uphold environmental standards in accordance with local regulations.

Beyond environmental stewardship, proper waste management aligns with our business objectives. By efficiently identifying and disposing of waste, we streamline costs, maintain regulatory compliance, and safeguard our reputation as a socially responsible entity. Moreover, responsible waste management is integral to safeguarding human health and the environment, ensuring the safe handling and disposal of hazardous materials.

At NMDC Group, responsible waste management serves as a cornerstone of our operational ethos, diminishing our environmental impact, bolstering our economic efficiency, and prioritizing the well-being of communities and ecosystems alike. We continuously strive to enhance our waste management practices and uphold our commitment to sustainability while complying with all applicable regulations.

	Total Weight of Waste Generated in MT	
	Non-Hazardous Weight	Hazardous Weight
2021	51,814.18	893.15
2022	44,189.26	485.16
2023	863,957.50	3,684.97

	Total Weight of Waste Recycled in MT	
	Non-Hazardous Weight	Hazardous Weight
2021	53,427.92	1,480.03
2022	19,396.72	802.22
2023	115,958.11	N/A

	Total Weight of Waste Recycled in MT								
	Paper/ Carboard	**Wood**	**Sand Waste**	**Cable**	**Concrete Waste**	**Metal Scrap**	**Broken Furniture**	**Agricultural Waste**	**Used Oil**
2021	47.23	834.98	N/A	20723.26	2558.08	3737.12	526.07	488.10	1237.65
2022	496.51	1301.31	N/A	58.08	750.62	2901.94	N/A	N/A	462.58
2023	7,368.11	108,590.00	N/A	N/A	N/A	N/A	N/A	N/A	N/A

Corporate Governance Report 2023

CORPORATE GOVERNANCE REPORT OF 2023

INTRODUCTION

We at National Marine Dredging Company (hereafter referred to as "NMDC Group" or the "Company" or the "Group") are proud of how far our growth strategy has taken us, which has resulted in ongoing national and international operating expansion in an ever-changing global environment.

We acknowledge that the environment in which we operate provides challenges from a governance and regulatory perspective; however, we are confident that our commitment to adopting and complying with good corporate governance practices, and our culture and values will continue, as ever, to provide the Company with a strong foundation that will enable the Board of Directors and the Company to meet their obligations towards the shareholders and stakeholders.

The purpose of this document is to report on the corporate governance framework at NMDC Group, in accordance with Resolution No. 3 of 2020 concerning Approval of Joint Stock Companies Governance Guide (hereafter referred as "Corporate Governance Guide") issued by the Securities and Commodities Authority (hereafter referred as "SCA") and as amended from time to time.

This report provides an overview of NMDC Group corporate governance systems and procedures for the period commencing from 1st January 2023 to 31st December 2023 and has been published on Abu Dhabi Exchange (ADX) website as well as the Company's website.

H.E. Mohamed Thani Murshed Al Rumaithi
Chairman of the Board of Directors

Mr. Ahmed Amer Omar Saleh Omar
Audit Committee Chairman

Mr. Mohamed Ibrahim Al Hammadi
Nomination & Remuneration Committee Chairman

Mr. Kashif Nawaz Shaikh
Internal Audit & Compliance Director

1 CORPORATE GOVERNANCE PRACTICES

1.1 Corporate Governance Rules

The Board of Directors of NMDC Group is committed to implementing strong corporate governance practices to a standard derived from amalgam of UAE guidelines and international best practices. Underpinning these legislative, regulatory and best practice requirements are NMDC Group values and philosophies, which provide the framework against which we measure behavior and practices to assess the characteristics of good governance. Our values require that directors and employees act with integrity and conduct themselves to promote and maintain trust.

Sound corporate governance is therefore implicit in our values, culture, processes, functions and organizational structure. Structures are designed to ensure that our values remain embedded in all businesses and processes. We continually refine these structures and a written statement of values serves as our code of ethics. NMDC Group undertakes a frequent review of its strategic and operational environment, including communication with its stakeholders, in order to determine an appropriate balance, scope and sophistication of the corporate governance framework which is proportionate to NMDC Group's nature, size and complexity.

The corporate governance culture of NMDC Group is driven by:

- A well informed and effective Board of Directors to direct the Company's affairs and set its objectives;
- Clearly defined roles and responsibilities of the Board of Directors, its members, its committees, and key Company officers and executives;
- Selection of productive strategies and management of risks;
- Appropriate delegation and monitoring of responsibility and accountability to Management;
- Satisfying the interests of stakeholders through relevant and material disclosures;
- Ensuring compliance with all regulatory obligations;
- Ensuring that the Company's performance and financial reporting are properly directed and controlled through an effective internal control system;
- Engaging with the community; and
- Adopting high ethical standards and practices by the Company, its officers, and employees.

To achieve these aims, and to ensure compliance with the specific requirements of the Corporate Governance Guide issued by SCA, the Company has developed and implemented its Corporate Governance Manual, which contains guidelines on the following subjects:

- Board and Director Matters;
- Board Committees and their Charters;
- Delegation of Authority;
- Relationship with Shareholders;
- Company's Disclosure Obligations;
- Internal Control System;
- Engagement of Auditors;
- Code of Business Conduct; and
- Share Dealing Policy.

The Board of Directors has reviewed Resolution No.3 of 2020 in relation to Corporate Governance and its related amendments and Federal Law No. 32 of 2021 concerning commercial Companies and will update the Corporate Governance Manual to align with these requirements.

The Board of Directors are responsible to the Company's shareholders for creating and delivering sustainable value through the management of the Company's businesses. Although day-to-day management of these businesses is delegated to the Management, the Board of Directors are responsible for providing strategic direction, management supervision and adequate controls with the ultimate objective of promoting the success and long-term value of the Company. The Board of Directors retains responsibility for the overall performance of the Company, and ensures that Management strikes an appropriate balance between promoting long-term growth and delivering short-term objectives.

1.2 Corporate Governance Structure

Corporate Governance is the system by which the business of the Company is directed and controlled. The implemented corporate governance structure specifies the distribution of rights and responsibilities among different stakeholders within the Company, such as, the Board Chairman, Group Chief Executive Officer, Chief Officers, Managers and shareholders; and establishes the rules and procedures for making decisions on corporate affairs. The primary goal of the Company's corporate governance policy is to create and sustain value within the Company.

The Company believes that it is important that these principles of governance are made transparent to all the stakeholders and to safeguard their rights and promote their participation in the Company's corporate governance process.

The Board of Directors plays a central role in the Company's corporate governance framework. It is ultimately responsible for ensuring that the Company complies with its legal and regulatory obligations, the Company's Memorandum and Articles of Association, and its duties to shareholders. The Board of Directors were assisted in this process by various Board Committees (particularly Audit Committee, Nomination and Remuneration Committee, and Strategy Committee), external and internal auditors, and company officers and employees (including the Group Chief Executive Officer, Group Chief Financial Officer, Internal Audit and Compliance Director and other members of Management).

In addition to the Articles of Association and regulating laws, the NMDC Group Board of Directors has approved a wide range of charters, codes, policies and carefully defined business structures and processes in order to record their decisions and delegations, and regulate the operations and overview activities of the Company and its subsidiaries. The Board of Directors has also issued general principles of behavior and personal conduct for which all directors and staff are accountable as individuals and as a collective entity.

1.3 Disclosure Practices

The Company is committed to comply with all of its disclosure obligations, including SCA, Abu Dhabi Stock Exchange (hereafter referred as "ADX") and to shareholders, so that trading in its shares can take place in an informed market. In 2023, the Company made regular disclosures to SCA and ADX including upcoming Board meetings and decisions, publication of Annual Report, Corporate Governance Report, Sustainability Report and other announcements on key financial and/or operational matters/transactions, copies of which are generally available or updated on the Company's website.

1.4 Delegation of Authority

The Board of Directors bears ultimate responsibility for the operations of the Company, and within the provisions of the Articles of Association, UAE Companies Law and approved Corporate Policies and Procedures, the Board of Directors has the authority to delegate its powers to the committees and senior management.

The Board of Directors approved the latest version of NMDC Group Delegation of Authority in 2023. The Delegation of Authority outlines authority limits delegated to the Board of Directors, Board Committees, Executive Management Committees, Management and Employees in order to run the Company's affairs and operations within the United Arab Emirates and overseas locations.

1.5 Code of Business Conduct

The Company recognizes the importance of establishing and maintaining a set of core values and approaches to the process of doing business. NMDC Group demands, and will maintain, the highest ethical standards in its business activities through a detailed Code of Business Conduct.

1.6 Board of Director's Induction Policy

The Company's policy on director induction requires all new Board of Directors to participate in the Company's induction program. This program includes presentations by Management to familiarize new Board of Directors with the Company's objective and strategic plans, business operations and activities, business units and departments, and principal officers and employees.

The program aims at providing the information required to ensure that a new Board of Director understands his/her duties and responsibilities under the applicable laws and regulations, the Company's corporate governance framework, and understands the Company's policies in its field of operations.

1.7 Share Dealing Policy

The purpose of the Company's share dealing policy is to ensure that the Company's Board of Directors and employees (and their Connected Persons) do not deal or trade in securities issued by the Company or its subsidiary or sister companies based on undisclosed confidential information or in circumstances of conflict.

The Company's share dealing policy is that no Board of Directors or employee of the Company (or any subsidiary or other company controlled by the Company) may deal in the Securities of the Company whilst they are in possession of any information which could affect the price of the Securities of the Company, where such information has not been disclosed to the ADX. Board of Directors who are not in such possession may only deal in the securities of the Company with the prior written consent of the Chairman (or, in his absence, of the Vice-Chairman), whilst employees who are not in such possession may only do so with the prior written consent of the Group Chief Executive Officer (or, in his absence, the Company Secretary).

This policy does not avoid the need to obtain the consent of the ADX Board of Directors before trading in the Company's Securities, and does not permit any Director or employee to deal in the Securities of the Company during any Blackout Period, as defined Company's Corporate Governance Manual. This policy is also in addition to, and does not avoid the legal requirement to comply with, any applicable laws or regulations. Board of Directors and employees remain personally liable for their non-compliance with any applicable laws and regulations.

1.8 Insiders Follow-up & Supervision Committee

The Insiders Follow-up & Supervision Committee has responsibility for register of insiders including monitoring, follow up, supervising and managing the dealings of all insiders, registering their dealings and ownership in the register and to communicate and report to ADX regularly on all such matters.

The Insiders Follow-up & Supervision Committee comprises of the following members:

NAME	POSITION	DESIGNATION
Mr. Kashif Nawaz Shaikh	Internal Audit and Compliance Director	Committee Head
Mr. Mohammed Al Falahi	Procurement & Stores Director	Committee Member
Mr. Khaled Al Shalati	Investor Relation Officer	Committee Member

Mr. Kashif Nawaz Shaikh acknowledges his responsibility for the follow-up & supervision system on transactions of the insiders in the Company, review of its work mechanism and ensuring its effectiveness.

The Committee in 2023 regularly reviewed and updated the Register of Insiders. Further, in line with ADX regulations and NMDC Group Corporate Governance Manual, notifications were communicated to Insiders for blackout periods. During the year 2023 there was no trading conducted by insiders.

1.9 Transactions in Company's Securities by the members of the Board of Directors

The Board of Directors, as well as Company Management understand their obligations with respect to disclosure requirements, in connection with their dealings in NMDC Group securities and are compliant with all requirements set by SCA and ADX.

The table below provides details of dealing in NMDC Group securities and balances as at 31 December 2023, by current Board of Director Members and their wives, sons and daughters.

NAME	POSITION/ RELATIONSHIP	SHARES HELD AS AT 31/12/2023	TOTAL SALE TRANSACTIONS	TOTAL PURCHASE TRANSACTIONS
Mr. Abdul Ghafar Abdul Khaleq Al Khouri	Member	5,999,999	-	-
	Son	3,199	-	-
	Son	3,199	-	-
	Son	3,199	-	-
	Son	3,199	-	-
	Daughter	3,199	-	-
Mr. Mohamed Ahmed Bandouq Al Qamzi	Wife	53,999	-	-

2 BOARD OF DIRECTORS

2.1 Role of the Board of Directors

The Board of Directors are responsible to the Company's shareholders for creating and delivering sustainable value through oversight of the Company's business. In particular, the Board of Directors are responsible for providing strategic direction, management supervision and adequate controls, with the objective of promoting success and long-term value of the Company, and is accountable for performance and affairs of NMDC Group.

The Board of Directors also plays a central role in the Company's corporate governance framework. The Board of Directors has adopted a Corporate Governance Manual, which provides a framework of how the Board of Directors operates as well as the type of decisions to be taken by the Board of Directors and which decisions should be delegated to Management. The Board of Directors are ultimately responsible for ensuring that the Company complies with its legal and regulatory obligations, the Company's Memorandum and Articles of Association, and its duties to shareholders.

2.2 Representation of Female Members in the Board of Directors

NMDC Group supports the inclusion and participation of women in business and believes that diversity contributes to the quality and effectiveness of governance. For the last election of the Board, the Company invited nominations from both male and female candidates; however, no nominations of female representatives were received. Hence, we do not have any female representation in our current Board.

2.3 Board of Directors Composition, Qualification and Experience

The current NMDC Group Board of Directors' composition, qualifications and experience are as follows:

H.E. MOHAMED THANI MURSHED AL RUMAITHI
CHAIRMAN, NON-EXECUTIVE BOARD MEMBER,
first nominated as Chairman of the Board in 2007

H.E. Mohamed Thani Mushed Al Rumathi is a businessman who has been serving as the Chairman of the Board of Directors of NMDC Group since 2007. He also serves as the Chairman of Alpha Dhabi Holding and Thani Murshed Uniliver, and Board Member of First Abu Dhabi Bank. Previously, H.E. Al Rumaithi served as a Chairman of Abu Dhabi Chambers of Commerce and Industry.

H.E. Al Rumathi holds a Bachelor Degree in Business Administration.

MR. HAMAD SALEM MOHAMMED AL AMERI
VICE CHAIRMAN, NON-EXECUTIVE, INDEPENDENT BOARD MEMBER
first nominated as Vice Chairman in 2021

Mr. Hamad Salem Mohamed Al Ameri serves as a Managing Director and Chief Executive Officer of Alpha Dhabi. He serves as Vice Chairman in Pure Health Holding and also serves as a Board Member in ALDAR, ADC Acquisition Corporation and Mawarid Holding Investment.

Mr. Al Ameri holds a Master Degree in Business Management and Bachelor Degree in Civil Engineering.

MR. MOHAMED AHMED BANDOUQ AL QAMZI
NON-EXECUTIVE BOARD MEMBER
first appointment as Board Member in 2013

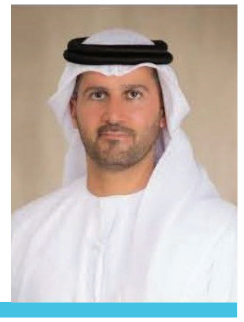
Mr. Mohamed Ahmed Bandouq Al Qamzi serves as an advisor of His Highness Managing Director Office at Abu Dhabi Investment Authority. He also serves as Chairman of Khalidiya Cooperative Society, Chief Executive Officer of Khalifa University Enterprise Company, and member of National Consultative Council.

Mr. Al Qamzi holds an Executive Master of Business Administration, Bachelor Degree of Science in Management, and completed Program for Leadership Development.

MR. ABDUL GHAFFAR ABDUL KHALEQ AL KHOURI
NON-EXECUTIVE BOARD MEMBER
first appointment as Board member in 2021

Mr. Abdul Ghafar Abdul Khaleq Al Khouri is a self-made businessman who serves as a Chief Executive Officer of Abdul Khaleq Abdulla Khouri and Sons, and Managing Director of Milipol International.

He previously acted as a Council Member of Abu Dhabi Municipality and Board Member of Al Khazna Insurance Company.



MR. MOHAMED IBRAHIM AL HAMMADI
NON-EXECUTIVE, INDEPENDENT BOARD MEMBER
first appointment as Board member in 2021

Mr. Mohamed Ibrahim Al Hammadi serves as Managing Director and Chief Executive Officer of Emirates Nuclear Energy Corporation. He also serves as a Board Member of Barakah One Company, Nawah Company and Abu Dhabi Ports.

Mr. Al Hammadi holds a Master Degree in Engineering Management, Bachelor Degree in Electrical Engineering and Honorary Doctorate.

MR. YASER SAEED AL MAZROUEI
NON-EXECUTIVE, INDEPENDENT BOARD MEMBER
first appointment as Board Member in 2021

Mr. Yaser Saeed Al Mazrouei serves as the Chief Executive Officer of the Exploration, Development and Production Department – ADNOC. He is also a Board Member of ADNOC Drilling.

Mr. Al Mazrouei holds a Master Degree of Petroleum Engineering.

MR. AHMED AMER OMAR SALEH OMAR
NON-EXECUTIVE, INDEPENDENT BOARD MEMBER
first appointment as Board Member in 2021

Mr. Ahmed Amer Omar Saleh Omar serves as a Board of Director and founder of Al Amry Group, Managing Director of Apex Holdings, Chairman of Ras Al Khaimah Cement Company and Chairman of Eltizam.

Mr. Omar holds a Bachelor Degree of Business Management.

2.4 Board of Directors Remuneration

The Company's General Assembly determines remuneration of the Board of Directors on an annual basis. According to the Company's Articles of Association and the Corporate Governance Guide, the Board of Director's remuneration cannot exceed 10% of net profits of the Company, after deducting depreciations and statutory reserve.

The Nomination and Remuneration Committee is also required to review, at least annually, the remuneration proposed to be paid to the Board of Directors, whether in their capacity as members of the Board of Directors or of the Board of Directors Committees, and make recommendations to the Board of Directors as considered appropriate.

In 2023, the Board of Directors were paid remuneration of AED 9.9 million in respect to financial year 2022. As at 31 December 2023, the Company is carrying provision of AED 135 million towards Board of Directors remuneration and employee bonuses.

Apart from the above remuneration, no other remuneration or allowances have been paid to the member of Board of Directors for attending the meetings of the Board or membership remuneration in the committees formed by the Board of Directors for year 2023.

2.5 Board of Directors Meeting

The Board of Directors held four (4) meetings during 2023 on the following dates:

NAME	MEETING NO. 1 01/02/2023	MEETING NO. 2 19/10/2023	MEETING NO. 3 17/11/2023	MEETING NO. 4 14/12/2023
H.E. Mohamed Thani Murshed Al Rumaithi (Chairman)	✓	✓	X	✓
Mr. Hamad Salem Mohammed Al Ameri (Vice Chairman)	✓	✓	✓	✓
Mr. Abdul Ghaffar Abdul Khaleq Al Khouri	✓	✓	✓	✓
Mr. Mohamed Ahmed Bandouq Al Qamzi	✓	✓	✓	✓
Mr. Mohamed Ibrahim Al Hammadi	✓	✓	✓	✓
Mr. Yaser Saeed Al Mazrouei	✓	✓	✓	✓
Mr. Ahmed Amer Omar Saleh Omar	Note 1	✓	✓	✓

✓ refers to attendance X refers to absence

Note 1: This Board of Director member did not attend the Board of Directors meeting but had signed a proxy to Chairman of the Board of Directors.

2.6 Board Secretary

The position of Board of Directors Secretary is held by an external consultant, Allen and Overy, an international law firm which was appointed in 2012. Allen & Overy has 38 years of experience in the region and over 5600 employees, 90 lawyers, 23 partners and over 40 offices in different countries.

Statement of their duties during the year were the following:
- Preparing and sending invitations for Board of Directors meetings;
- Distributing Board of Directors Meeting Agenda;
- Taking minutes of meeting during Board of Directors meeting; and
- Providing legal advisory to the Board of Directors when needed.

2.7 Duties and Competencies of the Board of Directors performed by Board Members or Executive Management

The Board of Directors has nominated, appointed and authorized, through a Power of Attorney, the Chairman and Vice Chairman of the Board of Directors jointly, or any one of them jointly with any other member of the Board of Directors, to perform certain of the duties of the Board of Directors. The duration of the Power of Attorney is from 30 November 2021 to 29 November 2024. Some (but not all) of the duties so delegated are listed below.
- Attend to all matters affecting the Company, and its subsidiaries and their business, and to represent, act for and sign on behalf of the Company before Governmental and Local Departments.
- Open, withdraw, administer and close in the name of the Company or any of its subsidiaries accounts with any bank, financial institutions, trust or fund inside and outside the United Arab Emirates.
- Represent the Company and any of its subsidiaries in the United Arab Emirates or elsewhere and execute and sign all relevant and required documents in relation to any amendment, waiver or change (of any nature) to the Company's status or its subsidiaries status, its capital, management, employees or any other constitutional and corporate issue, and to receive on behalf of the Company any certificate or document regarding such amendments or changes.
- To have full authority to negotiate, conclude, sign and deliver all contracts or agreements relating to acquisitions and ownership of other companies or associations whether inside or outside the United Arab Emirates.
- Enforce, protect and defend the interest of the Company or any of its subsidiaries in all law suits or other legal proceedings, whether brought by the Company or any of its subsidiaries or against it.

Further, the Board of Directors has also nominated, appointed and authorized the Group Chief Executive Officer – Eng. Yasser Nassr Zaghloul to conduct the daily management activities and represent NMDC Group, the duration of the delegation is from 9 March 2022 to 8 March 2025.

2.8 Related Party Transactions

The Company has entered into transactions with companies and entities that fall within the definition of a related party under the Corporate Governance Guide or the International Accounting Standards 24: Related Party Disclosures. The nature of such transactions relates to Company's normal course of business and details of such transactions are disclosed in note 29 of the Company's 2023 audited annual financial statements.

2.9 Board Resolution by Circulation

NO.	DATE	DESCRIPTION
1.	1 Mar 2023	Subscription to the Initial Public Offering of ADNOC Gas PLC
2.	4 Apr 2023	Acquisition of asset for Golden Falcon Marine Construction
3.	28 Apr 2023	Approval of Q1 Draft Financial Statements for the year 2023
4.	18 May 2023	Subscription to the Initial Public Offering of ADNOC Logistics and Services
5.	25 Jul 2023	Approval of Q2 Draft Financial Statements for the year 2023

3 BOARD OF DIRECTORS COMMITTEES

The Board of Directors committees have been established by a resolution of the Board of Directors, and comprise of non-executive/ independent members of the Board of Directors:

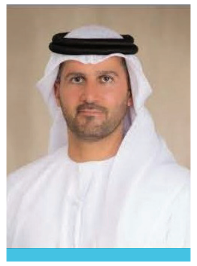
The Company has adopted formal Charters for each of these Board of Directors committees, which details the composition, duties, and responsibilities of each committee, amongst other things. These Charters are also compliant with requirements of the Corporate Governance Guide.

The following conditions govern relationship between the Board of Directors and its committees as per the Company's Corporate Governance Manual:

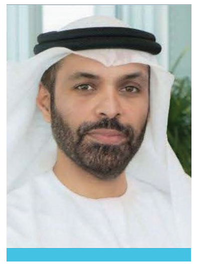
- **Reporting to the Board:** Each committee will report regularly to the Board of Directors about their activities and the exercise of their powers. This includes updating the Board of Directors at each Board meeting of all decisions and resolutions passed by the committees since the last Board of Directors meeting;
- **Annual Evaluation:** Each committee will evaluate its workings under its relevant Charters on an annual basis, with a view of improving workings of the relevant committee or its relationship with the Board of Directors; and
- **Board Follow-up:** The Board of Directors will follow up the operations of the committees to ensure that they are adhering to their Charters.

3.1 Audit Committee

MR. AHMED AMER OMAR SALEH OMAR
AUDIT COMMITTEE CHAIRMAN



MR. MOHAMED IBRAHIM AL HAMMADI
AUDIT COMMITTEE MEMBER



MR. MOHAMED AHMED BANDOUQ AL QAMZI
AUDIT COMMITTEE MEMBER

MR. ABDUL GHAFFAR ABDUL KHALEQ AL KHOURI
AUDIT COMMITTEE MEMBER

Mr. Ahmed Amer Omar Saleh Omar, Audit Committee Chairman, acknowledges responsibility for discharging the Committee's mandate in the Company including, review of its work mechanism and ensuring its effectiveness in line with approved charter of the Audit Committee.

