WE GO FURTHER

INTEGRATED REPORT

2022

A NEW JOURNEY

CONTENTS

CHAIRMAN'S MESSAGE

We Go Further

On behalf of the Board of Directors, I am honored to present to you GULFNAV's 2022 integrated report and our Company's performance over the course of the year. 2022 was the beginning of positive transformation for GULFNAV, which saw us put the challenges of previous years behind us as we embark on a new journey of value creation for our stakeholders.

As we reflect on our performance in 2022, I am proud of the extraordinary determination of every member of GULFNAV team. Over the past twelve months, the Company successfully navigated global challenges and financial hurdles thanks in large part to our team's commitment to strategic and creative solutions.

GULFNAV has a strong track record of safely and efficiently transporting petrochemical products to our customers around the world. Throughout 2022, we continued to invest in our fleet and our people, ensuring that we remain at the forefront of the industry. We have also implemented strict measures to ensure the health and safety of our crew and shore-based staff during the pandemic.

In terms of financial performance, GULFNAV has once again delivered solid results. We have maintained a strong balance sheet and continued to generate healthy cash flows. Our revenue has remained stable, and we have managed to control costs effectively.

2022 also marked the unveiling of our new Corporate Identity and logo, as we seek to enhance our brand equity and transform into one of the world's most trusted shipping and maritime companies, renowned for safety, integrity, reliability and sustainability.

Furthermore, to ensure that the next chapter of our journey is a success, we also made the decision to realign our business model so that we can stay agile and fit for the future. GULFNAV's world-class marine services are now delivered through three integrated units: Maritime Operations, Ship Management and Agency Services. These units aim to provide an agile, flexible and comprehensive approach that gives clients tangible value.

Looking ahead, we remain cautiously optimistic about the future. While the global economy continues to face uncertainties, we believe that the petrochemical shipping industry will continue to play a vital role in the global supply chain. GULFNAV is well positioned to capitalize on opportunities as they arise, and we will continue to focus on delivering safe, reliable, and cost-effective transportation solutions to our customers.

In conclusion, I would like to express my gratitude to our employees, customers, and shareholders for their continued support. We are confident that GULFNAV will continue to grow and prosper in the years ahead.

Sheikh Theyab Bin Tahnoon
Bin Mohammad Al Nahyan

Chairman

ABOUT GULFNAV

GOING FURTHER FOR YOU MEANS THE WORLD TO US

Established in 2003, Gulf Navigation Holding PJSC ("GULFNAV") combines a proud heritage with a strong client base and exciting future vision. Reinvigorated by a new executive team, we're constantly looking for ways to go the extra mile: To support our partners. To improve safety and sustainability. And to always do what's best for our employees, our investors and the planet.

A MISSION

To be one of the world's most trusted shipping and maritime companies, renowned for safety, integrity, reliability and sustainability.

A GLOBAL OUTLOOK

Headquartered in Dubai, we have extensive facilities at the ports of Fujairah and Khorfakkan, along with an overseas office in the Kingdom of Saudi Arabia. Longstanding international partnerships extend our reach across the world. We're proud to be the only publicly-listed maritime company on the Dubai Financial Market with truly global services.

A COMPLETE MARITIME PARTNER

We specialise in the transportation of crude oil, chemical products and freight – protecting our clients' reputations with the highest standards of safety, sustainability and crew welfare. Our world-class marine services are delivered by three integrated businesses, providing an agile, flexible approach that gives clients tangible value.

A REPUTATION FOR EXCELLENCE

GULFNAV works with some of the world's largest petrochemical companies and independent trading houses. It's a responsibility we take seriously. Putting quality and integrity at the heart of our operation, we're committed to delivering best practice across our fleet, crews and administration hubs.

By adopting progressive business practices and rigorously training staff and crew, we operate in full compliance with IMO and flag-state rules, as well as holding ISO 9001:2015 certification for quality and safety management.

A SUSTAINABLE, FORWARD-THINKING VISION

GULFNAV cares deeply for the environments in which we operate – we understand that, to succeed tomorrow, we need to continually innovate and do what's right. So we're investing heavily in the latest energy-efficient technologies and hold 14001:2015 certification for environmental management. With a modernized fleet and responsible, long-term outlook, we're navigating a more sustainable path to growth.

OUR VALUES

DOING WHAT'S RIGHT.

Setting ambitious standards for sustainability, workforce well-being, business ethics and transparency. Ensuring equal commitment to our people, the planet and financial performance.

UNLOCKING VALUE THROUGH PARTNERSHIPS.

Harnessing strategic relationships with like-minded, ethical partners to drive innovation, sustainability, safety and revenue.

ENSURING STABILITY AND PROGRESS.

Being a responsible partner by relentlessly driving improvement in quality, reliability and value. Providing an environment for employees where they feel safe, supported and encouraged to maximise their potential.

MANAGING DIRECTOR'S MESSAGE

Dear Shareholders and Stakeholders,

I am pleased to present the integrated report of our Company for the year 2022. This report represents our commitment to transparency, accountability, and sustainability, as we strive to deliver long-term value to all our stakeholders.

The year 2022 was a challenging one for our industry, as we faced unprecedented disruptions caused by the COVID-19 pandemic, geopolitical tensions, and volatile market conditions. Despite these challenges, GULFNAV remained resilient and continued to operate safely and efficiently, while maintaining our focus on sustainability.

In this integrated report, you will find a comprehensive overview of our performance, including financial and non-financial information. We have adopted a holistic approach to reporting, which reflects our belief that sustainable development is not just about financial performance but also about social and environmental impact.