The role of the Audit Committee is to review the Company's financial and accounting policies and procedures, monitor integrity of the Company's reports and financial information, implement policy for selection of Company auditor and provide recommendation to the Board of Directors, review and assess internal control and risk management systems, set up rules to enable confidentially reporting of violations, and ensure implementation of Code of Business Conduct.

The duties and responsibilities of the Audit Committee are in line with the Corporate Governance Guide and are specified in the approved Audit Committee Charter. In particular, the Audit Committee has following key duties and responsibilities:

- Overseeing integrity of and reviewing the Company's financial statements including quarterly and annual reports;
- Developing and applying the policy for selection of external auditors, and following up and overseeing qualifications, independence and performance of the external auditor;
- Overseeing qualifications, independence and performance of the Company's internal audit staff, and approving the annual audit plan prepared by internal auditors;
- Reviewing the external and internal auditors' management letters, reports and recommendations, and management responses, and overseeing implementation of action plans recommended;
- Reviewing the Company's financial control, internal control and risk management systems;
- Overseeing scope of the Company's compliance with its Code of Business Conduct and its various legal and regulatory obligations; and
- Review or investigate any allegations of fraud or theft, which are brought to the Audit Committee's attention, which are made by or against employees or directors, and make appropriate recommendations to the Board of Directors.

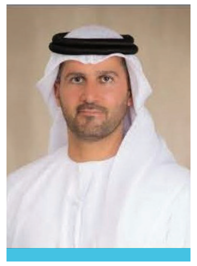
The Audit Committee held seven (7) meetings during the year 2023 to discharge the duties as entrusted to them by the Board of Directors and the Corporate Governance Guide. Following are the details of meetings held during 2023:

NAME	MEETING NO. 1 31/01/2023	MEETING NO. 2 26/4/2023	MEETING NO. 3 22/6/2023	MEETING NO. 4 24/7/2023	MEETING NO. 5 14/8/2023	MEETING NO. 6 19/10/2023	MEETING NO. 7 13/12/2023
Mr. Ahmed Amer Omar Saleh Omar (Chairman)	✓	✓	✓	✓	✓	✓	✓
Mr. Mohamed Ahmed Bandouq Al Qamzi	✓	✓	✓	✓	✓	✓	✓
Mr. Abdul Ghaffar Abdul Khaleq Al Khouri	✓	✓	✓	✓	✓	✓	✓
Mr. Mohamed Ibrahim Al Hammadi	✓	✓	✓	✓	✓	✓	X

✓ refers to attendance   X refers to absence

The Audit Committee submits its Annual Report to the Board, on the activities that were carried out by them during the year to discharge the responsibilities entrusted to the Audit Committee.

3.2 Nomination & Remuneration Committee



MR. MOHAMED IBRAHIM AL HAMMADI
NOMINATION & REMUNERATION COMMITTEE CHAIRMAN

MR. AHMED AMER OMAR SALEH OMAR
NOMINATION & REMUNERATION COMMITTEE MEMBER

MR. YASER SAEED AHMED AL MAZROUEI
NOMINATION & REMUNERATION COMMITTEE MEMBER

Mr. Mohamed Ibrahim Al Hammadi, Nomination & Remuneration Committee Chairman, acknowledges responsibility for discharging the Committee's mandate Company including review of its work mechanism and ensuring its effectiveness in line with the approved charter of the Committee.

The role of the Committee is to set up policy and its regulation regarding nomination for the Board of Directors and executive management membership, the basis on which bonuses, privileges, incentives, and salaries shall be granted to the Board members and employees, and other related human resources policy.

The duties and responsibilities of the Nomination & Remuneration Committee are in line with the Corporate Governance Guide and are specified in the approved Nomination & Remuneration Committee Charter. In particular, the Nomination and Remuneration Committee has the following key duties and responsibilities:

- Organizing and following up the Board of Directors nomination procedures in line with requirements of applicable laws and regulations and the SCA Corporate Governance Guide, in addition to determining the Company's needs for qualified staff at the level of Senior Management and the basis for their selection;
- Verifying the continued independence of independent Board of Director members;
- Reviewing and approving, in consultation with the Chairman of the Board of Directors and/or the Group Chief Executive Officer, the terms and conditions of the service contracts of Executive Directors and Senior Management employees;
- Reviewing at least annually, remuneration (comprising of basic salary, other allowances, and any performance-related element of salary or bonus) of the Company's employees, including the Senior Management team, and remuneration proposed to be paid to the Board Directors; and
- Preparing a succession plan for the Board of Directors and its committees, the Chief Executives, and key members of Management.

The Nomination and Remuneration Committee meets as often as required. In year 2023, the Nomination and Remuneration Committee held two (2) meetings, as detailed below:

NAME	MEETING NO. 1 12/01/2023	MEETING NO. 2 28/04/2023
Mr. Mohamed Ibrahim Al Hammadi (Chairman)	✓	✓
Mr. Ahmed Amer Omar Saleh Omar	✓	✓
Mr. Yaser Saeed Ahmed Al Mazrouei	✓	✓

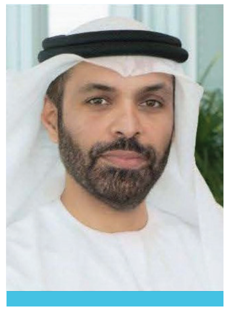
✓ refers to attendance X refers to absence

3.3 Strategy Committee

MR. HAMAD SALEM MOHAMED AL AMERI
STRATEGY COMMITTEE CHAIRMAN

MR. AHMED AMER OMAR SALEH OMAR
STRATEGY COMMITTEE MEMBER

MR. YASER SAEED AHMED AL MAZROUEI
STRATEGY COMMITTEE MEMBER



MR. MOHAMED AHMED BANDOUQ AL QAMZI
STRATEGY COMMITTEE MEMBER

Mr. Hamad Salem Mohamed Al Ameri, Strategy Committee Chairman, acknowledges his responsibility for discharging the Committee mandate in the Company including review of its work mechanism and ensuring its effectiveness in line with Committee's charter.

The Strategy Committee has met during the year as often as the business requires. The duties and responsibilities of the Strategy Committee are specified in its approved Charter. In particular, the Strategy Committee has the following key duties and responsibilities:

- Review and evaluate the recommendations submitted by the executive management with regard to business strategy, budgets and annual plan.
- Work with the executive management to make recommendations to the Board of Directors on the business strategy and long term strategic objectives of the Company, including all subsidiaries and associates.
- Review and evaluate large scale capital investments and operational expenditure.
- Review and evaluate the Company's operational plans in support of the Company's strategic plan and refer them to the Board of Directors for final approval, including:
  - Expansion Strategy, including opening of new subsidiaries, branches and joint ventures;
  - Acquisition Strategy; and
  - Opportunities for potential acquisitions.
- Review and evaluate major unbudgeted expenditure, including those relating to contractual arrangements with consultants and advisors.
- Review and assess responses to external developments and factors, such as changes in the economy, industry trends, competition and technology, which may impact the Company's strategic plan.

4 EXECUTIVE MANAGEMENT

4.1 Key Executive Management

ENG. YASSER NASSR ZAGHLOUL
NMDC GROUP CHIEF EXECUTIVE OFFICER

Eng. Yasser Nassr Zaghloul is the Group Chief Executive Officer of NMDC Group, Chairman of The Challenge - the Egyptian Emirates Marine Dredging Company, and a member of the Abu Dhabi Chamber of Commerce and Industry Board of Directors, appointed by His Highness UAE President Sheikh Mohammed bin Zayed Al Nahyan.

In 2009, Eng. Yasser took over as Chief Executive Officer of NMDC, with the goal of expanding the company and entering new markets. Under his leadership, NMDC merged to form NMDC Group, which includes subsidiaries such as NMDC Energy (formerly known as NPCC), NMDC Construction (formerly known as Emarat Europe), and NMDC Engineering.

Several other leadership and advisory positions are held by Eng. Yasser including members of the World Organization of Marine Construction and Dredging, situated in Brussels, the General Board of Control of Water UAE, and the World Conference of CEDA in Brussels and Abu Dhabi, which encompasses over 60 countries globally, are among his affiliations.

Eng. Yasser graduated from the University of Helwan with a Bachelor's Degree in Engineering and a Master's Degree in Strategic Management from Cambridge College Global. Forbes Middle East named him one of the Top 100 CEOs in the Middle East for the years 2022 and 2023.

ENG. AHMED SALEM AL DHAHERI
NMDC ENERGY CHIEF EXECUTIVE OFFICER

Eng. Ahmed Al Dhaheri serves as Chief Executive Officer of NMDC Energy (formerly known as NPCC) in the year 2018. He brings over 22 years of experience in industrial field. Prior to joining NPCC, he worked for Emirates Steels as Chief Commercial Officer.

He also holds the positions of Chairman of NTS Group Middle East, Vice Chairman of GAL and AMMROC UAE, Chairman of NPCC Engineering Limited (NEL) and ANEWA, and Board Member of Gordon Technologies and PRINCIPIA France.

Engr. Ahmed Al Dhaheri holds an Executive MBA with honors from UAE University, a Master's Certificate in Project Management from George Washington University, and a Bachelor's Degree in Industrial Engineering from the University of Miami.

ENG. NIELS DE BRUIJN
NMDC DREDGING & MARINE CHIEF EXECUTIVE OFFICER

Eng. Niels de Bruijn serves as Chief Executive Officer of NMDC Dredging & Marine in November 2023. He has over 35 years of experience in Dredging & Marine Industry, and distinguished himself through various leadership roles, including Chief Commercial Officer and Dredging Director. Prior to joining NMDC D&M, he was Executive Board member of Van Oord Dredging and Marine Contractors. He was also a Supervisory Board member of several international organizations such as European International Contractors (EIC), and International Association of Dredging Companies (IADC).

Mr. de Bruijn holds a Master of Science in Civil Engineering from the Technical University of Delft in The Netherlands and attended several Executive Leadership programs at the IMD Business School in Switzerland.

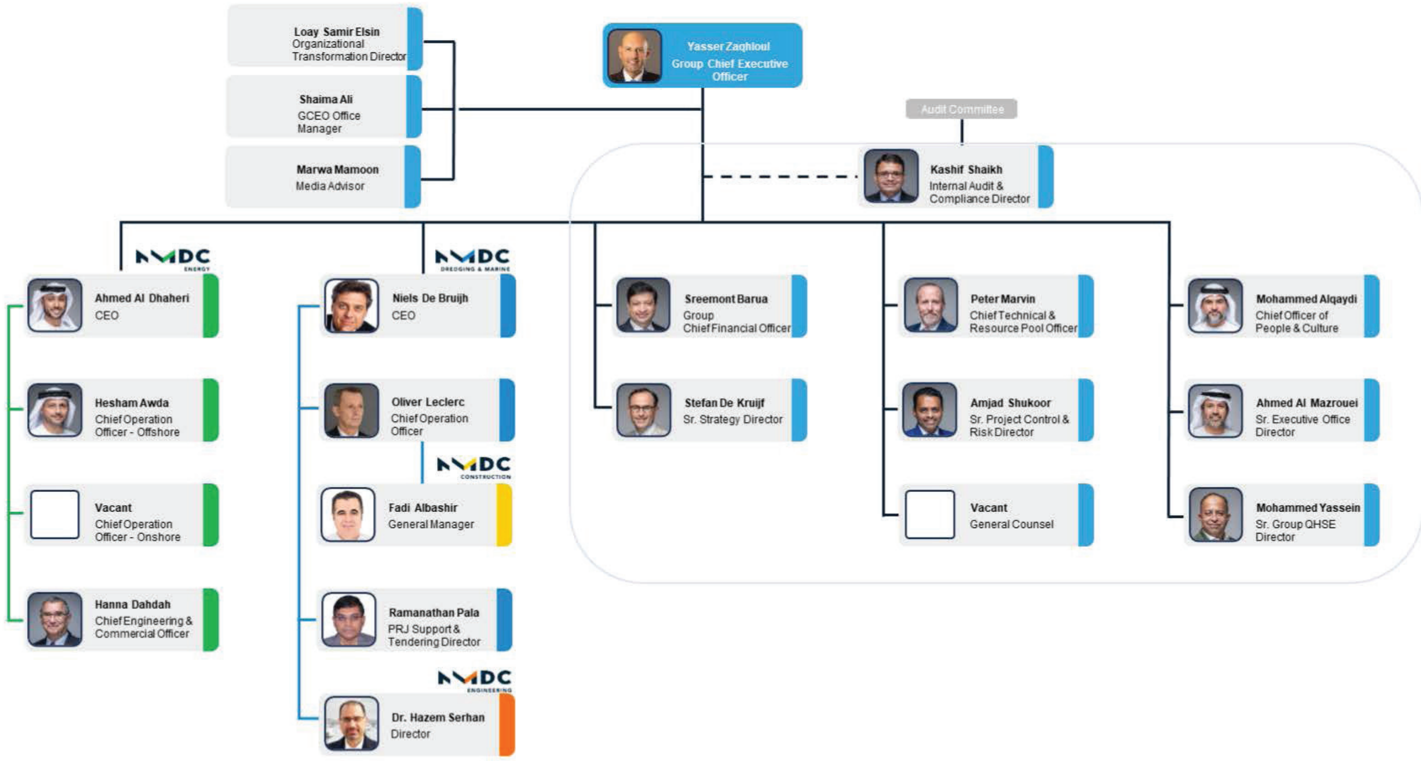
4.2 Management Committees

NMDC has established a number of management committees to review and oversee the development and execution of related strategies, plans and processes. The function of key management committees is listed below:

- **Strategy & Sustainability Committee:** This committee reviews, approves, and synchronizes the short- and long-term strategies, including sustainability matters, business plans, and special projects, including investments, merger & acquisitions, and divestiture opportunities.
- **Business Continuity & Risk Management Committee:** This committee drives and enforces the implementation of the Business Continuity Management Program across the Group and oversees its related policies, procedures, and strategic initiatives. The committee is also responsible for overseeing the Enterprise Risk Management policies and processes to ensure effectiveness and compliance.
- **People & Culture Committee:** This committee is responsible for employee recognition, including promotions/ career development/ yearly bonuses, and Emiratization target.
- **Technology Transformation Committee:** As part of NMDC Group's strategic initiative to further embed digitalization and technology in its operational processes and growth plan, this committee oversees the implementation of all strategic IT plans.
- **CSR Committee:** The CSR committee oversees the implementation of NMDC Group's CSR framework, while also shaping the company's CSR activities and approving budgets accordingly.
- **Ethics and Compliance Committee:** This committee is responsible for overseeing all matters pertaining to the prevention and detection of fraud as well as ensuring the necessary response measures are in place.

4.3 NMDC Group Organization Chart

The Group Chief Executive Officer, supported by the Management team, is responsible for the day-to-day management of the Company's businesses. The following illustrates Organization Structure of the Company.



4.4 Executive Management Remuneration

The table below details the current Executive Management team at NMDC Group, along with their date of appointment, salaries, allowances and bonuses paid to them for the financial year 2023:

CURRENT POSITION	INITIAL DATE OF APPOINTMENT	TOTAL SALARIES AND ALLOWANCES PAID IN 2023 (AED)	TOTAL BONUSES FOR 2022 (AED)*	ANY OTHER CASH/IN-KIND BENEFITS FOR 2022
Group Chief Executive Officer	05-Feb-1998	6,062,898	5,000,000	–
Chief Executive Office – NMDC Dredging & Marine	28-Nov-2023	238,700	-	–
Chief Executive Officer – NMDC Energy	04-Sep-2016	4,056,185	1,769,325	–
Group Chief Financial Officer	18-Jun-2018	1,545,898	300,000	–
Chief Technical and Resource Pool Officer	16-Dec-2018	1,694,929	200,000	–
Chief Human Resources Officer	15-Feb-2009	1,639,484	300,000	–
Senior Executive Office Director	21-Nov-2021	1,041,606	100,000	–
Senior Group QHSE Director	15-Jun-2010	931,417	75,000	–
Senior Strategy Director	06-Dec-2022	1,466,939	50,000	–
Senior Project Control & Risk Director	17-Jan-2022	1,046,123	120,000	–

* Bonuses for 2023 that are payable in 2024 are yet to be determined or awarded, however as at 31 December 2023, the Company is carrying provision of AED 135 million towards Board of Director remuneration and employee bonuses.

4.5 Emiratization in 2023

Emiratization is a key performance indicator of NMDC Group vision and mission for the past years and for year 2023. The table below represents the Emiratization percentage over the past three years.

YEAR	EMIRATIZATION PERCENTAGE
2023	9.6%
2022	7%
2021	10%

5 EXTERNAL AUDITORS

5.1 Appointment of External Auditors
Deloitte & Touche – M.E. has been NMDC Group external auditor for 2023.

Deloitte & Touche is one of the world's largest professional services firms. They have served as trusted advisors for clients in the Middle East for the past 95 years. Deloitte offers practices globally related to Audit, Consulting, Tax & Legal, Enterprise Risk Services and Financial Advisory.

The Audit Committee, after consideration and evaluation recommended appointment of Deloitte & Touche as the External Auditors for 2023. They were initially appointed as the Company's Auditor for the financial year 2022 and were reappointed in 2023 by a shareholders' resolution at the Company's Annual General Meeting held on 28 April 2023.

EXTERNAL AUDITOR DETAILS FOR 2023	
Name of Auditing Firm	Deloitte & Touche – M.E.
Name of Audit Partner	Mr. Mohammad Khamees Al Tah
Number of years served as an external auditor for the Company	2 Year
Total fees for Audit and related services for Group	AED 1,608,663

OTHER SERVICES PROVIDED BY THE EXTERNAL AUDITOR FOR 2023	
Professional fees for submission of ICV certificate and related services	AED 200,813
Professional fees for NMDC unclaimed dividends	AED 84,840

5.2 External Auditors Independence
The Company adopts a policy on external auditors' independence by which the external auditor may not, while assuming the auditing of the Company's financial statements, perform any technical, administrative or consultation services or works in connection with its assumed duties that may affect its decisions and independence or any services or works that, in the discretion of SCA, may not be rendered by the external auditor.

The Company's policy includes measures to ensure the external auditors' independence, including the following:
- The Board of Directors nominates the external auditor, generally upon the recommendation of the Audit Committee;
- The appointment of the external auditor is made by a resolution of the Company's Annual General Meeting, for a period of one year renewable;
- The external auditor should be independent from the Company and its Board of Directors and may not be a partner, agent or a relative, even of the fourth degree, of any founder or director of the Company; and
- Review and approval by the Audit Committee for any proposed additional services from the external auditors.

Management obtains comfort on independence of the appointed external audit firm through direct inquiry to the firm on independence of the external audit engagement team. Such independence is also reiterated by the appointed auditors during their quarterly presentation to the Audit Committee/ Board.

5.3 Services received from other External Audit Firms
Services received from other external audit firms in 2023 include:

SERVICE PROVIDER	NATURE OF SERVICE	VALUE OF SERVICE (AED)
Price Water House Coopers	Due diligence and related services	5,250,986
	Professional fee towards tax services	139,245
KPMG Lower Gulf Limited	Financial & tax due diligence	173,526
	Consultancy services for a project	421,112
Ernst & Young Tax Consultants	Professional fees for tax services	5,437

5.4 External Auditor's opinion on the Financial Statements
The Company's external auditor did not had any qualification in the opinions issued by the on the interim and annual financial statements of 2023.

6 INTERNAL CONTROL SYSTEM

6.1 System of Internal Control at NMDC Group

The Board of Directors acknowledges its responsibility for the Company internal control system, review of its work mechanism and ensuring effectiveness.

The Company's internal control system is established to ensure that the Board of Directors and Management are able to achieve their business objectives in a prudent manner, safeguarding interests of the Company's shareholders and other stakeholders, whilst at the same time minimizing key risks such as fraud, unauthorized business activity, misleading financial statements, un-informed risk-taking, or breach of legal or contractual obligations, and also ensuring highest quality achieved in a safe and sustainable environment.

As per the approved Corporate Governance Manual, the Board of Directors are responsible for ensuring that the Company applies a precise internal control system that covers the following key functions being managed by respective heads as detailed hereunder:

DEPARTMENT	HEAD OF DEPARTMENT & DESIGNATION	DATE OF APPOINTMENT IN THIS DESIGNATION	QUALIFICATION	EXPERIENCE
Internal Audit & Compliance	Mr. Kashif Nawaz Shaikh (Internal Audit and Compliance Director)	12-Oct-2021	- Chartered Certified Accountant - Certified Internal Auditor - Cost and Management Accountant	Over 19 years of professional experience in the fields of Internal Audit, Statutory Audit, Risk Management, Corporate Governance and Business Process reviews.
Project Control & Risk Management	Mr. Amjad Abdul Shukoor (Sr. Project Control & Risk Director)	02-Jun-2023	- Certified Portfolio Management Professional - Certified Risk Management Professional - Certified Project Management Professional - BE. Civil Engineering - Certified Practicing Engineer Dept. of Municipalities & Transport - UAE for Managing an Engineering Facility	Over 25 Years of professional experience in the fields of Corporate Project Controls, Planning, Cost Control, Enterprise & Portfolio Risk management functions.
Quality, Health Safety and Environment	Mr. Mohamed Yassein Mohamed (Snr. Group QHSE Director)	30-Nov-2022	- BS. Civil Engineering - Construction Management Diploma - MBA - ISO 9001:2015 Certified Lead Auditor - Nebosh International Certificate	Over 30 years of experience in Quality, HSE and Constructions.

Management is responsible for ensuring that adequate internal controls (both financial and operational) are in place and applied to safeguard and manage the assets of the Company, in an effective and efficient manner.

6.2 Independent Assessment of Internal Control System

Internal control is designed to mitigate, not eliminate, significant risks faced. It is recognized that such a system provides reasonable, but not absolute, assurance against material error, omission, misstatement or loss. This is achieved within the Company through a combination of risk identification, evaluation and monitoring processes, appropriate decision and oversight forums, assurance and control functions such as External Audit, Internal Audit, Ethics & Compliance, Risk Management, and QHSE (Quality, Health, Safety and Environment).

6.3 Internal & External Audit Assurance

Following are the salient highlights of the Internal and External Assurance activities in 2023:

External Audit: Deloitte & Touche performed annual external audit and interim reviews of financial statements and assessed internal controls over financial reporting during the same.

External Audit Reporting: Discusses management letter with the Audit Committee, highlighting control deficiencies and ensuring timely corrective action.

Internal Audit: Conducted process reviews of core and support functions based on a risk-based plan, issuing 24 reports to the Board.

Internal Audit Reporting: Reports to the Audit Committee on control recommendations, material incidents, and significant control breaches.

Management Responsibility: Responsible for implementing and monitoring internal financial controls, ensuring qualified personnel, proper segregation of duties, and independent review.

Corrective Actions: All identified control weaknesses were discussed with Management and the Audit Committee, with proposed corrective actions on a periodic basis.

6.4 Ethics and Compliance

Ethics and Compliance Function is part of Internal Audit and Compliance Department. The role of the Ethics & Compliance function is to ensure compliance by the Group with the applicable legal and regulatory requirements.

The Group has developed and implemented a Compliance Program including policies on Code of Business Conduct, Anti-Bribery & Corruption, Whistleblowing, Conflict of Interest, Fraud Control, investigation and others. These policies have been formulated to provide employees an opportunity to report in good faith in case they observe any unethical or improper practices in the Group.

6.5 Risk Management

While global risks are intensifying with geopolitical tensions combined with technology driving the new security risks, NMDC Group Risk Management Practice aims to enforce business sustainability and continuity by providing the means and mechanisms to proactively manage and control threats and opportunities.

Enterprise Risk Management practice is a crucial pillar for achieving NMDC Group desired business objectives, maintaining sustainability and protecting all stakeholders interests efficiently and effectively, and therefore Risk Management practice is applied at the strategic level, corporate level and project levels across the Group.

The NMDC Group ERM framework and associated ERM policy was updated in 2023 along with the formation of a Group Project Control & Risk Management Department at the Corporate level. The framework and policy were approved subsequently by the executive management.

The NMDC Group ERM framework is split into 2 major sections Enterprise Risk Management at the Corporate/ Business Unit portfolio and Project Risk Management. The Group's dedicated department ensures that a consistent and systematic approach is used for risk management starting from risks identification, analysis, evaluation, mitigation/treatment, monitoring and reporting across the Group.

The Project Control & Risk Management Department establishes groups risk profile & Key Risk Indicators (KRI) along with Key management plans in place and required to maintain risks within acceptable levels of the NMDC Group and these outcomes are presented to the Group Executive committee for review ahead of being presented to Audit Committee and the Board of Directors.

6.6 Quality, Health, Safety and Environment

The year 2023 proved to be noteworthy for the QHSE department, marked by significant achievements and the establishment of synergy through the integration and fusion of the department across the business units (BU). This effort facilitated the harmonization of QHSE practices, processes, and culture throughout the entire group, laying a robust foundation for elevating our QHSE practices and culture to an exemplary level.

Strategic targets and initiatives were established and successfully met, aligning with our commitment to enhance our capacity to meet the expectations of both internal and external stakeholders. These efforts aim to support business improvement initiatives and contribute to the positive impact on NMDC Group's overall financial performance.

Key achievements:

- All business units within NMDC Group have successfully passed the surveillance audit for ISO 14001, ISO 45001, and ISO 9001, along with OSHAD-SF, recording ZERO Non-Conformances (NCRs).
- NMDC Group recorded an impressive 0.05 for Lost Time Injury Frequency Rate (LTIFR) and 0.39 for Total Recordable Injury Frequency Rate (TRIR), surpassing our established benchmark.
- NMDC Group has completed the surveillance audit for accreditation certification by ANAB (ANSI National Accreditation Board) for 10 HSE-related Training Programs, with an additional 5 courses currently in progress. NMDC Group is also accredited by OPITO, confirming our ability to provide recognized H2S OPITO training for employees involved in offshore tasks. Furthermore, inclusion of IOSH accreditation for Managing Safely is part of our training plan for new key personnel joining NMDC Group.
- NMDC Energy maintained weld repair rate lower than last year and significantly below the industry standard of 5%.
- NMDC Group achieved a remarkable milestone of over 29 million working man-hours without Lost Time Injury (LTI) in both Dredging & Marine as well as Oil & Gas projects.
- Maintained an outstanding Project Quality Index above 93% (ARAMCO stretched target).

To elevate QHSE culture in the Group, the below were also performed:

- The QHSE Department successfully conducted over 715K QHSE training hours and executed 7 major HSE campaigns led by the corporate team.
- Conducted +100 Internal QHSE Audits across all departments, projects, and marine units as part of our Quality Assurance Program to ensure high-quality services.
- Management made 373 high-profile QHSE tours and site visits during 2023.
- The QHSE team conducted 13,823 Behavioural Safety Audits across all projects within NMDC Group to reinforce our safety culture and emphasize Safety as our top priority.

7 COMPANY'S CONTRIBUTION

7.1 Corporate Social Responsibility Initiatives

NMDC Group recognizes that its activities could, without careful management, have a potential impact on the marine environment. This fact directed NMDC Group to develop a Corporate Social Responsibility (hereafter referred as "CSR") strategy to address environment and social challenges and meet its stakeholders' expectations. The CSR strategy aligns with NMDC Group Values (Knowledge, Accountability, Morality, Alliance and Leadership) and emphasizes its strategic objective of performing activities directed for the good of the community. NMDC Group CSR strategy is adapted regularly to suit the changes to its business environment and its stakeholder expectations. In addition, the QHSE policy also pursues commitment to protect people and property, prevent pollution, protect the environment, conserve power and focus on reducing adverse environmental impacts of our activities and operations. Emphasis is also given to comply with specific customer requirements, applicable laws, regulations, standards and relevant best practices.

NMDC identifies and selects CSR initiatives that link to its CSR policies and strategies, and add value to four quadrants as follows:

- Donations: NMDC Group encourages initiatives that enhance its participation in community life.
- Internal NMDC Group Customers: NMDC Group encourages initiatives that provide good and safe working conditions, enhance work-life balance, and increase employees' involvement.
- Business partners and authorities: NMDC Group contributes with business partners and authorities in delivering Abu Dhabi Urban Planning and Economic Vision 2030, encourages the long-term partnership strategy with vendors and sharing its lessons learned and knowledge with CEDA and IMCA members.
- HSE and Marine: NMDC Group encourages initiatives that results in minimizing adverse environmental impacts and achieving high environmental performance.

7.2 Contribution to Local Community Development

NMDC Group conducts society surveys to evaluate CSR performance and determine the actions required to improve its management of CSR policies, strategies and initiatives.
During 2023, the main activities / sponsors that were undertaken were as follows:

- Cancer Awareness campaign;
- Community outreach program including health assistance for employees' family members (people of determination);
- Health Campaigns – blood donation, health checkup, breast cancer awareness and COVID information and vaccination campaigns;
- Ramadan Campaign;
- Umrah and Hajj for laborers/worker;
- Eid donation campaign;
- Sponsorship of Al Jazira Football Club;
- Sport activities for employees; and
- Dunes International School - Marine Sustainability Fair - NMDC Dredging & Marine have been part of the Dunes International School's Marine Sustainability Fair, reaffirming our commitment to environmental responsibility.

7.3 Contribution to Environment Protection

Environmental Initiatives:

- NMDC Energy planted a total of 20,001 mangrove seedlings on West Mubarraz for ADOCs 18" Pipeline Remedial Project. A Mangrove Planting Management Plan (MPMP) was developed and approved by Environment Agency – Abu Dhabi (EAD), outlining activities such as site selection, site preparation, seedling selection, and planting. Planting activities began on December 21, 2022, and concluded on January 2, 2023. The planted mangroves are currently maintained on site by the planting subcontractor for three months, with bi-annual inspections by the Environmental Consultant to assess mangrove health.
- NMDC Group initiated 34 beach clean-up campaigns across various project sites, collecting approximately 14 tonnes of waste, demonstrating a continuous commitment to a sustainable and clean environment.
- In February and March 2023, the Shamal Project Team coordinated with the National Aquarium Abu Dhabi for the safe rescue and rehabilitation of hawksbill turtles.

Environmental Services:

- In collaboration with EAD, the Hail & Gasha project developed a marine data catalogue providing environmental information. Completed in June 2023, 2,000 catalogues were produced, with 250 distributed to ADNOC Schools, ADNOC HQ, and EAD.

Training Programs:

- Over 522 Environmental Awareness sessions were conducted across different NMDC Group project sites, covering topics such as Waste Management, Chemical Handling, Marine Mammal and Reptile Observation Awareness, and Air Quality Awareness.

World Environment Day:

- NMDC Group celebrated World Environment Day on June 5, 2023, with the theme "Beat Plastic Pollution." Awareness campaigns and the distribution of 5,000 reusable bags encouraged waste reduction. Approximately 250,000 plastic bags per year will not go to landfills due to this initiative.

Sustainability Awards:

- NMDC Group Chief Executive Officer received a recognition award during the Forbes Middle East Sustainability Leaders' Summit 2023. The award is presented by Chair of the Sustainability Summit, H.E. Dr Thani bin Ahmed Al Zeyoudi, UAE Minister of State for Foreign Trade during a ceremony.

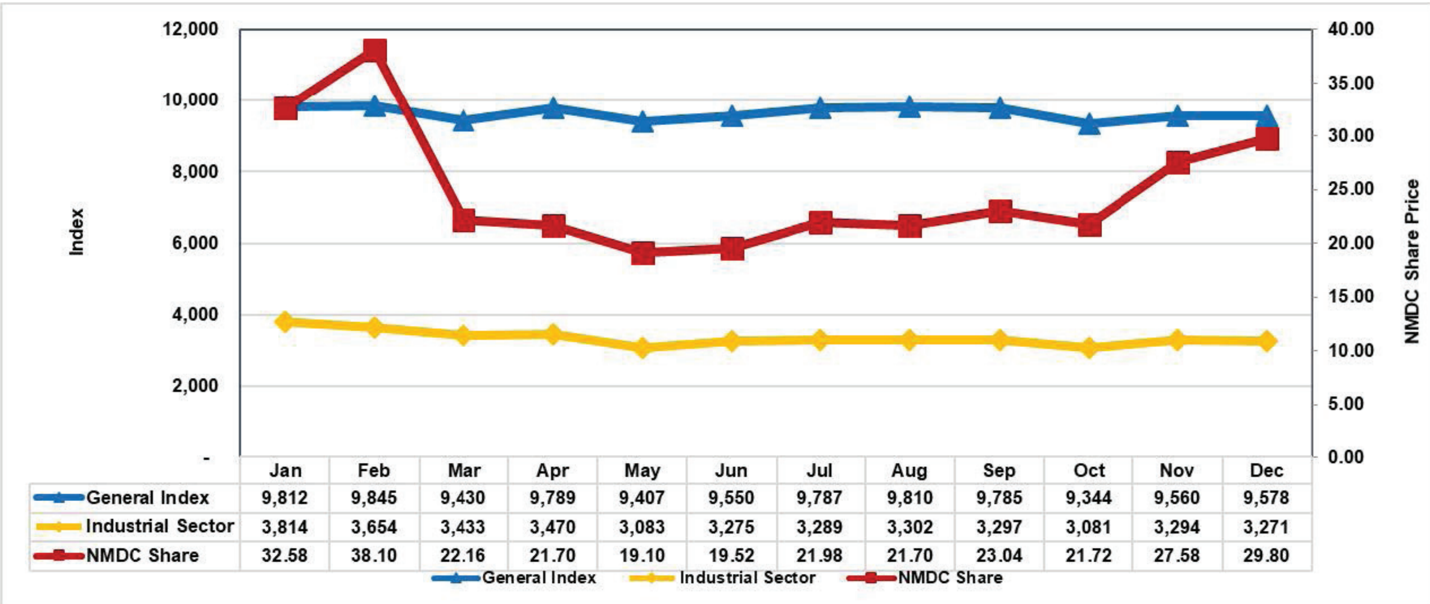
8 GENERAL INFORMATION

8.1 Monthly Price of the Company's share as compared to General and Sector Index

Statement of company's share price in the market (closing price, highest price and lowest price), General Market Index and Sector Index at the end of each month during 2023 were as follows:

MONTH	HIGHEST PRICE	LOWEST PRICE	CLOSING PRICE	INDUSTRIAL SECTOR INDEX	GENERAL INDEX
January	33.98	23.9	32.58	3,814.31	9,811.56
February	41.9	30	38.1	3,654.36	9,844.81
March	40	21.9	22.16	3,433.45	9,430.25
April	25.28	19.04	21.7	3,470.46	9,789.17
May	22.4	18.2	19.1	3,083.41	9,406.57
June	20.3	17.92	19.52	3,275.27	9,550.40
July	22.98	19.36	21.98	3,289.43	9,787.13
August	22.4	20.5	21.7	3,302.17	9,810.21
September	25.6	21.42	23.04	3,296.55	9,785.32
October	26.3	19.1	21.72	3,080.56	9,343.88
November	28.2	21.7	27.58	3,294.04	9,559.57
December	34.3	27	29.8	3,271.41	9,577.85

8.2 Chart of the comparative performance of the Company share with General Index and Company's Sector Index



8.3 Breakdown of Ownership of Company Shares by Nationality and by Category as at 31 December 2023

SHAREHOLDER CATEGORY	INDIVIDUAL SHARES	COMPANIES SHARES	GOVERNMENT	TOTAL SHARES
Locals	54,830,042	755,046,474	-	809,876,516
GCC	27,039	344,471	-	371,510
Arabs (Other than GCC)	331,844	-	-	331,844
Foreigners	921,361	13,498,769	-	14,420,130
Total	**56,110,286**	**768,889,714**	-	**825,000,000**
Percentage	**6.80%**	**93.20%**	-	**100%**

8.4 Statement of the Company's Shareholders who own 5% or more of the Company's Capital as at 31 December 2023

SHAREHOLDER	NUMBER OF SHARES	PERCENTAGE (%)
Sogno Commercial Investment – Sole Proprietorship L.L.C	364,649,990	44.20%
WAS TWO Commercial Investment – Sole Proprietorship L.L.C	172,500,000	20.91%
Abu Dhabi Ports	82,500,000	10%

8.5 Breakdown of Ownership of Company Shareholders as at 31 December 2023

SR. NO	SHARE(S) OWNED	NUMBER OF SHAREHOLDERS	NUMBER OF SHARES OWNED	THE PERCENTAGE (%) OF SHARES OWNED
1	Less than 50,000	3,752	13,966,245	1.69%
2	50,000 to less than 500,000	163	24,763,109	3%
3	500,000 to less than 5,000,000	26	32,543,958	3.94%
4	More than 5,000,000	10	753,726,688	91.36%
Total		3,951	825,000,000	100%

8.6 Special Resolutions Presented to the Annual General Assembly

On 28 April 2023, NMDC Group held its Annual General Assembly Meeting wherein three matters which require special resolutions were presented and approved by the shareholders. The details of the special resolutions are the following:

1. The approval of the issuance by the Company of mandatory convertible bonds with a nominal value of AED 1 each in an aggregate principal amount of AED 624,800,000 to Golden Falcon Marine Construction (or its designee) as the acquisition price to be paid by the Company to acquire certain assets (which consist of 10 marine dredgers, 12 other vessels and related equipment and machinery) (the Acquisition) at a price of AED 32.24 per bond. Such mandatory convertible bonds shall be converted into 19,379,653 new shares with a nominal value of AED 1 each in the Company and the issued share capital of the Company shall be increased to AED 844,379,653 on conversion of such mandatory convertible bond. Each share in the Company issued on conversion shall be treated as fully paid. The shareholding of Golden Falcon Marine Construction post shareholder's approval will become 2.3% of the Company's share capital. In this regard, the Board of Directors of the Company reviewed in detail, among other things, the valuation report of the relevant assets prepared by an independent valuer approved by the Securities and Commodities Authority, and the Board of Directors approved the valuation and the exchange ratio.

2. Approval of the following resolutions and the consequential amendments to the Company's Articles of Association upon completion of the Acquisition:
   a) The increase of the issued share capital of the Company from AED 825,000,000 to AED 844,379,653, subject to the terms and conditions of the Transaction and with effect from the Transaction becoming effective
   b) The amendment of Article 6 of the Company's Articles of Association to reflect the increase of share capital of the Company described in (a) above, Article 6 shall read as follows:
   "The issued share capital of the Company is 844,379,653 United Arab Emirates Dirhams (AED) divided into 844,379,653 shares with a nominal value of One United Arab Emirates Dirham (AED 1) for each share, paid up in full."

3. The authorization of the Chairman of the Board of Directors of the Company and its Chief Executive Officer jointly or individually , or any person so authorized by either of them, to adopt any resolution or take any action as may be necessary to implement any of the above resolutions including, without limitation, to: (a) approve the increase in share capital of the Company, resulting from the conversion of the bonds to shares, in connection with the Transaction and the Acquisition; (b) apply for the listing of new ordinary shares of the Company on the Abu Dhabi Securities Exchange; (c) correspond and negotiate with any person, entity (official or otherwise) within and outside the United Arab Emirates, adopt such resolutions and take any such action as may be necessary to obtain the necessary approvals to effect the Acquisition; and (d) agreeing any change to the above amendment to the Articles of the Company which the Securities and Commodities Authority or other regulatory authorities may request or which may be required to prepare and certify a full set of the Articles incorporating all the amendments including the introductory part of the Articles of Association and reference to the resolutions of the general assemblies of the Company amending the Articles.

8.7 Statement of significant events encountered by the Company

The Group added a new chapter to the Group's history, the Group announced a new brand identity and architecture, unifying the visual essence across its subsidiaries with the unveiling of a new corporate image during a special event held on October 30, 2023, at the Rixos Marina Ballroom in Abu Dhabi. Inspired by a redefined brand proposition and mission, the new NMDC Group identity underscores the company's commitment to deliver turnkey solutions that are environmentally conscious, safe and cost effective, leverage the talent and expertise of its people and create value and resilience for customers while generating exceptional returns for shareholders. This new image is a testament to the Group's dedication to innovation, unwavering commitment to excellence, and its relentless pursuit of boundless growth in a rapidly evolving world.

The new 'NMDC Group' brand will be applied to the all of the Group's subsidiaries, which include NMDC Dredging & Marine, NMDC Energy (formerly NPCC), NMDC Construction (formerly Emarat Europe) and NMDC Engineering.

Further, the Group has encountered the below signifincant events:

- NMDC Energy (formerlly known as NPCC), a subsidiary of NMDC Group, has been named the EPC Contractor of the Year 2023 for the second year in a row, topping Oil & Gas Middle East magazine's EPC Contractor List 2023. The award recognizes NMDC Energy's market leadership position as well as its many achievements over the past period.
- At the annual ADIPEC 2023 conference, the world's most influential gathering for the energy ecosystem, the Group has signed a new project with ADNOC (Hail & Ghasha) with a value of AED 30 billion.
- The Group has signed a Memorandum of Understanding (MOU) with MODON for all future projects.
- The Group actively participated in the Egypt Petroleum Show to strengthen its presence in the Egypt market.

8.8 Investor Relations Officer

Mr. Khaled Al Shalati is the Company's Investor Relations Officer. Furthermore, the Company website i.e. https://www.nmdc-group.com/en/investor-relations/fact-sheet/, has a dedicated page for investors, which includes information related to Investor Relations, Board of Directors Reports, Financial Statements, Annual Reports, Corporate Governance Reports, and Annual General Meeting.

Contact Information of Investor Relations Officer

Email: ir@nmdc-group.com
Office No.: +9712 - 5023175
Mobile No.: +97150 - 4111846

8.9 Innovative Projects and Initiatives

Through an appointed Innovation Committee, NMDC Group built a comprehensive program to actively encourage within its employees a culture of innovation and promote creative problem solving.

The Company utilized an Innovation cloud portal that was conveniently accessible to everyone within the organization, which helped to promote, inspire and spur Company employees to proactively participate in the many programs (termed as 'Innovation Schemes').

NMDC Group launched the transformation program called "The Falcon Program" in February 2023 that aims to enhance the business in many ways. The program focuses on improving how NMDC Group operates, delivers value, and achieves its goals. It involves various initiatives across different aspects of the organization: people, processes, technology, contracts and assets.

During March, NMDC Group also launched "Let's Grow Together', a supplier engagement initiative that aims to communicate the Group's supply chain needs and qualification criteria for future projects to suppliers throughout Abu Dhabi. The opening event, which took place at the Abu Dhabi Chamber of Commerce and Industry, welcomed more than 500 suppliers and business partners from various industries.

In July 2023, NMDC Energy hosted a supplier forum to share information about current and prospective projects, discuss safety requirements, and explore opportunities for collaboration. The Forum was attended by 150 representatives from over 60 companies.

8.10 Details of Violations

NMDC Group did not commit any violations during the year 2023.

2023 Audited Financial Statements

NATIONAL MARINE DREDGING COMPANY PJSC

Reports and consolidated financial statements for the year ended 31 December 2023

NATIONAL MARINE DREDGING COMPANY PJSC

Reports and consolidated financial statements
for the year ended 31 December 2023

Directors' Report & Management Discussion and Analysis

The Board of Directors of National Marine Dredging Company ("NMDC" or the "Group") have the pleasure of presenting the 2023 Annual Report along with the audited financial statements as at and for the year ended 31 December 2023.

Highlights

- 2023 will be engraved in the NMDC Group history as a special year, one in which the Group crossed the AED 2 billion net profit mark after two consecutive years of crossing the AED 1 billion threshold. The Group doubled its net profit after almost three years into the merger with NMDC Energy (formerly known as National Petroleum Construction Company ("NPCC")) which took place on 11 February 2021.

- This year's exceptional financial performance, marked by a remarkable increase in both revenues and net profits, is not just a testament to our financial success but also reflects our commitment to strategic goals and momentum in growth. Our dedication to delivering dynamic, high-quality services has solidified our global presence in executing pivotal strategic projects, contributing significantly to comprehensive economic development in the markets in which we operate.

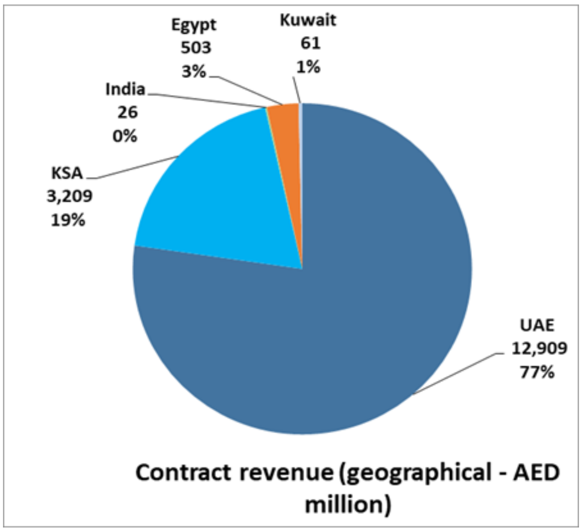
- In FY2023, NMDC reported total revenues of AED 16.7 billion, a 56% surge from the previous year's AED 10.7 billion. This upward trajectory is further mirrored in the Group's net profits, which soared to AED 2.15 billion, marking a 65% increase from the AED 1.3 billion achieved in 2022.

- The Group's assets reached a value of AED 20.8 billion in 2023 from AED 16.0 billion in 2022, coupled with an extensive order backlog valued at AED 54 billion. These figures are a testament to NMDC's robust development initiatives and strategic geographic expansion, further enhancing its leadership in engineering, procurement, construction, and marine dredging sectors.

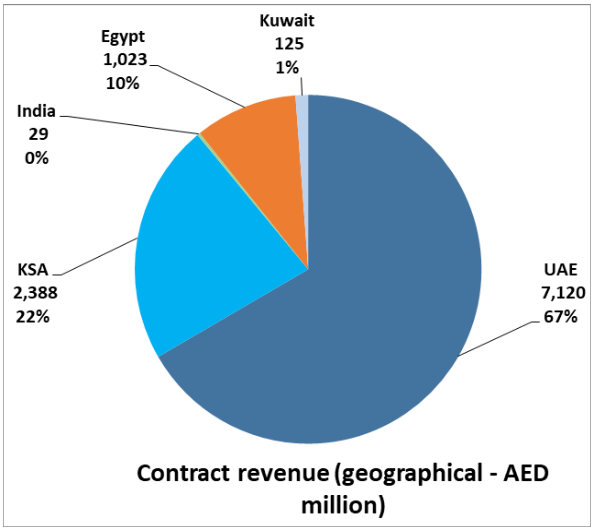
- NMDC Group is continuously spreading its wings, raising its ambition and actively participating in the Marine and EPC markets, which is reflected in the diversified portfolio of projects in hand.

- The Geographical spread of the Group's consolidated revenue of AED 16,708 million (2022: AED 10,685 million) presented in the pie chart below represents the Group's strong presence in Middle East and North Africa (MENA) region.

FY Dec' 2023



FY Dec' 2022



- **As a testament to its continuing growth, the Group has been awarded a number of new projects in 2023 and in 2024, as summarised below:**

FY2023

- Al Hudayriyat Island PDA – Enabling Works Package – Dredging, Grading and Filling and Ground Improvement Works awarded by The Modon Properties.
- Estidama-Sales Gas Pipeline Network Enhancement project - ADNOC Gas Processing - EPC of pipeline and associated facilities to transport Sales Gas from Habshan to customers in Northern Emirates. This project is awarded in consortium with C.A.T International LTD - Abu Dhabi Branch.
- Abu Dhabi National Oil Company "ADNOC" - EPC works for Installation of Seven (7) Jackets.
- ADNOC Gas awarded (MERAM) Maximizing Ethane Recovery and Monetization in partnership with Tecnicas Reunidas. The Group has 50% share in this contract.

- EPC works for replacement of 125 km of 20" Main Oil Line (MOL) from Umm Lulu to Zirku Island awarded by ADNOC Offshore.

- ADNOC has awarded the Group the EPC contract for the Hail & Ghasha offshore development project as a joint venture with Italian oilfield services company Saipem. The Group has a 50% share in this contract.

January 2024

- ADNOC has awarded NMDC a project for the construction of Al Nouf Artificial Island, and to Das Island Reclamation project for TAMKEEN.

- NPC "National Projects & Construction LLC" has awarded the Group a project for the first phase of the Tilal Al Reem project.

- **Other events/highlights**

  - NMDC Group has earned a spot on the Forbes Middle East list of the top 100 sustainability leaders in the region, ranking second in the construction field.

  - NMDC Group CEO Eng. Yasser Zaghloul has been recognised and listed 18th among the Top 100 CEO's in the region, as ranked by Forbes Middle East. This prestigious accolade is a testament to his dedication, strategic vision, and tireless commitment to our success.

  - NMDC Energy (formerly known as National Petroleum Construction Company ("NPCC")), a subsidiary of NMDC, has been ranked the number one EPC Company in the Middle East, consecutively for the second year.

  - The Group has signed a MOU with Abu Dhabi Chamber of Commerce and Industry to engage Abu Dhabi based suppliers in key strategic projects as part of its support and to increase in-country value. As a result of the same, the "Let's Grow Together" initiative will be launched in order to improve the supplier awareness of market demands.

  - As part of the Group's International presence, the Group has actively participated in the Egypt Petroleum Show, in addition to MARLOG in Alexandria Egypt, to further strengthen its presence in the Egyptian market.

  - The Group has signed an MOU with Modon properties for all future projects as part of our commitment to continue delivering transformational projects that enhance the special features of Abu Dhabi and support its economic growth and prosperity.

- **Other events/highlights (continued)**

  - The Group has been allotted 109.6 million shares as a cornerstone investor in ADNOC Logistics & Services.

  - The Group has actively participated as a key sponsor of ADIPEC 2023, the world's largest energy exhibition and conference where it showcased its pioneering efforts in leading marine industry towards sustainability and decarbonization. The Group signed several MOU's and agreements during this event.

Financial Results

The Group achieved revenues of AED 16,708 million and net profits of AED 2,154 million for the year 2023 as compared to revenues of AED 10,685 million and net profits of AED 1,304 million in 2022.

On achievement of this exceptional performance, the Director's have proposed a dividend of AED 618,750 thousand, representing 75% of the Share Capital.

Financial Position

The Group's total assets reached a value of AED 20.8 billion at the end of the year 2023, which is an increase of 30% from the year 2022. The growth is on account of significant increase in operations, investment in machinery and equipment.

The Group's equity stands at AED 8,604 million at end of the year 2023, which is an increase of 32% from the year 2022. The growth is primarily on account of profits earned in the year 2023.

In 2023 Group maintained a debt-to-equity ratio at 17% which is lower than in 2022 due to reduction in debt on account of repayments and increase in equity value as mentioned above.

Capital Expenditure

In order to deliver our clients with services to the highest standard, we continue to invest in latest technologies, machinery and equipment that would support the future execution of large, complex projects and improve our margins. Accordingly, we have invested AED 1,197 million in fixed assets in the year 2023 compared to AED 821 million in the year 2022. The majority of the capital expenditure in 2023 relates to costs incurred on acquiring a new vessel, development of fabrication yard, and dry docking/upgrade of existing dredgers/support equipment.

Fleet

The Group currently owns a marine fleet of more than 120 vessels consisting of:

- 23 dredgers + 3 floating booster stations
- 3 Dynamic Positioning (DP2/DP3) Derrick / Pipelaying barges (with 4,200t -2,000t lifting capacity & more than 300 pax accommodation each
- 3 towed Derrick / Pipelaying barges
- 4 Self Elevating Platform work barges
- 90+ other support craft (Tugs, Barges, Multicats, Accommodation barge, etc)
- Extensive range of land based equipment (Excavators, cranes, generators, etc)

Following the merger, cross utilization of the fleet between the main business units is a key element of the Group's fleet management strategy to ensure the maximization of utilization and cost effective work execution on our portfolio of projects.

In addition to the above, the Group operationally controls (ownership transfer in process) 1 large cutter suction dredger and 9 other dredgers.

Information Technology

During the year 2023, NMDC Group has demonstrated noticeable achievements in all areas. It has automated many business processes to increase efficiency, enable decision making, enhance business users' experience and implemented new solutions to enhance service delivery. The most significant IT project in progress is the **ERTIQAA** business transformation program which will enable employees and clients to unlock value and transcend on the path of becoming a gold standard of productivity and performance. Set out below are the major achievements during the year:

- AVEVA ERM Phase 1 A project live.
  - The AVEVA ERM system maintains project related data from commencement up to completion. Governing sectors are Engineering, Procurement, & Construction. Engineering is already implemented, while Procurement and Construction will be implemented in March 2024.

- Mobile Development
  - Mobile Development (Phase 1) involves creating a mobile application for both iOS and Android platforms. The app's purpose is to streamline various daily employee activities, including NMDC's Employee Leave requests, Timesheet management, Gate pass processing, and more.

Information Technology (continued)

- CRM (Customer Relationship Management) Application
  - Strengthens the relationship between NMDC Group and its customers. Track customer interactions and feedback, identify areas for improvement, and personalize the customer experience.

- DMS Implementation across the NMDC Group
  - DMS Implementation (Phase 2) aims to roll out NMDC's Document Management system across the entire group, encompassing both projects and corporate departments. This involves replacing the existing DMS with the new G-DMS, enabling us to leverage the enhanced features and functionalities of the new system.

- NMDC GPT
  - AI-powered chatbot developed in house. It's based on a large language model and specializes in having engaging, human-like conversations to provide informative and comprehensive answers. It assists with various tasks, such as composing emails, and remaining documents.

Quality, Health, Safety and Environmental ("QHSE")

The year 2023 proved noteworthy for the QHSE department, marked by significant achievements and the establishment of synergy through the integration and fusion of the department across the business units (BU). This effort facilitated the announcement of NMDC-Group QHSEMS and practices. Additionally, the majority of the group- processes are mapped.

Strategic targets and initiatives are successfully met, aligning with our commitment to enhance our capacity to meet the expectations of both internal and external stakeholders. These efforts aimed to support business improvement initiatives and contribute to the positive impact on NMDC Group's overall financial performance.

Key achievements:

- All business units within NMDC Group have successfully passed the ISO 14001, ISO 45001, and ISO 9001 surveillance audits, along with OSHAD-SF, recording ZERO Non-Conformances (NCRs).
- NMDC Group recorded an impressive 0.05 for Lost Time Injury Frequency Rate (LTIFR) and 0.39 for Total Recordable Injury Frequency Rate (TRIR), surpassing our established benchmark.
- NMDC Group has completed the surveillance audit for ANAB certification (ANSI National Accreditation Board). NMDC Group is also accredited by OPITO. Furthermore, the inclusion of IOSH accreditation for Managing Safely is part of our training plan for new key personnel joining NMDC Group.
- NMDC Energy maintained weld repair rate lower than last year and significantly below the industry standard of 5%.
- Maintained an outstanding Project Quality Index above 93% (ARAMCO stretched target).

Quality, Health, Safety and Environmental ("QHSE") continued

Key actions to elevate QHSE culture

- The QHSE Department successfully conducted over 715K QHSE training hours and executed 7 major HSE campaigns led by the corporate team.
- Conducted +100 Internal QHSE Audits across all departments, projects, and marine units as part of our Quality Assurance Program to ensure high-quality services.
- Management made 373 high-profile QHSE tours and site visits during 2023.
- The QHSE team conducted 13,823 Behavioural Safety Audits across all projects within NMDC Group to reinforce our safety culture and emphasize Safety as our top priority.

Our Competitive Strengths

We believe that we are well positioned to maintain and enhance our leadership position in the markets that we operate in, on account of our competitive strengths, some of which are:

The largest integrated EPC and Dredging company in the region
The merger transformed the NMDC Group into the leading integrated EPC company in the region, with increased scale, revenue and cost synergies, access to wider markets and revenue diversification (segmental, geographic and client base), and strong capabilities across the value chain to support future expansion plans.

Largest Portfolio of Marine Assets in the UAE
The Group owns a dredging and marine construction fleet consisting of 23 dredgers with capacities ranging from 1,795 KW to 26,100 KW, including two Trailing Suction Hopper Dredgers with capacities of 6000m3 and 8000m3.In addition, the Group owns 2 Dynamic Positioning (DP2/DP3) Derrick / Pipelaying barges (with 4,200t & 1,600t lifting capacity and more than 300 pax accommodation each, 1 Self Propelled Heavy Lift (With 2,500t lifting capacity with 240 pax accommodation), 3 towed Derrick / Pipelaying barges, and 4 Self Elevating Platform work barges.

These vessels are supported by a fleet of modern marine equipment such as tugs and multicat crafts, and ably assisted by A-Frame and barges wherever necessary. As part of NMDCs strategy, it continually reviews and expands its fleet to meet the demands of our customers, facilitate international expansion and provide a first class service on projects sanctioned.

Strong relationships with Customers
EPC Contracting and Dredging and Marine Construction are our main activities positioning us at the top as one of the largest players in the region, with an established track record and strong relationships with many customers in the region. Today our operations are highly-sophisticated, and the latest technology helps us meet our customer needs, and exceed their expectations.

Our strategic objectives

As a Group, we are committed to high quality and sustainable growth. Our strategy is underpinned by strategic objectives which consequently are each supported by many underlying initiatives:

- Cherish current markets
- Enter New Markets and Segments
- Strengthen Government, Client and Investor relations
- Improve Operations
- Control Projects
- Commit to Sustainability

These strategic objectives can only be accomplished when we assure that our internal operations are state-of-the-art from all aspects, therefore we will focus for the coming year on the following strategic enablers:

1. State-of-the-Art Systems
2. Motivated and skilled People
3. Efficient M&A

Internal control systems and their adequacy

The Company's internal control system is established to ensure that the Board and Management are able to achieve their business objectives in a prudent manner, safeguarding interests of the Company's shareholders and other stakeholders, whilst at the same time minimizing key risks such as fraud, unauthorized business activity, misleading financial statements, un-informed risk-taking, or breach of legal or contractual obligations, and also ensuring highest quality achieved in a safe and sustainable environment.

The guidelines for design and implementation of the internal control systems is provided by the Company's approved Corporate Governance Manual and applicable regulations. The Board and its Committees provide oversight on the systems, and the Management is responsible for ensuring that adequate internal controls (both financial and operational) are in place and applied to safeguard and manage the assets of the Company, in an effective and efficient manner.

The Company's internal control is designed to mitigate, not eliminate, significant risks faced. It is recognized that such a system provides reasonable, but not absolute, assurance against material error, omission, misstatement or loss.

Internal control systems and their adequacy (continued)

This is achieved within the Company through a combination of risk identification, evaluation and monitoring processes, appropriate decision and oversight forums, assurance and control functions such as External Audit, Internal Audit, Ethics & Compliance, Risk Management, Quality and HSE. These ongoing processes, which comply with leading practices and the Corporate Governance Guide, were in place throughout the year under review and up to the date of approval of the annual report and financial statements.

During the year 2023, the Company was subject to the following independent assessments and improvement initiatives on its internal control system:

Annual external audit and interim reviews of NMDC Group consolidated financial statements through Deloitte, a professional services firm. The external audit work covers assessment of internal controls over financial reporting, although the same does not entail expressing an opinion on the effectiveness of the Company's internal controls.

Process reviews of NMDC Group business processes and functions through the Internal Audit Function, according to an Internal Audit Plan approved by the Audit Committee. The scope of internal audit for the year 2023 covered both core and support processes at NMDC Group, and were prioritized in accordance with Risk Analysis Methodology.

Compliance program was further strengthened by conducting fraud awareness workshops for employees across the group and via internal communications on code of business conduct and whistleblowing awareness.

Enterprise Risk Management practice is a crucial pillar for achieving NMDC Group desired business objectives, maintaining sustainability, and protecting all stakeholders interests efficiently and effectively, and therefore Risk Management practice is applied at the strategic level, corporate level and project levels across the Group.

The NMDC Group ERM framework and associated ERM policy was enhanced in 2023 along with the formation of a Group project Control & Risk Management department at the corporate level. The framework and policy were approved subsequently by the executive management. While global risks are intensifying with geopolitical tensions combined with technology driving new security risks, NMDC Group Risk Management Practice aims to enforce business sustainability and continuity by providing the means and mechanism to proactively manage and control threats and opportunities.

The Board met its internal control responsibilities in 2023 by reviewing presentations on independent assessments that were conducted, discussing control issues at Board meetings and reviewing the detailed reports from Board Committees, and found that the internal control environment was satisfactory for 2023. During 2023, the Company did not face any major issue requiring disclosure in any report or to the market.

Emiratization

Emiratization is a key performance indicator of NMDC Group vision and mission for the past years and surely for year 2023 across all its business units.

NMDC Group provides opportunities to Emiratis across the group, be it in office-based roles; or project-based role, onshore & offshore.

The Group is always striving to ensure Emiratization efforts are across all levels in the organization. For this through its Dredging Academy, the Dredging & Marine business units targets undergraduates Emiratis to prepare them for a career in the Dredging world. Similarly, our Energy BU welcomes yearly a good number of fresh graduates' engineers in various disciplines for its projects, and undergraduates for technician work at yards & workshops.

NMDC Group has collaborated with Government entities, universities and institutes to hire UAE Nationals in the EPC O&G construction and maritime transport industry through its fresh graduate engineering program.

In addition, the recruitment team prioritizes the selection of UAE nationals for all required vacancies across the group.

As of 2023, U.A.E Nationals constitute 9.6% of the organization workforce, with plans to keep increasing in the coming years.

ACKNOWLEDGMENT

On behalf of the Board, I wish to express our appreciation for the support and cooperation of the financial institutions, suppliers, subcontractors, business associates and government authorities and expect the same in future for sustaining the Group's growth rate. The Board would like to place on record its appreciation of the hard work, commitment and unstinting efforts put in by the Group's employees at all levels.

Mohammed Thani Murshed Al Rumaithi
Chairman

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INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF NATIONAL MARINE DREDGING COMPANY PJSC

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Opinion

We have audited the consolidated financial statements of National Marine Dredging 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 2023, and the consolidated statement of profit or loss and consolidated statement of other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year ended, and notes to the consolidated financial statements, including a summary of 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 2023, and its consolidated financial performance and its consolidated cash flows for the year ended in accordance with International Financial Reporting Standards (IFRS Accounting Standards).

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' Code of Ethics for Professional Accountants (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 consolidated financial statements of the current period. These matters were discussed 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 these matters. The key audit matters are stated below:

Key Audit Matters (continued)

<table>
<tr><th>Key audit matter</th><th>How our audit addressed the key audit matter</th></tr>
<tr><td>Revenue recognition</td><td></td></tr>
<tr><td>The Group reported revenue of AED 16,708 million during the year ended 31 December 2023. Revenue recognition is considered to be a key area of focus given there are multiple revenue streams associated with the Group which come from various decentralized operational locations.

The Groups business involves entering into contractual relationships with customers to provide a range of services with a significant proportion of the Group's revenues and profits derived from long term contracts. Revenue is quantitatively significant to the consolidated financial statements and requires management to apply significant judgements and make significant estimates when determining the amount of revenue to be recognised.

The significant judgements applied and estimates made in applying the Group's revenue recognition policies to long-term contracts entered into by the Group include determining the stage of completion, the timing of revenue recognition and the calculation of the percentage of completion.

The nature of these judgements results in them being susceptible to management override with a consequential impact of revenue being recognised in an incorrect period. Consequently, we considered revenue recognition to be a key audit matter.

The Group's revenue recognition accounting policy is included in note 3 to the consolidated financial statements.</td><td>We performed the following procedures, inter alia, in respect of revenue recognition:
• We obtained an understanding of the business process flow and performed walkthroughs to understand the key processes and identify key controls;
• We assessed the key controls over revenue to determine if they had been designed and implemented appropriately and tested these controls to determine if they had been operating effectively throughout the year;
• We performed audit procedures which included inspecting a sample of contracts, reviewing for variation orders, retrospectively reviewing estimated profit and costs to complete and enquiring of key personnel regarding potential contract losses;
• For material contracts identified, we have reviewed the contract terms and verified assumptions made in determining the amount of revenue to be recognised, including consideration of discounts, performance penalties and other cost implications of the contract;
• We performed analytical procedures by comparing the gross margins for the different types of revenue streams to the prior year. If we identified an unexpected margin, we carried out more focused testing on these revenue streams;
• We performed procedures to assess whether the revenue recognition criteria adopted by Group is appropriate and is in accordance with the Group's accounting policy and the requirements of IFRS Accounting Standards;
• We performed testing over manual journal entries posted to revenue to assist us in identifying unusual or irregular transactions; and
• We assessed the disclosure in the consolidated financial statements relating to revenue recognition against the requirements of IFRS Accounting Standards.</td></tr>
</table>

Key Audit Matters (continued)

Key audit matter	How our audit addressed the key audit matter
Valuation of trade and retention receivables and contract assets	
Gross trade and retention receivables and contract assets as at 31 December 2023 were AED 2,845 million and AED 4,492 million respectively, against which expected credit loss ("ECL") allowances of AED 28 million and AED 23 million were recorded, as reflected in notes 13 and 14. These assets represent 35% of the total assets presented in the consolidated statement of financial position and include balances of AED 383 million which had been outstanding for more than 180 days from the reporting date. Further, contract assets include AED 500 million which represents revenue recognised based on unsigned or verbal contracts. The Group assesses at each reporting date whether the financial assets carried at amortised cost are credit-impaired. Management has applied the simplified approach for measurement of ECL allowances relating to trade receivables and contract assets whereby the ECL allowance is measured at an amount equal to lifetime expected credit losses. The ECL model involves the use of various assumptions, macro-economic factors and study of historical trends relating to the Group's trade collections experience. The directors apply significant judgement and make significant estimates when determining how much to record as the ECL allowance. Consequently, together with the significant delays in collecting trade receivables, we have considered the carrying amount of trade receivables and contract assets to be a key audit matter. The Group's disclosures relating to this matter are included in notes 3 and 4 to the consolidated financial statements.	We performed the following procedures in relation to the allowance for ECL: • We obtained an understanding of the process of measurement of the allowance for ECL; • We identified the relevant controls over the determination of the allowance for ECL; • We assessed these controls to determine if they had been designed and implemented appropriately; • We compared the ECL model developed by management against the requirements of IFRS Accounting Standards and reviewed the methodology against accepted best practice; • We tested the arithmetical accuracy of the model; • We tested key assumptions, such as those used to calculate the likelihood of default and the subsequent loss on default, by comparing to historical data. We also considered the incorporation of forward looking factors to reflect the impact of future events on expected credit losses; • We agreed the results of the output of the ECL model developed by management to the amounts reported in the consolidated financial statements; and • We assessed the disclosure in the consolidated financial statements relating to this matter against the requirements of the IFRS Accounting Standards.

Other Information

The Board of Directors are responsible for the other information. The other information comprises the Directors' report, which we obtained prior to the date of this auditor's report, and the Group Annual Report, which is expected to be made available to us after that date. 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.

Other Information (continued)

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.

When we will read the Group's Annual Report, if we conclude that there is material misstatement therein, we will be required to communicate the matter to those charged with governance and consider whether a reportable irregularity exits in terms of the auditing standards, which must be reported.

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 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 risk, 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 the one resulting from error, as fraud may involve collusion, forgery, intentional omission, misrepresentations, or the override of internal control.

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

- 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 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance 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, related safeguards.

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 and regulations preclude 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.

Deloitte.

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF NATIONAL MARINE DREDGING COMPANY PJSC (continued)

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Further, as required by the UAE Federal Decree Law No. (32) of 2021, we report that for the year ended 31 December 2023:

- 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;
- Investments in shares and stocks are included in notes 9 and 10 to the consolidated financial statements and include purchases and investments made by the Group during the year ended 31 December 2023;
- Note 29 to the consolidated financial statements of the Group discloses material related party balances, transactions and the terms under which they were conducted;
- Notes 1 and 27 to the consolidated financial statements discloses that the Group has made any social contributions during the financial year ended 31 December 2023; 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 2023 any of the applicable provisions of the UAE Federal Decree Law No. (32) of 2021; or of its Articles of Association which would materially affect its activities or its financial position as at 31 December 2023.

Deloitte & Touche (M.E.)

Mohammad Khamees Al Tah
Registration No. 717
14 February 2024
Abu Dhabi
United Arab Emirates

Consolidated statement of financial position
as at 31 December 2023

	Notes	2023 AED'000	2022 AED'000
ASSETS			
Non-current assets			
Property, plant and equipment	5	**5,137,916**	4,338,615
Investment properties	6	**40,000**	-
Right-of-use assets	7	**330,097**	340,127
Goodwill	8	**5,057**	5,057
Investments in equity accounted investees	9	**282,389**	191,933
Deferred tax assets	11	**6,465**	8,468
Retentions receivable		**222,548**	8,184
Total non-current assets		**6,024,472**	4,892,384
Current assets			
Inventories	12	**598,679**	465,522
Trade and other receivables	13	**5,315,075**	4,741,330
Contract assets	14	**4,691,691**	3,087,043
Financial assets at fair value through profit or loss	10	**461,750**	34,535
Derivative financial assets	32	**24,602**	41,747
Cash and bank balances	15	**3,730,932**	2,783,732
Total current assets		**14,822,729**	11,153,909
Total assets		**20,847,201**	16,046,293

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

Consolidated statement of financial position as at 31 December 2023 (continued)

	Notes	2023 AED'000	2022 AED'000
EQUITY AND LIABILITIES			
Equity			
Share capital	17	825,000	825,000
Merger reserve	18	765,000	765,000
Other reserves	19	33,303	(7,786)
Retained earnings		6,976,897	4,955,312
Equity attributable to the shareholders of the Company		8,600,200	6,537,526
Non-controlling interest		3,915	3,080
Total equity		8,604,115	6,540,606
Liabilities			
Non-current liabilities			
Provision for employees' end of service benefit	20	441,352	403,448
Long term borrowings	16	1,078,046	1,420,392
Long term lease liabilities	7	330,266	337,317
Total non-current liabilities		1,849,664	2,161,157
Current liabilities			
Trade and other payables	21	9,457,067	6,396,050
Contract liabilities	22	479,830	462,377
Derivative financial liabilities	32	9,790	47,236
Income tax payable	11	93,718	84,784
Short term borrowings	16	342,346	342,346
Short term lease liabilities	7	10,671	11,737
Total current liabilities		10,393,422	7,344,530
Total liabilities		12,243,086	9,505,687
Total equity and liabilities		20,847,201	16,046,293

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

Mohammed Thani Murshed Al Rumaithi	**Yasser Nasr Zaghloul**	**Sreemont Prasad Barua**
Chairman	Group Chief Executive Officer	Group Chief Financial Officer

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

Consolidated statement of profit or loss for the year ended 31 December 2023

	Notes	2023 AED'000	2022 AED'000
Revenue from contracts with customers	23	16,707,980	10,685,339
Contract costs		(14,546,350)	(9,577,424)
Gross profit		2,161,630	1,107,915
Share of net results of equity account investees, net	9	52,647	5,203
General and administrative expenses		(265,889)	(159,419)
Finance income	24	134,032	28,772
Finance costs	25	(119,926)	(58,764)
Foreign currency exchange loss		(38,847)	(31,571)
Fair value gain/(loss) on financial assets at fair value through profit or loss	10	200,265	(1,959)
Gain on partial disposal of a subsidiary's operations	9.3	-	237,615
Fair value gain arising on re-measurement	9.4	-	116,431
Other income, net	26	64,076	101,282
Profit before tax		2,187,988	1,345,505
Income tax expenses on foreign operations	11	(33,640)	(41,982)
Profit for the year	27	2,154,348	1,303,523
Profit attributable to:			
Shareholders of the Company		2,153,513	1,303,319
Non-controlling interests		835	204
Profit for the year		2,154,348	1,303,523
Basic and diluted earnings per share (in AED) attributable to equity holder of the Company	28	2.61	1.58

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

Consolidated statement of comprehensive income
for the year ended 31 December 2023

	Note	2023 AED'000	2022 AED'000
Profit for the year	**27**	**2,154,348**	1,303,523
Other comprehensive income			
Items that may be subsequently reclassified to the consolidated statement of profit or loss in subsequent periods:			
Fair value gain/(loss) arising on hedging instruments during the year	**19**	**20,301**	(6,253)
Exchange differences arising on translation of foreign operations	**19**	**(111,140)**	(275,049)
Other comprehensive loss for the year		**(90,839)**	(281,302)
Total comprehensive income for the year		**2,063,509**	1,022,221
Profit attributable to:			
Shareholders of the Company		**2,062,674**	1,022,017
Non-controlling interests		**835**	204
Total comprehensive income for the year		**2,063,509**	1,022,221

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

Consolidated statement of changes in equity
for the year ended 31 December 2023

	Share capital AED'000	Merger reserve AED'000	Other reserves AED'000	Retained earnings AED'000	Equity attributable to the shareholders of the Company AED'000	Non-controlling interest AED'000	Net equity AED'000
Balance at 1 January 2022	825,000	765,000	143,184	3,782,325	5,515,509	2,876	5,518,385
Profit for the year	-	-	-	1,303,319	1,303,319	204	1,303,523
Other comprehensive income	-	-	(281,302)	-	(281,302)	-	(281,302)
Total comprehensive income for the year	-	-	(281,302)	1,303,319	1,022,017	204	1,022,221
Transfer to legal reserve (note 19)	-	-	130,332	(130,332)	-	-	-
Balance at 1 January 2023	825,000	765,000	(7,786)	4,955,312	6,537,526	3,080	6,540,606
Profit for the year	-	-	-	2,153,513	2,153,513	835	2,154,348
Other comprehensive income	-	-	(90,839)	-	(90,839)	-	(90,839)
Total comprehensive income for the year	-	-	(90,839)	2,153,513	2,062,674	835	2,063,509
Transfer to legal reserve (note 19)	-	-	131,928	(131,928)	-	-	-
Balance at 31 December 2023	**825,000**	**765,000**	**33,303**	**6,976,897**	**8,600,200**	**3,915**	**8,604,115**

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

Consolidated statement of cash flows
for the year ended 31 December 2023

	Notes	2023 AED'000	2022 AED'000
Cash flows from operating activities			
Profit before tax		**2,187,988**	1,345,505
Adjustments for:			
Depreciation of property, plant and equipment	**5**	**394,160**	420,768
Depreciation of right-of-use assets	**7**	**14,666**	13,881
Gain on disposal of property, plant and equipment	**26**	**(6,314)**	(29,828)
Fair value (gain)/loss on financial assets at fair value through profit or loss	**10**	**(200,265)**	1,959
Provision for slow moving and obsolete inventories	**12**	**1,440**	3,237
Share of net results of equity accounted investees	**9**	**(52,647)**	(5,203)
Fair value adjustment from equity accounted investee	**9**	**-**	(116,431)
Gain on partial disposal of a subsidiary's operations	**9**	**-**	(237,615)
Provision for expected credit losses		**(22,255)**	(35,187)
Provision for onerous contracts		**75,000**	316,416
Finance income		**(134,032)**	(28,772)
Finance costs		**119,926**	58,764
Provision for employees' end of service benefits	**20**	**66,875**	53,187
		2,444,542	1,760,681
Income tax paid	**11**	**(30,767)**	(39,900)
Income tax refund	**11**	**11,838**	26,995
Employees' end of service benefit paid	**20**	**(28,971)**	(41,800)
Operating cash flows before movement in working capital		**2,396,642**	1,705,976
Change in inventories		**(134,597)**	(119,589)
Change in trade and other receivables		**(788,418)**	(1,955,359)
Change in contract assets		**(1,675,469)**	822,999
Change in contract liabilities		**17,453**	327,101
Change in trade and other payables		**3,057,243**	1,901,102
Net cash generated from operating activities		**2,872,854**	2,682,230

Consolidated statement of cash flows
for the year ended 31 December 2023 (continued)

	Notes	2023 AED'000	2022 AED'000
Cash flows from investing activities			
Purchase of property, plant and equipment and investment properties	5&6	(1,218,233)	(821,187)
Proceeds from disposal of property, plant and equipment		8,464	50,123
Proceeds from disposal of a subsidiary's operations		-	262,217
Additional investment in equity accounted investee	9	(49,077)	-
Dividend received from equity accounted investees	9	1,337	1,230
Investment in financial assets at fair value through profit and loss	10	(228,959)	(7,391)
Disposal of investments in financial assets at fair value through profit and loss	10	2,009	-
Movement in term deposit with original maturity more than three months	15	(515,538)	-
Interest received		134,032	21,334
Net cash used in investing activities		(1,865,965)	(493,674)
Cash flows from financing activities			
Proceeds from term loans		-	459,125
Repayment of term loans	16	(342,346)	(336,057)
Repayment of lease liabilities	7	(25,504)	(21,102)
Interest paid		(107,177)	(46,976)
Net cash from (used in)/generated from financing activities		(475,027)	54,990
Net increase in cash and cash equivalents		531,862	2,243,546
Cash and cash equivalents at 1 January		2,783,732	802,199
Effect of foreign exchange rate changes		(100,200)	(262,013)
Cash and cash equivalents at 31 December	15	3,215,394	2,783,732

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

Notes to the consolidated financial statements
for the year ended 31 December 2023

1 General information

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

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

During 2020, the Company's shareholders accepted an offer from Abu Dhabi Development Holding Company ("ADQ") (an existing shareholder and an entity fully owned by the Government of Abu Dhabi) and other minority shareholders of National Petroleum Construction Company PJSC ("NPCC"), to acquire 100% of the shareholding of NPCC, in exchange for the issuance of 575,000,000 equity shares in the Company to ADQ and the other shareholders of NPCC. This transaction received regulatory approvals on 11 February 2022, and consequently, the Company's share capital stands increased to AED 825,000,000 from that date. As a result of this transaction, the Government of Abu Dhabi became the majority holder of the Company's shares. Subsequently, in May 2022, out of its total shareholding of 58.48% in the Company, ADQ transferred 44.2% to entities in the Alpha Dhabi Holding PJSC ("Alpha") group, a subsidiary of International Holding Company. With this transaction and along with its previous equity shareholding in the Company, Alpha became the majority shareholder of the Company.

The Company is primarily engaged in the execution of engineering, procurement and construction contracts, dredging contracts and associated land reclamation works in the territorial waters of the UAE, principally under the directives of the Government of Abu Dhabi (the "Government"). The Group also operates in other jurisdictions in the region including Bahrain, Egypt, Saudi Arabia and India through its subsidiaries, branches and joint operations. During the year ended 31 December 2023, the Group has made AED 2.9 million (2022: AED 7.8 million) as a social contributions (note 27).

Notes to the consolidated financial statements for the year ended 31 December 2023 (continued)

1 General information (continued)

The Company has investments in the following subsidiaries, branches, joint venture, associates and joint operations:

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

*dormant entities

Notes to the consolidated financial statements
for the year ended 31 December 2023 (continued)

1 General information (continued)

Name	*Country of incorporation*	*Percentage holding* **2023**	*2022*	***Principal activities***
Joint Venture				
The Challenge Egyptian Emirates Marine Dredging Company	Egypt	**49%**	49%	Dredging and associated land reclamation works, civil engineering, port contracting and marine construction.
NT Energies L.L.C	UAE	**51%**	-	Engineering and Consultancy
Associates				
Principia SAS	France	**33.33%**	33.33%	Onshore and offshore oil and gas fields and facilities services; and Engineering consultancy.
Safeen Survey and Subsea Services LLC	UAE	**49%**	49%	Marine services related to oil industries.
Joint Operations of NPCC				
Saipem – NPCC - Hail and Ghasha		**50%**	-	Engineering, Procurement and Construction.
Technicas – NPCC - Meeram		**50%**	-	Engineering, Procurement and Construction
Technip – NPCC - Satah Full Field		**50%**	50%	Engineering, Procurement and Construction.
NPCC – Technip - UZ-750 (EPC-1)		**40%**	40%	Engineering, Procurement and Construction.
NPCC – Technip UL -2		**50%**	50%	Engineering, Procurement and Construction.
NPCC – Technip AGFA		**50%**	50%	Engineering, Procurement and Construction.
NPCC – Technip JV – US GAS CAP FEED		**50%**	50%	Engineering, Procurement and Construction.

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

2.1 New and revised IFRS Accounting Standards applied with no material effect on the financial statements

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

IFRS 17 Insurance Contracts (including the June 2020 and December 2021 Amendments to IFRS 17)

The Group has adopted IFRS 17 and the related amendments for the first time in the current year. IFRS 17 establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts and supersedes IFRS 4 Insurance Contracts.

IFRS 17 outlines a general model, which is modified for insurance contracts with direct participation features, described as the variable fee approach. The general model is simplified if certain criteria are met by measuring the liability for remaining coverage using the premium allocation approach. The general model uses current assumptions to estimate the amount, timing and uncertainty of future cash flows and it explicitly measures the cost of that uncertainty. It takes into account market interest rates and the impact of policyholders' options and guarantees.

The Group does not have any contracts that meet the definition of an insurance contract under IFRS 17.

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

2.1 New and revised IFRS Accounting Standards applied with no material effect on the financial statements

Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2 Making Materiality Judgements - Disclosure of Accounting Policies

The Group has adopted the amendments to IAS 1 for the first time in the current year. The amendments change the requirements in IAS 1 with regard to disclosure of accounting policies. The amendments replace all instances of the term ‘significant accounting policies’ with ‘material accounting policy information’. Accounting policy information is material if, when considered together with other information included in an entity’s financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements.

The supporting paragraphs in IAS 1 are also amended to clarify that accounting policy information that relates to immaterial transactions, other events or conditions is immaterial and need not be disclosed. Accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material.

The IASB has also developed guidance and examples to explain and demonstrate the application of the ‘four-step materiality process’ described in IFRS Practice Statement 2.

Amendments to IAS 12 - Deferred Tax related to Assets and Liabilities arising from a Single Transaction

The Group has adopted the amendments to IAS 12 for the first time in the current year. The amendments introduce a further exception from the initial recognition exemption. Under the amendments, an entity does not apply the initial recognition exemption for transactions that give rise to equal taxable and deductible temporary differences. Depending on the applicable tax law, equal taxable and deductible temporary differences may arise on initial recognition of an asset and liability in a transaction that is not a business combination and affects neither accounting profit nor taxable profit.

Following the amendments to IAS 12, an entity is required to recognise the related deferred tax asset and liability, with the recognition of any deferred tax asset being subject to the recoverability criteria in IAS 12.

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

2.1 New and revised IFRS Accounting Standards applied with no material effect on the financial statements (continued)

Amendments to IAS 12 Income Taxes - International Tax Reform - Pillar Two Model Rules

The Group has adopted the amendments to IAS 12 for the first time in the current year. The IASB amends the scope of IAS 12 to clarify that the Standard applies to income taxes arising from tax law enacted or substantively enacted to implement the Pillar Two model rules published by the OECD, including tax law that implements qualified domestic minimum top-up taxes described in those rules.

The amendments introduce a temporary exception to the accounting requirements for deferred taxes in IAS 12, so that an entity would neither recognise nor disclose information about deferred tax assets and liabilities related to Pillar Two income taxes.

Following the amendments, the Group is required to disclose that it has applied the exception and to disclose separately its current tax expense (income) related to Pillar Two income taxes.

Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors - Definition of Accounting Estimates

The Group has adopted the amendments to IAS 8 for the first time in the current year. The amendments replace the definition of a change in accounting estimates with a definition of accounting estimates. Under the new definition, accounting estimates are “monetary amounts in financial statements that are subject to measurement uncertainty”. The definition of a change in accounting estimates was deleted.

Notes to the consolidated financial statements
for the year ended 31 December 2023 (continued)

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

2.2 New and revised IFRS in issue but not yet effective

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

New and revised IFRS Accounting Standards	Effective for annual periods beginning on or after
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
The amendments to IFRS 10 and IAS 28 deal with situations where there is a sale or contribution of assets between an investor and its associate or joint venture. Specifically, the amendments state that gains or losses resulting from the loss of control of a subsidiary that does not contain a business in a transaction with an associate or a joint venture that is accounted for using the equity method, are recognised in the parent's profit or loss only to the extent of the unrelated investors' interests in that associate or joint venture. Similarly, gains and losses resulting from the remeasurement of investments retained in any former subsidiary (that has become an associate or a joint venture that is accounted for using the equity method) to fair value are recognised in the former parent's profit or loss only to the extent of the unrelated investors' interests in the new associate or joint venture.	
Amendments to IAS 1 Presentation of Financial Statements—Classification of Liabilities as Current or Non-current	1 January 2024
The amendments to IAS 1 published in January 2020 affect only the presentation of liabilities as current or noncurrent in the statement of financial position and not the amount or timing of recognition of any asset, liability, income or expenses, or the information disclosed about those items. The amendments clarify that the classification of liabilities as current or non-current is based on rights that are in existence at the end of the reporting period, specify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability, explain that rights are in existence if covenants are complied with at the end of the reporting period, and introduce a definition of 'settlement' to make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services.	

Notes to the consolidated financial statements
for the year ended 31 December 2023 (continued)

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

2.2 New and revised IFRS in issue but not yet effective (continued)

New and revised IFRS Accounting Standards	Effective for annual periods beginning on or after
Amendments to IAS 1 Presentation of Financial Statements—Non-current Liabilities with Covenants	1 January 2024
The amendments specify that only covenants that an entity is required to comply with on or before the end of the reporting period affect the entity's right to defer settlement of a liability for at least twelve months after the reporting date (and therefore must be considered in assessing the classification of the liability as current or noncurrent). Such covenants affect whether the right exists at the end of the reporting period, even if compliance with the covenant is assessed only after the reporting date (e.g. a covenant based on the entity's financial position at the reporting date that is assessed for compliance only after the reporting date).	
The IASB also specifies that the right to defer settlement of a liability for at least twelve months after the reporting date is not affected if an entity only has to comply with a covenant after the reporting period. However, if the entity's right to defer settlement of a liability is subject to the entity complying with covenants within twelve months after the reporting period, an entity discloses information that enables users of financial statements to understand the risk of the liabilities becoming repayable within twelve months after the reporting period. This would include information about the covenants (including the nature of the covenants and when the entity is required to comply with them), the carrying amount of related liabilities and facts and circumstances, if any, that indicate that the entity may have difficulties complying with the covenants.	

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

2.2 New and revised IFRS in issue but not yet effective (continued)

New and revised IFRS Accounting Standards	Effective for annual periods beginning on or after
Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures—Supplier Finance Arrangements	1 January 2024

The amendments add a disclosure objective to IAS 7 stating that an entity is required to disclose information about its supplier finance arrangements that enables users of financial statements to assess the effects of those arrangements on the entity's liabilities and cash flows. In addition, IFRS 7 was amended to add supplier finance arrangements as an example within the requirements to disclose information about an entity's exposure to concentration of liquidity risk.

The term 'supplier finance arrangements' is not defined. Instead, the amendments describe the characteristics of an arrangement for which an entity would be required to provide the information.

To meet the disclosure objective, an entity will be required to disclose in aggregate for its supplier finance arrangements:

- The terms and conditions of the arrangements
- The carrying amount, and associated line items presented in the entity's statement of financial position, of the liabilities that are part of the arrangements
- The carrying amount, and associated line items for which the suppliers have already received payment from the finance providers
- Ranges of payment due dates for both those financial liabilities that are part of a supplier finance arrangement and comparable trade payables that are not part of a supplier finance arrangement
- Liquidity risk information

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

2.2 New and revised IFRS in issue but not yet effective (continued)

New and revised IFRS Accounting Standards	Effective for annual periods beginning on or after
Amendment to IFRS 16 Leases—Lease Liability in a Sale and Leaseback	1 January 2024
The amendments to IFRS 16 add subsequent measurement requirements for sale and leaseback transactions that satisfy the requirements in IFRS 15 to be accounted for as a sale. The amendments require the seller-lessee to determine ‘lease payments’ or ‘revised lease payments’ such that the seller lessee does not recognise a gain or loss that relates to the right of use retained by the seller-lessee, after the commencement date.	
The amendments do not affect the gain or loss recognised by the seller-lessee relating to the partial or full termination of a lease. Without these new requirements, a seller-lessee may have recognised a gain on the right of use it retains solely because of a remeasurement of the lease liability (for example, following a lease modification or change in the lease term) applying the general requirements in IFRS 16. This could have been particularly the case in a leaseback that includes variable lease payments that do not depend on an index or rate.	
As part of the amendments, the IASB amended an Illustrative Example in IFRS 16 and added a new example to illustrate the subsequent measurement of a right-of-use asset and lease liability in a sale and leaseback transaction with variable lease payments that do not depend on an index or rate. The illustrative examples also clarify that the liability, that arises from a sale and leaseback transaction that qualifies as a sale applying IFRS 15, is a lease liability.	
IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information	1 January 2024, subject to adoption by the jurisdiction
IFRS S1 sets out overall requirements for sustainability-related financial disclosures with the objective to require an entity to disclose information about its sustainability-related risks and opportunities that is useful to primary users of general purpose financial reports in making decisions relating to providing resources to the entity.	

Notes to the consolidated financial statements
for the year ended 31 December 2023 (continued)

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

2.2 New and revised IFRS in issue but not yet effective (continued)

New and revised IFRS Accounting Standards	Effective for annual periods beginning on or after
IFRS S2 Climate-related Disclosures IFRS S2 sets out the requirements for identifying, measuring and disclosing information about climate-related risks and opportunities that is useful to primary users of general purpose financial reports in making decisions relating to providing resources to the entity.	1 January 2024, subject to adoption by the jurisdiction
Amendment to IAS 21— Lack of Exchangeability The amendments contain guidance to specify when a currency is exchangeable and how to determine the exchange rate when it is not.	1 January 2025

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.

3 Summary of significant accounting policies

Statement of compliance

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") and applicable provisions of the Federal Decree law no 32 of 2021.

Functional and presentation currency

These consolidated financial statements are presented in United Arab Emirates Dirhams (AED) which is the functional and presentation currency of the Group and all values are rounded to the nearest thousand except when otherwise indicated.

Basis of preparation

The consolidated financial statements have been prepared on a historical cost basis, except for derivative financial instruments and financial assets at fair value through profit or loss, that have been measured at fair value.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and the entities controlled by the Company (its subsidiaries) made up to 31 December each year. Control is achieved where the Company 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 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 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 it's voting rights in an investee are sufficient to give it power, including:

- the size of the Group's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Group, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Group 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.

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3 Summary of significant accounting policies (continued)

Basis of consolidation (continued)

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group 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 Group gains control until the date when the Group 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.

Non-controlling interests in subsidiaries are identified separately from the Group's equity therein. Those interests of non-controlling 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 Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Revenue recognition

IFRS 15 establishes a five-step model that applies to revenue arising from contracts with customers. Revenue is recognised at an amount that reflects the consideration to which the Group expects to be entitled in exchange for transferring goods or services to a customer. The five steps are:

Step 1 Identify contract(s) with a customer;
Step 2 Identify performance obligations in the contract;
Step 3 Determine the transaction price;
Step 4 Allocate the transaction price to the performance obligations in the contract; and
Step 5 Recognise revenue when (or as) the Group satisfies a performance obligation.

3 Summary of significant accounting policies (continued)

Revenue recognition (continued)

The Company satisfies a performance obligation and recognises revenue over time, if one of the following criteria is met:

a) The Group's performance does not create an asset with an alternate use to the Group and the Group has as an enforceable right to payment for performance completed to date.
b) The Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced.
c) The customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs.

For performance obligations where one of the above conditions are not met, revenue is recognised at the point in time at which the performance obligation is satisfied.

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. The Group recognises revenue when the amount of revenue can be reliably measured; when it is probable that future economic benefits will flow to the entity; and when specific criteria have been met for each of the Group's activities, as described above. The Group bases its estimate of return on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

Contract revenue

Contract revenue comprises revenue from execution of contracts relating to lump-sum engineering, procurement and construction project services, dredging activities and associated land reclamation works. Lump-sum engineering, procurement and construction project execution services contracts contain distinct goods and services that are not distinct in the context of the contract. These are therefore combined into a single performance obligation.

The Group recognises revenue from its lump-sum engineering, procurement and construction project execution services contracts over time as the assets constructed are highly customized for the customers' needs with no alternative use and the Group has right to payment for performance completed to date.

Contract revenue includes the initial amount agreed in the contract plus any variations in contract work, and incentive payments, to the extent that it is probable that they will result in revenue, they can be measured reliably and will be approved by the customers. Claims are recognised when negotiations have reached an advanced stage such that it is probable that the customer will accept the claim and the amount can be measured reliably. Contract revenue also includes revenue from securing the award of significant projects for dredging and reclamation works. These amounts are recognised when all significant service obligations arising from the related services have been discharged.

**Notes to the consolidated financial statements
for the year ended 31 December 2023 (continued)**

3 Summary of significant accounting policies (continued)

Revenue recognition (continued)

Contract revenue (continued)

If the outcome of a contract can be estimated reliably, contract revenue is recognised in the consolidated statement of profit or loss in proportion to the stage of completion of the contract. Based on the method that most reliably measures the actual work performed on each contract, the stage of completion is determined either on the basis of surveys of work performed or in the proportion of the contract costs incurred for work performed to date as compared to the estimated total contract costs. Losses on contracts are assessed on an individual contract basis and a provision is recorded for the full amount of any anticipated losses, including losses relating to future work on a contract, in the period in which the loss is first foreseen.

In case of contracts, where revenue is recognised on the basis of surveys of work performed, revenue is measured by applying contractual rates, or the minimum recoverable rates expected, to the actual quantities dredged or the related works performed. Revenue is adjusted subsequently based on final customer approval if rates approved are different from those originally used.

When the outcome of a contract cannot be estimated reliably, revenue is recognised only to the extent of contract costs incurred that it is probable will be recoverable; and contract costs should be recognised as an expense in the period in which they are incurred.

Warranty Obligations

The Group generally provides warranties for general repairs of defects that existed at the time of sale, as required by law. As such, all warranties are assurance-type warranties under IFRS 15, which the Group accounts for under IAS 37 Provisions, Contingent Liabilities and Contingent Assets.

Significant financing component

For lump sum engineering, construction and procurement projects, if there is a difference in the timing of when the Group receives the advance and progress payments and when it recognises the contract revenue, the Group implies the existence of implicit significant financing component and adjusts transaction price to include the effects of time of value of money. The Group records interest on the delayed payments as interest income. For other contracts generally, the Group receives short-term advances from its customers. Using the practical expedient in IFRS 15, the Group does not adjust the promised amount of consideration for the effects of a significant financing component if it expects, at contract inception, that the period between the transfer of the promised good or service to the customer and when the customer pays for that good or service will be one year or less.

3 Summary of significant accounting policies (continued)

Revenue recognition (continued)

Variation orders and claims

Variation orders and claims are only included in revenue when it is probable that these will be accepted and can be measured reliably. The Group provides for liquidated damages claims where the customer has the contractual right to apply liquidated damages and it is considered probable that the customer will successfully pursue such a claim.

Liquidated damages and penalties

Liquidated damages, penalties and similar payments, price concession (discounts) or deductions are accounted for as variable considerations. When management concludes on the existence of variable consideration, the Group estimates the amount of variable consideration at contract inception by using either (i) the expected value approach or (ii) the most likely amount. The Group use the method that best predicts the amount of consideration to which it will be entitled based on the terms of the contract. This would also apply to contractual incentive payments or early completion bonuses, if any.

Cost to obtain and costs to fulfil a contract

The Group applied the practical expedient to immediately expense contract acquisition costs when the asset that would have resulted from capitalising such costs would have been amortised within one year or less. The Group does not incur any costs to obtain a contract and costs to fulfil a contract that are eligible for capitalisation.

Other income

Sale of scrap
Income from the sale of scrap is recognized at the time customers take delivery and risk and rewards are transferred to customers as per agreed terms and conditions.

Dividend income
Dividend income is recognised in the consolidated statement of profit or loss on the date that the Group's right to receive payment is established, which in the case of quoted securities is the ex-dividend date.

Insurance claim
Insurance claims is recognised in the consolidated statement of profit or loss on the date the Group receives the claim value.

Finance income
Finance income comprises interest income on bank deposits. Interest income is recognised as it accrues in the consolidated statement of profit or loss.

3 Summary of significant accounting policies (continued)

Property, plant and equipment

Include Recognition and measurement
Items of property, plant and equipment are stated at cost, less accumulated depreciation and impairment losses, if any.

Cost includes expenditures that are directly attributable to the acquisition of the assets. The cost of self-constructed assets includes the cost of materials, direct labor and any other costs directly attributable to bringing the asset to a working condition for its intended use, the costs of dismantling and removing the items and restoring the site on which they are located and capitalised borrowing costs. Cost also may include transfer from other comprehensive income of any gain or loss on qualifying cash flow hedges of foreign currency for purchase of property, plant and equipment. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Subsequent costs
The cost of replacing a part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. Vessel overhaul and dry-docking costs are capitalised as a separate component of dredgers when incurred. The costs of day to day servicing of property, plant and equipment are recognised in the consolidated statement of profit or loss as incurred.

Depreciation
Depreciation is recognised in the consolidated statement of profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. Vessel overhaul and dry docking costs are depreciated over the period up to next dry-docking, which is generally four years. The estimated useful lives for other items of property, plant and equipment for the current and comparative years are as follows:

	Years
Building and base facilities	25
Dredgers	5 - 30
Barges, support vessels, plant, pipelines and vehicles	1 - 40
Office equipment and furniture	3 - 5

Depreciation methods, useful lives and residual values are reviewed at each financial year end, with the effect of any changes in estimate accounted for on a prospective basis. Management has reviewed the estimated useful lives of property and equipment in accordance with IAS 16 “Property, Plant and Equipment”, and has adjusted the useful lives of certain vessels, barges and vehicles based on the expected usage/future economic benefit (effective from 1 January 2023).

This reassessment has resulted in reduction of depreciation charge for the current year by AED 39.2 million and an increase in the net book value of property, plant and equipment by the same amount.

3 Summary of significant accounting policies (continued)

Property, plant and equipment (continued)

Items of property, plant and equipment are depreciated from the date that they are installed and are ready for use, or in respect of internally constructed assets, from the date that the asset is completed and ready for use.

Capital work in progress
The Group capitalises all costs relating to the construction of tangible fixed assets as capital work-in-progress, up to the date of completion of the asset. Such costs are transferred from capital work-in-progress to the appropriate asset category upon completion, and are depreciated over their estimated useful economic lives from the date of such completion.

Derecognition
An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant 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. Insurance claim proceeds, if any, against an insured item of property, plant and equipment are recognised in "other income" in profit or loss.

Investment properties

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

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

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

Impairment of non-financial assets

The Group assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

3 Summary of significant accounting policies (continued)

Impairment of non-financial assets (continued)

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. The Group bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Group's CGUs to which the individual assets are allocated.

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Group estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the consolidated statement of profit and loss unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

Goodwill is tested for impairment annually and when circumstances indicate that the carrying value may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of each CGU (or group of CGUs) to which the goodwill relates. When the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in future periods.

Investments in associates and joint ventures

An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

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 associates or joint ventures are incorporated in these consolidated financial statements using the equity method of accounting, except when the investment 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 an associate or a joint venture is recognised initially 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 associate or joint venture. When the Group's share of losses of an associate or a joint venture exceeds the Group's interest in that associate or joint venture (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate or 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 associate or joint venture.

Notes to the consolidated financial statements
for the year ended 31 December 2023 (continued)

3 Summary of significant accounting policies (continued)

Investments in associates and joint ventures (continued)

An investment in an associate or a joint venture is accounted for using the equity method from the date on which the investee becomes an associate or a joint venture. On acquisition of the investment in an associate or 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 consolidated statement of profit or loss in the period in which the investment is acquired.

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 an associate or 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 of disposal) with its carrying amount. Any impairment loss recognised is not allocated to any asset, including goodwill that 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 an associate or a joint venture. When the Group retains an interest in the former associate or a 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 associate or a 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 associate or a joint venture is included in the determination of the gain or loss on disposal of the associate or joint venture.

In addition, the Group accounts for all amounts previously recognised in consolidated statement of comprehensive income in relation to that associate on the same basis as would be required if that associate had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in consolidated statement of comprehensive income by that associate or joint venture would be reclassified to consolidated statement of profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to consolidated statement of profit or loss (as a reclassification adjustment) when the associate or joint venture is disposed of.

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

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

The Group applies IFRS 9, including the impairment requirements, to long-term interests in an associate or joint venture to which the equity method is not applied and which form part of the net investment in the investee. Furthermore, in applying IFRS 9 to long-term interests, the Group does not take into account adjustments to their carrying amount required by IAS 28 (i.e. adjustments to the carrying amount of long-term interests arising from the allocation of losses of the investee or assessment of impairment in accordance with IAS 28).

3 Summary of significant accounting policies (continued)

Interests in joint operations

A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the 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.

When a Group entity undertakes its activities under joint operations, the Group as a joint operator recognises in relation to its interest in a joint operation:

- its assets, including its share of any assets held jointly;
- its liabilities, including its share of any liabilities incurred jointly;
- its revenue from the sale of its share of the output arising from the joint operation;
- its share of the revenue from the sale of the output by the joint operations; and
- its expenses, including its share of any expenses incurred jointly.

The Group accounts for the assets, liabilities, revenues and expenses relating to its interest in a joint operation in accordance with the IFRS Accounting Standards applicable to the particular assets, liabilities, revenues and expenses.
When a Group entity transacts with a joint operation in which a group entity is a joint operator (such a sale or contribution of assets), the Group is considered to be conducting the transaction with the other parties to the joint operations, and gains and losses resulting from the transactions are recognised in the Group's consolidated financial statements only to the extent of other parties' interests in the joint operation.

When a Group entity transacts with a joint operation in which a Group entity is a joint operator (such as a purchase of asset), the Group does not recognise its share of the gains and losses until it resells those assets to a third party.

Inventories

Inventories comprise stores and consumable spares and are measured at the lower of cost and net realisable value. The costs of inventories are based on the weighted average method, and include expenditure incurred in acquiring the inventories and other costs incurred in bringing them to their existing location and condition.

Net realisable value is the estimated selling price in the ordinary course of business, less selling expenses.

Provision for slow moving and obsolete inventories is established based on expected usage as assessed by management.

3 Summary of significant 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 and other applicable laws as per the jurisdictions of the relevant subsidiaries, 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.

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.

To the extent that variable rate borrowings are used to finance a qualifying asset and are hedged in an effective cash flow hedge of interest rate risk, the effective portion of the derivative is recognised in other comprehensive income and reclassified to the consolidated statement of profit or loss when the qualifying asset affects it. To the extent that fixed rate borrowings are used to finance a qualifying asset and are hedged in an effective fair value hedge of interest rate risk, the capitalised borrowing costs reflect the hedged interest rate.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in the consolidated statement of profit or loss in the period in which they are incurred.

3 Summary of significant accounting policies (continued)

Foreign currencies

Transactions in foreign currencies are translated to AED at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to AED at the exchange rate at that date.

The foreign currency gain or loss on monetary items is the difference between the amortised cost in AED at the beginning of the year, adjusted for effective interest and payments during the period and the amortised cost in foreign currency translated at the exchange rate at the end of the year.

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are retranslated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to AED at the exchange rate at the date that the fair value was determined. Foreign currency differences arising on translation are recognised in the consolidated statement of profit or loss, except for the exchange differences arising on the retranslation of equity instruments at fair value through OCI and qualifying cash flow hedges to the extent the hedge is effective, which are recognised in other comprehensive income. Foreign currency gains and losses on financial assets and financial liabilities are reported on a net basis.

For the purposes of presenting these consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into AED using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the dates of transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity as foreign currency translation reserves.

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.

3 Summary of significant accounting policies (continued)

Provisions (continued)

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.

Warranties

Provisions for the expected cost of warranty obligations are recognised at the date of sale of the relevant products, to settle the Group's obligation based on past experience of the Group.

Cash and cash equivalents

In the 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. Contractual restrictions affecting use of bank balances are disclosed in note 15. 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 statement of financial position.

For the purposes of the statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts which are repayable on demand and form an integral part of the Group's cash

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.

3 Summary of significant accounting policies (continued)

Leases (continued)

<u>The Group as a lessee (continued)</u>

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 revise discount rate is used).

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.

3 Summary of significant accounting policies (continued)

Leases (continued)

The Group as a lessee (continued)

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 'Other expenses' in the consolidated statement of profit or loss.

As a practical expedient, IFRS 16 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.

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.

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.

3 Summary of significant accounting policies (continued)

Financial instruments (continued)

Financial assets (continued)

Classification of financial assets (continued)

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); and
- 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.

(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.

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.

3 Summary of significant accounting policies (continued)

Financial instruments (continued)

Financial assets (continued)

Classification of financial assets (continued)

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

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” (note 24).

(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.

Notes to the consolidated financial statements
for the year ended 31 December 2023 (continued)

3 Summary of significant accounting policies (continued)

Financial instruments (continued)

Financial assets (continued)

<u>Classification of financial assets (continued)</u>

(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.

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.

3 Summary of significant accounting policies (continued)

Financial instruments (continued)

Financial assets (continued)

Classification of financial assets (continued)

(iv) Financial assets at FVTPL (continued)

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 and is included in the 'other gains and losses' line item.

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.

3 Summary of significant accounting policies (continued)

Financial instruments (continued)

Financial assets (continued)

<u>Impairment of financial assets (continued)</u>

(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.

3 Summary of significant 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.

3 Summary of significant 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 2023 (continued)

3 Summary of significant 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.

3 Summary of significant accounting policies (continued)

Financial instruments (continued)

Financial liabilities and equity instruments (continued)

Derecognition of financial liabilities (continued)

The Group enters into derivative financial instruments to manage exposure to variable interest rate fluctuations. Further details of derivative financial instruments are disclosed in note 32.

Derivatives are initially recognised at fair value at the date the derivative contracts are entered into and are subsequently re-measured to their fair value at the end of each reporting period. The resulting gain or loss is recognised in consolidated statement of profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of recognition in consolidated statement of profit or loss depends on the nature of the hedging relationship.

A derivative with a positive fair value is recognised as a financial asset whereas a derivative with a negative fair value is recognised as a financial liability. Derivatives are not offset in the consolidated financial statements unless the Group has both a legally enforceable right and intention to offset. A derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the instrument is more than 12 months and it is not due to be realised or settled within 12 months. Other derivatives are presented as current assets or current liabilities.

Hedge accounting

The Group designates derivatives as hedging instruments in respect of foreign currency risk and interest rate risk in fair value hedges, cash flow hedges, or hedges of net investments in foreign operations, as appropriate. Hedges of foreign exchange risk on firm commitments are accounted for as cash flow hedges.

At the inception of the hedge relationship, the Group documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the Group documents whether the hedging instrument is effective in offsetting changes in fair values or cash flows of the hedged item attributable to the hedged risk, which is when the hedging relationships meet all of the following hedge effectiveness requirements:

- There is an economic relationship between the hedged item and the hedging instrument;
- The effect of credit risk does not dominate the value changes that result from that economic relationship; and
- The hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the Group actually hedges and the quantity of the hedging instrument that the Group actually uses to hedge that quantity of hedged item.

If a hedging relationship ceases to meet the hedge effectiveness requirement relating to the hedge ratio but the risk management objective for that designated hedging relationship remains the same, the Group adjusts the hedge ratio of the hedging relationship (i.e. rebalances the hedge) so that it meets the qualifying criteria again.

3 Summary of significant accounting policies (continued)

Hedge accounting (continued)

Note 32 sets out details of the fair values of the derivative instruments used for hedging purposes.

Cash flow hedges

The effective portion of changes in the fair value of derivatives and other qualifying hedging instruments that are designated and qualify as cash flow hedges is recognised in consolidated statement of comprehensive income and accumulated under the heading of cash flow hedging reserve, limited to the cumulative change in fair value of the hedged item from inception of the hedge. The gain or loss relating to the ineffective portion is recognised immediately in consolidated statement of profit or loss.

Amounts previously recognised in other comprehensive income and accumulated in equity are reclassified to consolidated statement of profit or loss in the periods when the hedged item affects consolidated statement of profit or loss, in the same line as the recognised hedged item. However, when the hedged forecast transaction results in the recognition of a non-financial asset or a non-financial liability, the gains and losses previously recognised in other comprehensive income and accumulated in equity are removed from equity and included in the initial measurement of the cost of the non-financial asset or non-financial liability. This transfer does not affect consolidated statement of comprehensive income. Furthermore, if the Group expects that some or all of the loss accumulated in the cash flow hedging reserve will not be recovered in the future, that amount is immediately reclassified to consolidated statement of profit or loss.

The Group discontinues hedge accounting only when the hedging relationship (or a part thereof) ceases to meet the qualifying criteria (after rebalancing, if applicable). This includes instances when the hedging instrument expires or is sold, terminated or exercised. The discontinuation is accounted for prospectively. Any gain or loss recognised in consolidated statement of comprehensive income and accumulated in cash flow hedge reserve at that time remains in equity and is reclassified to consolidated statement of profit or loss when the forecast transaction occurs. When a forecast transaction is no longer expected to occur, the gain or loss accumulated in the cash flow hedge reserve is reclassified immediately to consolidated statement of profit or loss.

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.

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

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

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.

Capitalisation of costs

Management determines whether the Group will recognise an asset from the costs incurred to fulfil a contract and costs incurred to obtain a contract if the costs meet all the following criteria:

- the costs relate directly to a contract or to an anticipated contract that the Group can specifically identify;
- the costs generate or enhance resources of the Group that will be used in satisfying performance obligations in the future; and
- the costs are expected to be recovered.

Such asset will be amortised on a systematic basis that is consistent with the transfer to the customer of the goods or services to which the asset relates.

Contract variations

Contract variations are recognised as revenue only to the extent that the Group is confident of realising the economic benefits of the variation in accordance with its interpretation of the underlying circumstances. The Group considers prior experience, application of contract terms and the relationship with the customers in making its judgement.

Contract claims

Contract claims are recognised as revenue only when the Group is confident of realising the economic benefits of the claim in accordance with its assessment of the underlying circumstances. The Group reviews judgments related to these contract claims periodically and adjustments are made in the future periods, if assessments indicate that such adjustments are appropriate.

Notes to the consolidated financial statements
for the year ended 31 December 2023 (continued)

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

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

Business model assessment

Classification and measurement of financial assets depends on the results of the SPPI and the business model test. The Group determines the business model at a level that reflects how group 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 or fair value through other comprehensive income 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.

Determining whether unsigned (verbal) agreements meet the definition of contract under IFRS 15

Certain projects for the Government of Abu Dhabi, its departments or related parties, and for customers in Egypt, are executed on the basis of verbally agreed terms (including estimates of total project cost and timelines) in line with the Group's historical business practice. Management has determined such unsigned verbal agreements meet the definition of a 'contract with customer' under IFRS 15 on the basis of external legal opinions. Based on legal opinions, management considers such unsigned verbal agreements to meet the definition of a 'contract with customer' under IFRS 15 since the Group and the customer agree upon the essential elements of a contract and any other lawful conditions, though matters of detail are left to be agreed upon at a later date, and the contract is deemed to be made and binding even in the absence of agreement on these matter of detail. In addition, under Article 132 of the UAE Civil code and under the Supreme Administrative Court Ruling in Case no. 134 of 42 Judicial Year dated 22 July 1997 a contract can be oral or written and a contract can also result from acts which demonstrate the presence of mutual consent between the relevant parties.

Joint arrangement

For assessing joint control, the Group has considered the contractual agreement of sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control. For the purpose of assessing whether a joint arrangement is a joint venture or joint operation, the Group has considered whether it has joint control on the rights to the net assets of the arrangements, in which case these are treated as joint ventures, or rights to the assets and obligations for the liabilities relating to the arrangement, in which case these are treated as joint operations.

The Group has concluded that the Group entity "The Challenge Egyptian Emirates Marine Dredging Company", is a joint venture because each party has equal representation on the Board of Directors and unanimous consent of the Board of Directors is required for any resolution to be passed and the Group has rights to the net assets of the joint arrangement established by contractual agreement.

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

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).

Merger reserve

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 IAS 32. In making its judgment, the Group considered, 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. Accordingly, it was concluded that merger reserve should be part of equity.

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:

4.2 Key sources of estimation uncertainty

Contract revenue

Revenue from construction contracts is recognised in the consolidated statement of profit or loss when the outcome of the contract can be reliably estimated. The measurement of contract revenue is affected by a variety of uncertainties (including cost estimation and surveys of work performed) that depend on the outcome of future events.

As stated in note 3 to the consolidated financial statements, contract revenue is recognised in the consolidated statement of profit or loss on the basis of stage of completion of the contracts. The stage of completion can be measured by various methods. The management uses one of the following methods that measure reliably the actual work performed on the contract, depending on the nature of the contract:

- surveys of work performed; or
- the proportion that costs incurred to date bear to the estimated total costs of the contract.

Notes to the consolidated financial statements
for the year ended 31 December 2023 (continued)

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

4.2 Key sources of estimation uncertainty (continued)

Contract revenue (continued)

When the outcome of a contract cannot be estimated reliably, revenue is recognised only to the extent of contract costs incurred that it is probable will be recoverable. Contract costs are recognised as an expense in the period in which they are incurred.

The above estimates often need to be revised as events occur and uncertainties are resolved. Therefore, the amount of contract revenue recognised may increase or decrease from period to period.

Impairment of inventories

When inventories become old or obsolete, an estimate is made of their net realisable value. Inventory items are categorised based on their movements during the year, their physical condition and their expected future use, and accordingly, different proportions of the value of each category are recognised as an allowance for impairment of slow moving and obsolete inventories. Based on the factors, management has identified inventory items as slow and now moving to calculate the allowance for slow moving inventories. Revisions to the allowance for slow moving inventories would require if the outcome of these indicative factors differ from the estimates. Allowance for slow moving inventories at 31 December 2023 AED 53,405 thousand (note 12) (31 December 2022: AED 51,965 thousand).

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 and retention receivables and contract assets required as at 31 December 2023 is AED 27,747 thousand (2022: AED 45,823 thousand) and AED 23,379 thousand (31 December 2022: AED 27,558 thousand), respectively.

Notes to the consolidated financial statements for the year ended 31 December 2023 (continued)

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

4.2 Key sources of estimation uncertainty (continued)

Contract assets

Contract assets represent amounts relating to work performed which is yet to be billed to customers. Contract assets are measured by applying the minimum recoverable rates expected, to the actual quantities dredged or the related works performed. The contract assets expected to be realised after a period of one year from the reporting date are classified and presented as non-current. Significant judgments are involved in management's assessment of the amounts of revenue and contract assets recognised and the recoverability of these amounts. These judgments are reviewed as events occur and accordingly any changes thereon may have an impact on the amount of revenue recognised and contract assets in these consolidated financial statements.

The Group receives lump sum payments from certain clients in settlement of outstanding invoices and as advances for several projects. The allocation of proceeds against invoices and contract assets is determined based on management's judgment.

Contract variations and claims

Contract variations are recognised as revenues only to the extent that it is probable that they will result in revenue which can be reliably measured. This requires the exercise of estimating the value of variations based on management's prior experience, application of contract terms and the relationship with the customers.

Contract claims are recognised as revenue only when management believes that an advanced stage of negotiation has been reached and the revenue can be estimated with reasonable certainty. Management reviews the judgement related to these contract claims periodically and adjustments are made in the future periods, if assessments indicate that such adjustments are appropriate.

Useful lives and residual values of property, plant and equipment

The useful lives and residual values of the property and equipment are based on management's judgement of the historical pattern of useful live and the general standards in the industry. Management has reviewed the estimated useful lives of property and equipment in accordance with IAS 16 Property, Plant and Equipment, and has adjusted the useful lives of certain vessels, barges and vehicles based on the expected usage/future economic benefit (effective from 1 January 2023).

This reassessment has resulted in reduction of depreciation charge for the current year by AED 39.2 million and an increase in the net book value of property, plant and equipment by the same amount.

Impairment of property, plant and equipment

The Group assesses for indicators of impairment of property, plant and equipment at each reporting period. In determining whether impairment losses should be recorded, the Group makes judgments as to whether there is any observable data indicating that there is a measurable decrease in the estimated future cash flows. Accordingly, an allowance for impairment is made where there is an identified loss event or condition which, based on previous experience, is evidence of a reduction in the recoverability of the cash flows.

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

4.2 Key sources of estimation uncertainty (continued)

Uncertain tax positions

Uncertainties exist with respect to the interpretation of complex tax regulations, changes in tax laws, and the amount and timing of future taxable income. Given the wide range of international business relationships and the long term nature and complexity of existing contractual agreements, differences may arise between the actual results and adjustments to tax income and expense already recorded. Deferred tax assets are recognised for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Assessing the recoverability of deferred income tax assets requires the Group to make significant assumptions related to expectations of future taxable income. Estimates of future taxable income are based on forecast cash flows from operations and the application of existing tax laws in each jurisdiction. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the Group to realise the net deferred tax assets recorded at the reporting date could be impacted. As of 31 December 2023, the Group has recognised a balance of AED 6,465 thousand as a deferred tax asset (note 11) (31 December 2022: AED 8,468 thousand). The uncertain tax positions, for example tax disputes, have been accounted for by the applying the most likely amount. The most likely amount is the single most likely amount in a range of realistically possible options.

Legal claims and contingencies

When assessing the possible outcomes of legal claims and contingencies, the Group rely on the opinions of the legal counsel. The opinions of the Group's legal counsel are based on their professional judgment and take into consideration the current stage of proceedings and legal experience accumulated with respect to various matters. As the results of the claims may ultimately be determined by courts or otherwise settled, they may be different from such estimates.

Discount rate used for initial measurement of lease liability

The Group, as a lessee, measures the lease liability at the present value of the unpaid lease payments at the commencement date. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Group, on initial recognition of the lease, uses its incremental borrowing rate. Incremental borrowing rate is the rate of interest that the Company would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use assets in similar economic environment.

Derivative financial instruments

The fair values of derivative financial instruments measured at fair value are generally obtained by reference to quoted market prices, discounted cash flow models and recognised pricing models as appropriate. When independent prices are not available, fair values are determined by using valuation techniques which refer to observable market data. These include comparison with similar instruments where market observable prices exist, discounted cash flow analysis, option pricing models and other valuation techniques commonly used by market participants.

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

4.2 Key sources of estimation uncertainty (continued)

Warranty provision

Management has estimated contract warranty costs expected to arise on projects, based on management's best estimates, past experience and expected future maintenance costs.

5 Property, plant and equipment

	Building and base facilities AED'000	Dredgers AED'000	Barges support vessels, plan and pipelines and vehicles AED'000	Office equipment and furniture AED'000	Capital work-in-progress AED'000	Total AED'000
Cost						
At 1 January 2022	609,931	971,556	6,341,465	127,608	65,053	8,115,613
Additions	2,434	5,038	94,914	8,131	710,670	821,187
Transfers	4,181	470,465	34,786	3	(515,444)	(6,009)
Disposals	(5,118)	(7,034)	(644,651)	(1,987)	-	(658,790)
Exchange differences	(3)	-	(4,430)	(2,140)	-	(6,573)
At 1 January 2023	611,425	1,440,025	5,822,084	131,615	260,279	8,265,428
Additions	1,598	10,457	432,605	11,390	740,568	1,196,618
Transfers	40,151	(1,066)	553,212	728	(593,025)	-
Disposals	-	(106)	(11,864)	(922)	-	(12,892)
Exchange differences	-	-	(1,482)	(211)	-	(1,693)
At 31 December 2023	**653,174**	**1,449,310**	**6,794,555**	**142,600**	**407,822**	**9,447,461**
Accumulated depreciation						
At 1 January 2022	375,228	74,477	3,547,078	101,013	-	4,097,796
Charge for the year	22,630	88,237	298,739	11,162	-	420,768
Disposals	(2,625)	(312)	(586,036)	(1,284)	-	(590,257)
Exchange differences	-	-	(304)	(1,190)	-	(1,494)
At 1 January 2023	395,233	162,402	3,259,477	109,701	-	3,926,813
Charge for the year	24,523	99,794	258,535	11,308	-	394,160
Disposals	-	-	(10,529)	(214)	-	(10,743)
Exchange differences	-	(369)	(238)	(78)	-	(685)
At 31 December 2023	**419,756**	**261,827**	**3,507,245**	**120,717**	**-**	**4,309,545**
Carrying amount						
At 31 December 2023	**233,418**	**1,187,483**	**3,287,310**	**21,883**	**407,822**	**5,137,916**
At 31 December 2022	216,192	1,277,623	2,562,607	21,914	260,279	4,338,615

a. Certain items of property, plant and equipment with a carrying value of AED 2,143 million (2022: AED 2,212 million) have been pledged to secure the borrowings of the Group (see note 16). The Group is not allowed to pledge these assets as security for other borrowings or to sell them to another entity.
b. Property, plant and equipment includes fully depreciated assets of AED 2,274 million (2022: AED 2,137 million).
c. Building and base facilities are located in Mussafah, Abu Dhabi, UAE on leased land.

Notes to the consolidated financial statements
for the year ended 31 December 2023 (continued)

6 Investment properties

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

7 Right-of-use assets and lease liabilities

	Right-of-use assets (land) AED'000	Lease liabilities AED'000
As at 1 January 2022	308,849	313,209
Acquisition during the year	45,159	45,159
Depreciation expense	(13,881)	-
Interest expense	-	11,788
Payments	-	(21,102)
As at 1 January 2023	**340,127**	**349,054**
Addition during the year	**4,636**	**4,638**
Depreciation expense	**(14,666)**	-
Interest expense	-	**12,749**
Payments	-	**(25,504)**
As at 31 December 2023	**330,097**	**340,937**

The Group leases includes land with the average lease term is 20-30 years (2022: 20-30 years).

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

	2023 AED'000	2022 AED'000
Current liabilities	**10,671**	11,737
Non-current liabilities	**330,266**	337,317
Total	**340,937**	349,054

Following are the amounts recognised in the consolidated statement of profit or loss:

	2023 AED'000	2022 AED'000
Depreciation on right-of-use assets	**14,666**	13,881
Interest expense on lease liabilities	**12,749**	11,788

Notes to the consolidated financial statements for the year ended 31 December 2023 (continued)

7 Right-of-use assets and lease liabilities (continued)

	2023 AED'000	2022 AED'000
Less than 1 year	**10,345**	**11,737**
More than 1 year to 5 years	**38,565**	**47,738**
Later than 5 years	**292,027**	**289,579**
	340,937	**349,054**

8 Goodwill

Acquisition of subsidiaries

In 2015, the Group acquired 80% stake in ANEWA Engineering Pvt LTD through one of its subsidiaries NPCC Engineering Limited, India.

Acquisition date fair values of the identifiable assets and liabilities of the subsidiaries were determined as follows:

	Total AED'000
Fair value of net assets acquired	12,749
Consideration paid	7,692
Goodwill on acquisition	5,057

Notes to the consolidated financial statements
for the year ended 31 December 2023 (continued)

9 Investment in equity accounted investees

The carrying amounts of the Group's investments in equity accounted investees at 31 December are as follows:

	2023 AED'000	2022 AED'000
NT Energies (note 9.2)	**77**	-
Safeen Survey and Subsea Services LLC	**236,642**	140,067
Principia SAS	**24,057**	23,667
The Challenge Egyptian Emirates Marine Dredging Company	**21,613**	28,199
	282,389	191,933

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

	2023 AED'000	2022 AED'000
At 1 January	**191,933**	55,850
Acquisition during the year (note 9.1 & 9.2)	**49,077**	-
Transfers from property, plant, and equipment (note 9.4)	**-**	23,636
Fair value gain arising on the re-measurement (note 9.4)	**-**	116,431
Dividend received during the year	**(1,337)**	(1,230)
Foreign exchange movement	**(9,931)**	(7,957)
Share of profit for the year, net	**52,647**	5,203
At 31 December	**282,389**	191,933

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

9.2 During the year, the Group signed an agreement with France-based company Technip Energies to establish a Joint Venture, NT Energies. The Group owns 51% share in the Joint Venture.

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

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

Notes to the consolidated financial statements
for the year ended 31 December 2023 (continued)

9 Investment in equity accounted investees (continued)

The latest available financial information in respect of the Group's investment in equity accounted investees are summarised below:

	2023 AED'000	2022 AED'000
Total assets	**2,278,793**	1,332,686
Total liabilities	**(1,521,866)**	(708,579)
Net assets	**756,927**	624,107
Group's share of net assets	**370,894**	302,212
Total revenue	**890,782**	742,945
Total profit for the year	**81,476**	38,142
Group's share in profit	**52,647**	5,203

9.5 Principia: the revenue and the profit shown in above table are related to the period ended 30 November 2023. Full year financial statements of Principia are not available at the date of finalization of these consolidated financial statements, thus the above total assets, total liabilities and net assets does not include the values of Principia.

10 Financial assets at fair value through profit or loss

	2023 AED'000	2022 AED'000
Investment in quoted UAE equity securities	**461,750**	34,535

Movement on in the financial assets at fair value through profit or loss;

At 1 January	**34,535**	29,103
Acquisition during the year	**228,959**	7,391
Disposal during the year	**(2,009)**	-
Change in fair value	**200,265**	(1,959)
	461,750	34,535

Notes to the consolidated financial statements for the year ended 31 December 2023 (continued)

10 Financial assets at fair value through profit or loss (continued)

The fair value of the quoted UAE equity securities at the reporting date is based on the quoted market prices at 31 December 2023 as per Level 1 valuation (note 32).

11 Taxation

The component of foreign income tax expense are:

	2023 AED'000	2022 AED'000
Current tax:		
Current tax on profits for the year	**44,727**	55,430
Reversal of tax provisions	**(11,397)**	(9,917)
Total current tax expense	**33,330**	45,513
Deferred tax:		
Origination and reversal of temporary differences	**310**	(3,531)
Total deferred tax	**310**	(3,531)
Income tax expense	**33,640**	41,982

The income tax expense for the year can be reconciled to the accounting profit as follows:

	2023 AED'000	2022 AED'000
Profit before income tax	**482,005**	264,173
Average tax rate *	**9%**	20%
Income tax expense (excludes prior years tax provision reversal)	**45,037**	51,899

*****Tax calculated at domestic tax rates applicable to profits in respective tax jurisdictions, which ranges from 2.5% - 22.5% (2022: 2.5% - 22.5%).

Notes to the consolidated financial statements
for the year ended 31 December 2023 (continued)

11 Taxation (continued)

Income tax charge

The tax rate used for reconciliation above are rates applicable to the profits in the respective foreign tax jurisdictions, mainly in Egypt, India and Saudi Arabia.

The movement in income tax payable is as follows:

	2023	2022
	AED'000	AED'000
At 1 January	**84,784**	65,077
Charge for the year	**33,640**	41,982
Refund received during the year	**11,838**	26,995
Movement in deferred tax asset	**(2,003)**	-
Exchange difference	**(3,774)**	(9,370)
Payments during the year	**(30,767)**	(39,900)
At 31 December	**93,718**	84,784

The movement in deferred tax assets is as follows:

	2023	2022
	AED'000	AED'000
At 1 January	**8,468**	7,738
(Credited)/charged to profit or loss for the year	**(310)**	3,531
Other temporary and translation differences	**(1,693)**	(2,801)
At 31 December	**6,465**	8,468

Notes to the consolidated financial statements
for the year ended 31 December 2023 (continued)

12 Inventories

	2023 **AED'000**	2022 AED'000
Spare parts, fuel and consumables	**652,084**	517,487
Less: allowance for slow moving and obsolete inventories	**(53,405)**	(51,965)
	598,679	465,522

Movement in the allowance for slow moving inventories:

	2023 **AED'000**	2022 AED'000
At 1 January	**51,965**	48,728
Charge during the year	**1,440**	3,237
At 31 December	**53,405**	51,965

13 Trade and other receivables

	2023 **AED'000**	2022 AED'000
Trade receivables	**2,534,329**	2,917,822
Retention receivables	**310,584**	188,127
Less: allowance for expected credit losses	**(27,747)**	(45,823)
	2,817,166	3,060,126
Deposits and prepayments	**587,002**	195,081
Advances paid to suppliers	**1,195,606**	1,053,927
ICV retention receivables	**214,924**	153,500
VAT and GST receivables	**38,682**	34,768
Advances paid to employees	**31,852**	34,988
Development work in progress	**147,329**	31,621
Other receivables	**282,514**	177,319
	5,315,075	4,741,330

The average credit period on sales of goods is 60 days (2022: 60 days). No interest is charged on outstanding trade receivables.

Notes to the consolidated financial statements for the year ended 31 December 2023 (continued)

13 Trade and other receivables (continued)

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

Allowance for expected credit losses

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

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

Trade and retentions receivable as at 31 December 2023

	Categories				
	I AED'000	**II AED'000**	**III AED'000**	**IV AED'000**	**Total AED'000**
Expected credit loss rate	**0% to 2%**	**2% to 3%**	**3% to 99%**	**100%**	
Estimated total gross carrying amount	**2,771,351**	**50,771**	**-**	**22,791**	**2,844,913**
Provision for expected credit losses	**(3,457)**	**(1,499)**	**-**	**(22,791)**	**(27,747)**
Net trade and retention receivables	**2,767,894**	**49,272**	**-**	**-**	**2,817,166**

Trade and retentions receivable as at 31 December 2022

	Categories				
	I AED'000	II AED'000	III AED'000	IV AED'000	Total AED'000
Expected credit loss rate	0% to 2%	2% to 3%	3% to 99%	100%	
Estimated total gross carrying amount	2,698,311	391,251	-	16,387	3,105,949
Provision for expected credit losses	(28,224)	(1,212)	-	(16,387)	(45,823)
Net trade and retention receivables	2,670,087	390,039	-	-	3,060,126

Notes to the consolidated financial statements
for the year ended 31 December 2023 (continued)

13 Trade and other receivables (continued)

These are adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money, where appropriate.

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

Ageing of trade and retention receivables

The ageing of non-impaired trade and retention receivables is as follows:

	2023	2022
	AED'000	AED'000
Not past due	**1,714,769**	2,143,478
Past due (1 day-90 days)	**612,892**	732,063
Past due (91 days–180 days)	**106,374**	38,137
Past due (above 180 days)	**383,131**	146,448
	2,817,166	3,060,126

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

	2023	2022
	AED'000	AED'000
At 1 January	**45,823**	56,362
Reversal during the year	**(18,076)**	(10,539)
At 31 December	**27,747**	45,823

Notes to the consolidated financial statements for the year ended 31 December 2023 (continued)

14 Contract assets

	2023 AED'000	2022 AED'000
Construction contracts	**4,492,198**	2,582,182
Less; allowance for expected credit losses	**(23,379)**	(27,558)
	4,468,819	2,554,624
Work in progress	**222,872**	532,419
	4,691,691	3,087,043

Amounts relating to contract assets are balances due from customers under construction contracts that arise when the Group receives payments from customers in line with a series of performance related milestones. The Group will previously have recognised a contract asset for any work performed. Any amount previously recognised as a contract asset is reclassified to trade receivables at the point at which it is invoiced to the customer.

The management always measure the loss allowance on contract assets at an amount equal to lifetime ECL, taking into account the historical default experience, the nature of the customer and where relevant, the sector in which they operate.

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 contract assets.

	2023 AED'000	2022 AED'000
Changes in contract assets during the year		
At 1 January	**2,554,624**	3,527,909
Add: revenue recognised during the year	**16,707,980**	10,685,339
Add: movement in expected credit loss provision	**4,179**	24,648
Add: discounting of non-current portion	**-**	7,418
Less: progress billings	**(14,797,964)**	(11,690,690)
At 31 December	**4,468,819**	2,554,624

Notes to the consolidated financial statements
for the year ended 31 December 2023 (continued)

14 Contract assets (continued)

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

	2023 **AED'000**	2022 AED'000
Unsigned contracts		
Government of Abu Dhabi and its related entities	**444,813**	204,519
Equity accounted investees	**27,698**	350,948
Other entities	**27,954**	2,961
	500,465	558,428
Signed contracts		
Government of Abu Dhabi and its related entities	**1,531,952**	528,979
Equity accounted investees	**115,335**	819,357
Other entities	**2,321,067**	647,860
	3,968,354	1,996,196
	4,468,819	2,554,624

Allowance for expected credit losses

The Group recognises lifetime expected credit loss (ECL) for construction contracts using the simplified approach. To determine the expected credit losses all debtors are classified into four categories:

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

Notes to the consolidated financial statements
for the year ended 31 December 2023 (continued)

14 Contract assets (continued)

Construction contracts as at 31 December 2023

	Categories				
	I	**II**	**III**	**IV**	**Total**
	AED'000	**AED'000**	**AED'000**	**AED'000**	**AED'000**
Expected credit loss rate	**0% to 2%**	**2% to 3%**	**3% to 99%**	**100%**	
Estimated total gross carrying amount	**4,448,462**	**38,185**	**-**	**5,551**	**4,492,198**
Provision for expected credit losses	**(16,671)**	**(1,157)**	**-**	**(5,551)**	**(23,379)**
Net contract assets	**4,431,791**	**37,028**	**-**	**-**	**4,468,819**

Construction contracts as at 31 December 2022

	Categories				
	I	II	III	IV	Total
	AED'000	AED'000	AED'000	AED'000	AED'000
Expected credit loss rate	0% to 2%	2% to 3%	3% to 99%	100%	
Estimated total gross carrying amount	2,276,399	296,935	-	8,848	2,582,182
Provision for expected credit losses	(15,833)	(2,877)	-	(8,848)	(27,558)
Net contract assets	2,260,566	294,058	-	-	2,554,624

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

	2023	2022
	AED'000	AED'000
At 1 January	**27,558**	52,206
Reversal during the year, net	**(4,179)**	(24,648)
At 31 December	**23,379**	27,558

Notes to the consolidated financial statements
for the year ended 31 December 2023 (continued)

14 Contract assets (continued)

Work in progress

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

15 Cash and cash equivalents

	2023 AED'000	2022 AED'000
Cash in hand	**3,283**	1,822
Cash at banks:		
Current accounts	**919,321**	735,491
Short term deposits	**2,808,328**	2,046,419
Cash and bank balances	**3,730,932**	2,783,732
Less: short-term deposit with original maturity more than three months	**(515,538)**	-
Cash and cash equivalents	**3,215,394**	2,783,732

Cash and cash equivalents comprise of short-term deposits having original maturities of three months or less. Major deposits, carry interest in the range of 3.15%-6.20% per annum (2022: 2.9% - 4.73% per annum).

Notes to the consolidated financial statements
for the year ended 31 December 2023 (continued)

16 Borrowings

	2023	2022
	AED'000	AED'000
Long term borrowings		
Non-current portion of term loans	**1,078,046**	1,420,392
Short term borrowings		
Current portion of term loans	**342,346**	342,346

The term loans comprise of the following:

Term loan 1:

A drawdown from a syndicated loan agreement amounting to USD 500 million carrying an effective interest rate of Term SOFR + 0.90% (2022: LIBOR + 0.90%). The total syndicated loan agreement consists of two portions; Conventional amounting to USD 167 million, and Islamic amounting to USD 333 million. In accordance with the terms of the agreement, the loan is repayable in quarterly instalments which commenced from June 2020 and is expected to be fully repaid by March 2027. The loan is secured against mortgage of five (5) vessels. The outstanding balance of the loan facility at 31 December 2023 is AED 845 million (2022: AED 1.1 billion).

Term loan 2:

A term loan of AED 249 million obtained in December 2022, with a 5 years tenor which carries an interest rate of 1 month EIBOR + 1.15% per annum. The loan is repayable in quarterly instalments commencing from March 2023 and is expected to be fully repaid by December 2026. This loan is secured against mortgage of a Hopper Dredger. The outstanding balance of the loan facility at 31 December 2023 is AED 185 million (2022: AED 217 million).

Term loan 3:

During 2022, a term loan of AED 459 million was obtained in June 2022, with a 10 years tenor and an interest rate of 1 month EIBOR + 0.88% per annum. The loan is repayable in quarterly instalments commencing from August 2023 and is expected to be fully repaid by May 2032. The outstanding balance of the loan facility at 31 December 2023 is AED 390 million (2022: AED 436 million). This loan is secured against mortgage of a Dredger.

Notes to the consolidated financial statements
for the year ended 31 December 2023 (continued)

16 Borrowings (continued)

The contractual repayment schedule of the term loans is as follows:

	2023 AED'000	2022 AED'000
Less than one year	**342,346**	342,346
1 to 5 years	**1,078,046**	1,213,783
5 years and above	**-**	206,609
At 31 December	**1,420,392**	1,762,738

Movement in the term loans:

	2023 AED'000	2022 AED'000
Balance at 1 January	**1,762,738**	1,639,670
Loan obtained during the year	**-**	459,125
Loan repayments	**(342,346)**	(336,057)
At 31 December	**1,420,392**	1,762,738

17 Share capital

	2023 AED'000	2022 AED'000
Authorised, issued and fully paid		
825,000,000 (31 December 2022: 825,000,000) ordinary shares of AED 1 each	**825,000**	825,000

At the Annual General Meeting of the Company held on 28 April 2023, the Shareholders approved the purchase of certain assets, valued at AED 624.8 million, in exchange for mandatory convertible bonds, convertible into 19,379,653 new equity shares of the Company, at AED 32.24 per share. Upon the issuance of these new shares, the total issued share capital of the Company will increase to AED 844,379,653. At 31 December 2023, legal formalities relating to the execution of this transaction were ongoing.

18 Merger reserve

In accordance with IFRS 3 and per the principles of reverse acquisition, the equity structure appearing in these consolidated financial statements reflects the capital structure (number of shares) of the Accounting Acquiree (NMDC), including the shares issued by NMDC to NPCC to effect the business combination. This results in the creation of a 'Merger reserve'. The Merger reserve of AED 765,000 thousand is calculated as the difference between:

(a) Sum of purchase consideration AED 1,490,000 thousand and the share capital of NPCC prior to the merger of AED 100,000 thousand; and

(b) Post-merger share capital of the Company of AED 825,000 thousand (825,000,000 shares at par value of AED 1).

The retroactive adjustment of AED 475,000 thousand is the difference between the value of new shares, which NMDC issued to obtain 100% of NPCC and the value of NPCC outstanding shares pre-merger.

19 Other reserves

	Legal reserve AED'000	Restricted reserve AED'000	Hedging reserve AED'000	Foreign currency translation reserve AED'000	Total AED'000
At 1 January 2022	150,240	1,291	764	(9,111)	143,184
Transfer of 10% of current year profit	130,332	-	-	-	130,332
Fair value gain on revaluation of hedging instruments	-	-	(6,253)	-	(6,253)
Cumulative translation adjustment on foreign operations	-	-	-	(275,049)	(275,049)
At 1 January 2023	**280,572**	**1,291**	**(5,489)**	**(284,160)**	**(7,786)**
Transfer of 10% of current year profit	**131,928**	-	-	-	**131,928**
Fair value gain on revaluation of hedging instruments	**-**	-	**20,301**	-	**20,301**
Cumulative translation adjustment on foreign operations	-	-	-	**(111,140)**	**(111,140)**
At 31 December 2023	**412,500**	**1,291**	**14,812**	**(395,300)**	**33,303**

19 Other reserves (continued)

Legal reserve

In accordance with UAE Federal Law No. (32) of 2021, 10% of the annual profit of the Group is transferred to a non-distributable legal reserve. Transfers to this reserve are required to be made until such time as it equals 50% of the paid-up share capital of the Company.

Restricted reserve

The statutory reserves of the subsidiaries have been transferred to the restricted reserve as these amounts are not available for distribution.

20 Provision for employees' end of service benefits

	2023	2022
	AED'000	AED'000
At 1 January	**403,448**	392,061
Charge for the year	**66,875**	53,187
Paid during the year	**(28,971)**	(41,800)
At 31 December	**441,352**	403,448

During the year, the Group has contributed a total amount of AED 20,640 thousand (2022: AED 27,778 thousand) towards the Abu Dhabi Pension and Retirement Benefits Fund.

21 Trade and other payables

	2023	2022
	AED'000	AED'000
Trade payables	**1,890,540**	1,426,446
Project and other accruals	**4,166,625**	2,826,428
Advances from customers (note 21.1)	**2,576,831**	1,426,419
Provisions (note 21.2)	**444,910**	336,826
Dividends payable (note 21.3)	**-**	21,693
Retentions payable	**177,448**	111,539
VAT payables	**67,354**	122,821
Other payables	**133,359**	123,878
	9,457,067	6,396,050

Notes to the consolidated financial statements
for the year ended 31 December 2023 (continued)

21 Trade and other payables (continued)

The Group has financial risk management policies in place to ensure that all payables are paid within the credit timeframe. No interest is payable on the outstanding balances.

21.1 Advances from customers

These represent amounts received in advance from customers for certain projects which will be adjusted against future billing during the course of the projects as per contractual terms.

21.2 Provisions

	2023 AED'000	2022 AED'000
Provision for liquidated damages	**11,887**	11,887
Provision for Board remuneration and employee bonus	**137,174**	83,622
Provision for future losses	**97,987**	97,777
Provision for unused vacations	**101,594**	68,739
Provision for warranty	**14,093**	10,364
Other provisions	**82,175**	64,437
	444,910	336,826

21.3 Dividends payable

	2023 AED'000	2022 AED'000
At 1 January	**21,693**	22,268
Payments during the year	**(21,693)**	(575)
	-	21,693

Notes to the consolidated financial statements
for the year ended 31 December 2023 (continued)

22 Contract liabilities

	2023 **AED'000**	2022 AED'000
Contract liabilities	**479,830**	462,377

The above amount represents deferred revenue arising from construction contracts. These contracts have performance obligations (unsatisfied or partially unsatisfied) which is expected to be recognised as revenue over the remaining tenor of these contracts.

23 Revenue from contracts with customers

23.1 Revenue by activity

	UAE **AED'000**	**International** **AED'000**	**Group** **AED'000**
31 December 2023			
Dredging, reclamation and marine construction	**8,284,618**	**492,897**	**8,777,515**
Engineering, procurement and construction	**4,634,465**	**3,296,000**	**7,930,465**
Total	**12,919,083**	**3,788,897**	**16,707,980**
31 December 2022			
Dredging, reclamation and marine construction	3,856,956	1,023,404	4,880,360
Engineering, procurement and construction	3,262,634	2,542,345	5,804,979
Total	7,119,590	3,565,749	10,685,339

23.2 Timing of revenue recognition

	2023 **AED'000**	2022 AED'000
Services transferred over time	**16,707,980**	10,685,339

Notes to the consolidated financial statements
for the year ended 31 December 2023 (continued)

23 Revenue from contracts with customers (continued)

23.3 Other information

The following table provides information relating to the Group's major customers who individually contribute more than 10% of Group revenue:

	Dredging and Marine AED'000	Engineering Procurement & Construction AED'000	Total AED'000
31 December 2023			
Customer 1	**-**	**3,208,864**	**3,208,864**
Customer 2	**713,806**	**3,979,917**	**4,693,723**
Customer 3	**3,901,601**	**-**	**3,901,601**
Customer 4	**1,864,526**	**-**	**1,864,526**
	6,479,933	**7,188,781**	**13,668,714**
31 December 2022			
Customer 1	-	2,275,502	2,275,502
Customer 2	623,801	1,683,565	2,307,366
Customer 3	771,781	-	771,781
Customer 4	1,083,801	-	1,083,801
	2,479,383	3,959,067	6,438,450

23.4 Unsatisfied performance obligation

The transaction price allocated to (partially) unsatisfied performance obligations at 31 December 2023 and 31 December 2022 are as set out below:

	2023 AED'000	2022 AED'000
Within one year	**20,834,214**	16,097,177
More than one year	**33,221,463**	14,642,805
	54,055,677	30,739,982

24 Finance income

	2023 AED'000	2022 AED'000
Interest income	**134,032**	21,334
Release of discounting on long term contract assets	**-**	7,438
	134,032	28,772

Finance income comprises income from short term deposits, which carry interest at variable market rates.

25 Finance costs

	2023 AED'000	2022 AED'000
Interest expense on term loans	**107,177**	46,976
Interest expense on lease liabilities	**12,749**	11,788
	119,926	58,764

Finance costs mainly include bank interest on term loans, lease liabilities and other bank transaction charges.

26 Other income, net

	2023 AED'000	2022 AED'000
Insurance claim	**6,206**	18,385
Income from scrap sales	**36,404**	38,539
Gain on sale of property, plant and equipment	**6,314**	29,828
Miscellaneous income	**15,152**	14,530
	64,076	101,282

27 Profit for the year

Profit for the year is stated after:

	2023 AED'000	2022 AED'000
Salaries and other benefits	**2,191,681**	1,688,872
Depreciation of property, plant and equipment	**394,160**	420,768
Depreciation of right-of-use assets	**14,666**	13,881
Social contributions	**2,895**	7,757

28 Earnings per share

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

	2023	2022
Profit attributable to the shareholders of the Company (AED'000)	**2,153,513**	1,303,319
Weighted average number of ordinary shares ('000)	**825,000**	825,000
Earnings per share attributable to the shareholders of the Company (AED)	**2.61**	1.58

28 Earnings per share (continued)

Diluted earnings per share as of 31 December 2023 and 31 December 2022 are equivalent to basic earnings per share.

29 Related party transactions and balances

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

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

	2023 AED'000	2022 AED'000
Due from equity accounted investee for project related work:		
Trade and other receivables	**499,864**	146,364
Trade and other payables	**429,900**	247,650
Contract assets	**147,803**	540,660
Due from/to other related parties:		
Trade and other receivables	**63,429**	38,739
Contract assets	**38,143**	38,143
Trade and other payables	**33,010**	54,916
Bank balances	**2,793,662**	1,866,368
Borrowings	**575,671**	653,583

Notes to the consolidated financial statements
for the year ended 31 December 2023 (continued)

29 Related party transactions and balances (continued)

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

	2023 **AED'000**	2022 AED'000
Other related parties		
Material and services purchased / received	**97,310**	51,974
Revenue earned	**-**	33,114
Interest income/(expense), net	**23,743**	(3,312)
Equity accounted investee		
Revenue earned	**390,643**	742,864

Transactions with key management personnel

Compensation of key management personnel is as follows:

	2023 **AED'000**	2022 AED'000
Salaries and other short-term benefits	**10,943**	9,743
Employees' end of service benefits	**717**	632
	11,660	10,375
Number of key management personnel	**4**	4

Notes to the consolidated financial statements
for the year ended 31 December 2023 (continued)

30 Interest in joint operations

The Group has share of assets, liabilities and results of operations for the following joint operations along with share percentage:

	2023	2022
Joint operations		
Saipem – NPCC – Hail and Ghasha	**50%**	**-**
Technicas – NPCC – Meeram	**50%**	**-**
Technip – NPCC – Satah Full Field	**50%**	50%
NPCC – TECHNIP – UZ-750 (EPC-1)	**40%**	40%
NPCC – TECHNIP UL-2	**50%**	50%
NPCC – TECHNIP AGFA	**50%**	50%
NPCC - Technip JV - US GAS CAP Feed	**50%**	50%

The consolidated financial statements include the following amounts as a result of proportionate consolidation of its interests in joint operations:

	2023 AED'000	2022 AED'000
Total assets	**1,577,073**	60,008
Total liabilities	**(1,520,028)**	(39,438)
Net assets	**57,045**	20,570
Total revenue	**71,049**	11,033
Profit for the year	**36,475**	11,693

Notes to the consolidated financial statements for the year ended 31 December 2023 (continued)

31 Contingencies and commitments

	2023 AED'000	2022 AED'000
Bank guarantees	**13,350,209**	10,491,238
Letters of credit	**289,220**	465,903
Capital commitments	**188,303**	86,011
Purchase commitments	**5,378,558**	4,537,861

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

32 Financial risk management objectives and policies

The main risks arising from the Group's financial instruments are interest rate risk, liquidity risk, foreign currency risk, equity risk and credit risk. The Group's management reviews and agrees policies for managing each of these risks which are summarised below.

Credit risk

The Group seeks to limit its credit risk with respect to customers by dealing with good reputation and financially sound customers and monitoring outstanding receivables. Of the trade receivables at 31 December 2023, 79% is due from the Group's five largest customers (31 December 2022: 81%). The maximum exposure is the carrying amount as disclosed in note 13 to the consolidated financial statements.

With respect to credit risk arising from the other financial assets of the Group, including cash and cash equivalents, the Group's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments. The Group manages its credit risk with respect to banks by only dealing with reputable banks.

Liquidity risk

The Group seeks to limit its liquidity risk by ensuring bank facilities are available. As at 31 December 2023, the Group has AED 1,124,500 thousand (2022: AED 1,284,500 thousand) of un-utilised credit facilities from banks.

Notes to the consolidated financial statements
for the year ended 31 December 2023 (continued)

32 Financial risk management objectives and policies (continued)

Liquidity risk (continued)

The table below summarises the maturities of the Group's undiscounted financial liabilities at 31 December, based on contractual payment dates and current market interest rates:

	On demand AED'000	Less than 1 year AED'000	1 to 5 years AED'000	More than 5 years AED'000	Total AED'000
At 31 December 2023					
Trade and other payables*	-	**2,807,329**	-	-	**2,807,329**
Lease liabilities	-	**23,603**	**89,518**	**429,897**	**543,018**
Term loans	-	**426,047**	**1,043,944**	**178,568**	**1,648,558**
Total	**-**	**3,256,979**	**1,133,462**	**608,465**	**4,998,905**
At 31 December 2022					
Trade and other payables	-	2,227,987	-	-	2,227,987
Lease liabilities	-	24,003	109,545	431,395	564,943
Term loans	-	414,557	1,357,971	232,632	2,005,160
Total	-	2,666,547	1,467,516	664,027	4,798,090

*Trade and other payables exclude contract accruals and advances received from customers.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, currency risk and other price risk, such as equity price risk. Financial instruments affected by market risk include bank deposits and equity investments.

Notes to the consolidated financial statements
for the year ended 31 December 2023 (continued)

32 Financial risk management objectives and policies (continued)

Interest rate risk

The Group is mainly exposed to interest rate risk on bank overdrafts and term loans.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of the Group's profit for one year.

	Effect on profit/equity AED '000
2023	
+100 increase in basis points	**(14,204)**
-100 decrease in basis points	**14,204**
2022	
+100 increase in basis points	(17,627)
-100 decrease in basis points	17,627

Interest rate swap contracts

Under interest rate swap contracts, the Group agrees to exchange the difference between fixed and floating rate interest amounts calculated on agreed notional principal amounts. Such contracts enable the Group to mitigate the risk of changing interest rates on the fair value of issued fixed rate debt and the cash flow exposures on the issued variable rate debt. The fair value of interest rate swaps at the reporting date is determined by discounting the future cash flows using the curves at reporting date and the credit risk inherent in the contract, and is disclosed below.

The average interest rate is based on the outstanding balances at the end of the financial year.

The interest rate swaps settle on a quarterly basis. The floating rate on the interest rate swaps is the 3 months Term SOFR rate. The Group will settle the difference between the fixed and floating interest rate on a net basis.

The following tables detail the notional principal amounts and remaining terms of interest rate swap contracts outstanding as at the end of the reporting year AED 422,338 thousand (2022: AED 554,578 thousand):

	USD'000	***AED'000***
2023		
Instrument I: outstanding receive floating pay fixed Term SOFR 3M (0.8%)	**6,700**	**24,602**
2022		
Instrument I: outstanding receive floating pay fixed USD LIBOR 3M (0.8%)	11,367	41,747

32 Financial risk management objectives and policies (continued)

Foreign currency risk

Foreign currency risk is the risk that financial instrument will fluctuate due to change in foreign exchange rates. Assets are typically funded in the same currency as that of the business being transacted to eliminate exchange exposures.

The Group is exposed to exchange rate fluctuations related to the Euro, Egyptian Pound, Indian Rupees and Sterling Pound denominated as assets and liabilities. Other currencies are pegged to AED, and hence no currency fluctuation risks exist for them.

	2023		2022	
	Liabilities AED'000	**Assets AED'000**	Liabilities AED'000	Assets AED'000
Egyptian Pound	**197,286**	**684,687**	146,194	1,011,867
Euro	**272,622**	**153,192**	46,053	72,210
	469,908	**837,879**	192,247	1,084,077

Based on the sensitivity analysis to a 5% increase/decrease in the AED against the relevant foreign currencies (assumed outstanding for the full year):

(a) there is AED 24,370 thousand (2022: AED 43,284) net revaluation gain/ loss on the Egyptian Pound outstanding balances.

(b) there is AED 5,972 thousand (2022: AED 1,308 thousand) net revaluation gain/ loss on the Euro outstanding balances.

Equity price risk

The Group's listed equity securities are susceptible to market price arising from uncertainties about future values of the investment securities. The Group manages equity price risk through diversification and placing limits on individual and total equity investments. The Group's management reviews and approves all investment decisions.

The following demonstrates the sensitivity of the cumulative changes in fair value to reasonably possible fair value changes in equity prices, with all variables held constant. The effect of the decreases in equity prices is expected to be equal and opposite to the effect of the increases shown.

Notes to the consolidated financial statements
for the year ended 31 December 2023 (continued)

32 Financial risk management objectives and policies (continued)

Investments carried at fair value through profit or loss

2023	***AED'000***
5% change in variables	**23,088**
2022	*AED'000*
5% change in variables	1,727

Forward foreign exchange contracts

It is the policy of the Group to enter into forward foreign exchange contracts to cover specific foreign currency payments and receipts. The Group also enters into forward foreign exchange contracts to manage the risk associated with anticipated sales and purchase transactions out to six months. Basis adjustments are made to the carrying amounts of non-financial hedged items when the anticipated sales or purchase transactions take place.

The following table details the forward foreign currency contract outstanding at the end of the reporting period:

	Foreign currency	**Notional amount AED'000**	**Fair value AED'000**	**Fair value changes AED'000**
2023				
Forward contract	**EUR&GBP**	**164,255**	**154,465**	**(9,790)**
2022				
Forward contract	EUR	644,445	597,209	(47,236)

Capital management

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value.

The Group manages its capital structure and makes adjustments to it in light of changes in business conditions. No changes were made in the objectives, policies or processes during the years ended 31 December 2023 and 31 December 2022. Capital comprises share capital, reserves, retained earnings, and is measured at AED 8,600,200 thousand as at 31 December 2023 (2022: AED 6,537,526 thousand).

Notes to the consolidated financial statements
for the year ended 31 December 2023 (continued)

32 Financial risk management objectives and policies (continued)

Fair value of financial instruments

Fair value measurement recognized in the consolidated statement of financial position

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

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

	Total AED'000	Quoted prices in active markets (Level 1) AED'000	Significant observable inputs (Level 2) AED'000	Significant unobservable inputs (Level 3) AED'000
As at 31 December 2023				
Derivative financial asset	**24,602**	**-**	**24,602**	**-**
Derivative financial liability	**(9,790)**	**-**	**(9,790)**	**-**
Financial assets at fair value through profit or loss (FVTPL)	**461,750**	**461,750**	**-**	**-**
As at 31 December 2022				
Derivative financial asset	41,747	-	41,747	-
Derivative financial liability	(47,236)	-	(47,236)	-
Financial assets at fair value through profit or loss (FVTPL)	34,535	34,535	-	-

Notes to the consolidated financial statements for the year ended 31 December 2023 (continued)

33 Segment information

Geographical segment information

The Group has aggregated its segments into Dredging & Marine and Energy.

The following table shows the Group's segment analysis:

	Dredging & Marine AED'000	Energy AED'000	31 December 2023 Group AED'000
Segment revenue	**8,849,285**	**7,940,568**	**16,789,853**
Intersegment revenue	**-**	**-**	**(81,873)**
Revenue	**-**	-	**16,707,980**
Segment gross profit	**1,241,202**	**920,428**	**2,161,630**
Share of net results of equity accounted investees	**-**	**-**	**52,647**
General and administrative expenses	**-**	**-**	**(265,889)**
Foreign currency exchange loss	**-**	**-**	**(38,847)**
Fair value gain on financial assets at fair value through profit or loss	**-**	**-**	**200,265**
Finance income			**134,032**
Finance costs	**-**	**-**	**(119,926)**
Other income, net	**-**	**-**	**64,076**
Profit before tax for the year	**1,382,782**	**805,206**	**2,187,988**
Income tax charge	**(8,858)**	**(24,782)**	**(33,640)**
Profit after tax	**1,373,924**	**780,424**	**2,154,348**
Total assets	**8,842,732**	**12,004,469**	**20,847,201**
Total liabilities	**4,598,212**	**7,644,874**	**12,243,086**

Notes to the consolidated financial statements for the year ended 31 December 2023 (continued)

33 Segment information (continued)

	Dredging & Marine AED'000	Energy AED'000	31 December 2022 Group AED'000
Segment revenue	5,368,662	5,381,605	10,750,267
Intersegment revenue	-	-	(64,928)
Revenue	-	-	10,685,339
Segment gross profit	713,824	394,091	1,107,915
Share of net results of equity accounted investees	-	-	5,203
General and administrative expenses	-	-	(159,419)
Foreign currency exchange loss	-	-	(31,571)
Fair value gain on financial assets at fair value through profit or loss	-	-	(1,959)
Finance income	-	-	28,772
Finance costs	-	-	(58,764)
Gain on partial disposal of a subsidiary's operations	-	-	237,615
Fair value gain arising on the remeasurement	-	-	116,431
Other income, net	-	-	101,282
Profit before tax for the year	745,261	600,244	1,345,505
Income tax charge	(18,603)	(23,379)	(41,982)
Profit after tax	726,658	576,865	1,303,523
Total assets	7,257,341	8,788,952	16,046,293
Total liabilities	3,920,827	5,584,860	9,505,687

34 Subsequent events

Corporate Income Tax

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

The Cabinet of Ministers Decision No. 116 of 2022 specifies the threshold of income over which the 9% tax rate would apply and accordingly, the Law is now considered to be substantively enacted. A rate of 9% will apply to taxable income exceeding AED 375,000, a rate of 0% will apply to taxable income not exceeding AED 375,000.

During the year, the Group has assessed the impact of deferred tax assets or liabilities as per the requirement of IAS 12 "Income Taxes" and concluded that based on their assessment there are no identifiable temporary differences and therefore no Deferred Tax Assets (DTA) / Deferred Tax Liabilities (DTL) required to be recognized for the year ended 31 December 2023.

Proposed dividend

During the meeting held on 12 February 2024, the Board of Directors proposed a dividend of AED 618,750 thousand (75% of Company's share capital) representing AED 0.75 per share for the year ended 31 December 2023.

35 Approval of consolidated financial statements

The consolidated financial statements were approved by management and authorised for issue on 12 February 2024.

Appendix

(GRI 2-1, GRI 2-2, GRI 2-3, GRI 2-4, GRI 2-5, G7, G8, G9)

GRI/ADX Content Index

GRI 1: FOUNDATION 2021				
Statement of Use	NMDC Group has reported the information cited in this GRI content index for the period 1 January – 31 December 2023 in accordance with the GRI Standards			
GRI 2: GENERAL DISCLOSURES				
GRI DISCLOSURE	**CONTENT**	**ADX DISCLOSURE**	**REFERENCE SECTION**	**NOTES**
The Organization and its Reporting Practice				
2-1	Organizational details	G7: Sustainability reporting G8: Disclosure Practices G9: External Assurance		
2-2	Entities included in the organization's sustainability reporting	G7: Sustainability reporting G8: Disclosure Practices		
2-3	Reporting period, frequency, and contact point			
2-4	Restatements of information	G10: External Assurance		
2-5	External assurance			
Activities and workers				
2-6	Activities, value chain and other business relationships			
2-7	Employees	S3: Employee Turnover S4: Gender Diversity		

2-8	Workers who are not employees	G4: Supplier Code of Conduct		
Governance				
2-9	Governance structure and composition	G1: Board Diversity		
2-10	Nomination and selection of the highest governance body	G2: Board Independence		
2-11	Chair of the highest governance body			
2-12	Role of the highest governance body in overseeing the management of impacts			
2-13	Delegation of responsibility for managing impacts			
2-14	Role of the highest governance body in sustainability reporting	G3: Incentivized Pay		
2-15	Conflicts of interest	G6: Ethics & Anti-Corruption		
2-16	Communication of critical concerns			
2-17	Collective knowledge of the highest governance body			
2-18	Evaluation of the performance of the highest governance body			
2-19	Remuneration policies	G3: Incentivized Pay S1: CEO Pay Ratio S2: Gender Pay Ratio		
2-20	Process to determine remuneration	S2: Gender Pay Ratio		
2-21	Annual total compensation ratio	G3: Incentivized Pay S1: CEO Pay Ratio S2: Gender Pay Ratio		
Strategy, policies, and practices				

2-22	Statement on sustainable development strategy	G8: Sustainability reporting G9: Disclosure Practices E8 & E9: Environmental Oversight		
2-23	Policy commitments			
2-24	Embedding policy commitments			
2-25	Processes to remediate negative impacts			
2-26	Mechanisms for seeking advice and raising concerns			
2-27	Compliance with laws and regulations	G6: Ethics & Anti-Corruption		
2-28	Membership associations	S1: CEO Pay Ratio		
Stakeholder engagement				
2-29	Approach to stakeholder engagement			
2-30	Collective bargaining agreements			
GRI 3: MATERIAL TOPICS				
GRI DISCLOSURE	**CONTENT**	**ADX DISCLOSURE**	**REFERENCE SECTION**	**NOTES**
3-1	Process to determine material topics			
3-2	List of material topics			
3-3	Management of material topics			
GRI 200: Economic Standard Series				
GRI 201: Economic Performance 2016				
GRI 201 Topic Specific				
3-3	Management Approach			
201-1	Direct economic value generated and distributed			
GRI 202: Market Presence 2016				
GRI 202 Topic Specific				
3-3	Management Approach			

202-2	Proportion of senior management hired from the local community	S11: Nationalisation		
GRI 203: Indirect Economic Impacts 2016				
GRI 203 Topic Specific				
3-3	Management Approach			
203-2	Significant indirect economic impacts			
GRI 204: Procurement Practices 2016				
GRI 204 Topic Specific				
3-3	Management Approach			
204-1	Proportion of spending on local suppliers	G4: Supplier Code of Conduct		
GRI 205: Anti-Corruption 2016				
GRI 205 Topic Specific				
3-3	Management Approach			
205-1	Operations assessed for risks related to corruption			
205-2	Communication and training about anti-corruption policies and procedures			
205-3	Confirmed incidents of corruption and actions taken	G5: Ethics & Prevention of Corruption		
GRI 300: Environmental Standard Series				
GRI 302: Energy 2016				
GRI 302 Topic Specific				
3-3	Management Approach	E10: Climate Risk Mitigation		
302-1	Energy consumption within the organization	E3: Energy Usage		
302-2	Energy consumption outside of the organization	E4: Energy Intensity E5: Energy Mix		

302-3	Energy Intensity	E4: Energy Intensity E5: Energy Mix		
GRI 303: Water and Effluents 2018				
GRI 303 Topic Specific				
3-3	Management Approach			
303-5	Water Consumption	E6: Water Usage		
GRI 304: Biodiversity				
GRI 303 Topic Specific				
3-3	Management Approach			
GRI 305: Emissions 2016				
GRI 305 Topic Specific				
3-3	Management Approach	E8 & E9: Environmental Oversight		
305-1	Direct (Scope 1) GHG emissions	E1: GHG Emissions		
305-2	Energy indirect (Scope 2) GHG emissions	E1: GHG Emissions		
305-3	Other indirect (Scope 3) GHG emissions	E1: GHG Emissions		
305-4	GHG emissions intensity	E1: GHG Emissions E2: Emissions Intensity		
GRI 306: Waste 2020				
GRI 306 Topic Specific				
3-3	Management Approach			
306-3	Waste generated	E7: Environmental Operations		
GRI 307: Environmental Compliance 2020				
GRI 306 Topic Specific				
3-3	Management Approach			
307-1	Non-compliance with environmental laws and regulations	E8 & E9: Environmental Oversight		
GRI 308: Supplier Environmental Assessment 2016				
GRI 308 Topic Specific				
3-3	Management Approach			

308-1	New suppliers that were screened using environmental criteria	E7: Environmental Operations		
GRI 400: Social Standard Series				
GRI 401: Employment 2016				
GRI 401 Topic Specific				
3-3	Management Approach			
401-1	New employee hires and employee turnover	S3: Employee Turnover		
401-2	Benefits provided to full-time employees that are not provided to part-time employees			
GRI 403: Occupational Health & Safety 2018				
GRI 403 Topic Management Disclosures				
3-3	Management Approach			
403-1	Occupational health and safety management system	S8: Global Health & Safety		
403-2	Hazard identification, risk assessment, and incident investigation			
403-3	Occupational health services			
403-4	Worker participation, consultation, and communication on Occupational health and safety			
403-5	Worker training on occupational health and safety			
403-6	Promotion of worker health			
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships			
GRI 403 Topic Specific				

403-8	Workers covered by an occupational health and safety management system	S8: Global Health & Safety		
403-9	Work-related injuries	S7: Injury Rate		
GRI 404: Training & Education 2016				
GRI 404 Topic Specific				
3-3	Management Approach			
404-1	Average hours of training per year per employee			
404-2	Programs for upgrading employee skills and transition assistance programs			
404-3	Percentage of employees receiving regular performance and career development reviews			
GRI 405: Diversity and Equal Opportunity 2016				
GRI 405 Topic Specific				
3-3	Management Approach			
405-1	Diversity of governance bodies and employees	S4: Gender Diversity		
		S6: Non-Discrimination		
		S11: Nationalisation		
		G1: Board Diversity		
405-2	Median Compensation			
GRI 406: Non-Discrimination 2016				
GRI 406 Topic Specific				
3-3	Management Approach			
406-1	Incidents of discrimination and corrective actions taken	S6: Non-discrimination		
GRI 413: Local Community 2016				
GRI 413 Topic Specific				
3-3	Management Approach	S11: Nationalisation S12: Community Investment		

GRI 414: Supplier Social Assessment 2016				
GRI 414 Topic Specific				
3-3	Management Approach			
414-1	New suppliers that were screened using social criteria	S11: Nationalisation S12: Community Investment		