2022 was a turnaround year for GULFNAV; one that was filled with major achievements that were aimed towards reinforcing the foundation of the Company to improve its operational and financial performance and prepare it for sustainable long-term growth. These achievements included refinancing five petrochemical tankers under better rates and preferential terms for 5 years. We also reduced our financing costs by converting more than 85 million dirhams of the Company's debts into shares, which led to improving debt conditions and reduced the total cost of borrowing. Thus, the Company is currently enjoying a stability phase supported by the cost control measures adopted by executive management for the last couple of years.

Despite the challenges facing our Company and the consequent volatile market conditions and supply chain disruptions, GULFNAV improved performance and increased operating revenue by 13% reaching 137 million dirhams. This was achieved by optimum utilization of the fleet and improvement in agency services. By managing our expenses through carefully applied cost reductions and synergies, whilst achieving efficiencies across our operations, GULFNAV remained profitable in 2022.

As a maritime shipping company, GULFNAV is strongly committed to supporting the efforts of the UAE and the global community to drive down emissions and eliminate resource waste through a variety of innovative approaches applied across our operations. I am proud to report that our Company has made significant progress towards our sustainability goals. We have reduced our carbon footprint and improved our safety performance. We have also strengthened our governance framework and enhanced our risk management practices. We are always committed to conducting our business in a responsible and sustainable manner, while delivering value to our shareholders.

Our goal for 2023 is to strengthen the Company's capital by entering into strategic partnerships that will provide GULFNAV with the opportunity to increase its assets, enter new markets and grow its customer base by modernizing the company's maritime fleet and in line with the Company's strategy to expand its business locally and in the GCC countries.

The credit for what the Company has achieved today is due to the directives of our wise leadership, and their constant and continuous support for our ambitious plans. The foundations laid in the last 2 years will help drive us forward and achieve sustainable long-term growth and further cement our position in the shipping sector, creating value for our customers and shareholders alike.

Finally, in what has been a challenging year for our Company, and our industry as a whole, I wish to express my gratitude to our shareholders, Board of Directors, management, and employees for their contribution to GULFNAV's success, and look forward to our new voyage ahead towards sustainable long-term prosperity.

Ahmad Kilani

Board Member / Managing Director

2022 PERFORMANCE SNAPSHOT

DIVERSITY OF WORKFORCE

11
Nationalities represented

18 %
Women representation in the workforce

SHAREHOLDERS

>11,235
Shareholders

79.4 %
UAE Shareholders

54.5 %
Of GULFNAV shares owned by Companies

DFM COMPLIANCE

DFM:
GULFNAV

0
Fines/penalties during 2022

FINANCIAL HIGHLIGHTS IN MILLION DIRHAMS

5 m Net profit

137 Operating Revenue

792 Total Assets

*Details in Governance Report

OUR BUSINESS UNITS

GULFNAV MARITIME LOGISTICS

GULF NAV الخدمات اللوجستية MARITIME LOGISTICS

GULFNAV Maritime Logistics works closely with leading regional and international partners to deliver a seamless ship-to-shore service. We provide cost-effective transportation and storage solutions for petrochemicals and freight, operating across the Far East, Asia, GCC, Europe, South America and the US.

PUSHING BOUNDARIES – 24/7

From our Dubai HQ, our specialist teams coordinate and manage a first-class fleet of owned and chartered ships, along with agency services to meet your onshore and offshore needs. Their can-do approach, extensive industry relationships and proven commercial expertise ensures a real competitive advantage – with flexible contracts to fit your strategy and budget.

CORE BUSINESS UNITS

- Oil, Chemical & Product Tankers

GULFNAV operates a state-of-the-fleet of owned and chartered tanker, managed and maintained to the highest safety and environmental standards. With a highly-trained crew, experienced in operating tankers across the world, you know your company's reputation is in the best possible hands.

- Offshore Logistics

GULFNAV has specialised teams for offshore activities with the expertise to support owners, investors and operators with the complexities of offshore markets – in oil & gas, as well as renewables such as wind farm installation.

Offshore services include:

- Well Stimulation Vessels – with CLEAN class requirements and double-crew space for 24/7 operations
- Platform Supply Vessels (PSV)
- Anchor Handling Tug Supply Vessels (AHTS)
- Crew Boats

UNCOMPROMISING SAFETY AND PERFORMANCE

Always putting crew and cargo first, our vessels are designed, maintained and repaired according to the highest international standards. Repairs are logged with extensive 3rd party reports, covering everything from engine machinery and safety equipment to ISM documentations and certificates.

GULFNAV Maritime Logistics holds ISO 9001:2015 accreditation and strives for best practice in operational efficiency across sea and shore. This includes working with the latest intelligent operating systems and providing you with clear cost data so you can run your business more effectively.

DRIVING A MORE SUSTAINABLE TOMORROW

GULFNAV Maritime Logistics takes bold steps to better protect the ecosystems in which we operate, as well as minimizing the impact of our vessels on the wider environment. We hold 14001:2015 certification for environmental management and invest heavily across our fleets to ensure cleaner, more fuel-efficient performance.

GULFNAV SHIP MANAGEMENT

Since 2009, GULFNAV Ship Management has built a reputation across the Middle East and beyond for knowledge, cost efficiency and full compliance with international standards. This is accompanied by a deep commitment to promote more sustainable practices and reduce our environmental impact.

ON SHORE. OFF SHORE. ON A MISSION.

We provide a complete range of ship management and maritime services, including crew management, technical support and consultancy services

AN AGILE PARTNER IN FAST-CHANGING TIMES

Managing ships in today's climate requires expert knowledge of ever-evolving regulations, combined with a wide scope of expertise and experience. GULFNAV Ship Management takes this responsibility seriously to meet the requirements of shipowners, flag states, port states, class societies, charterers and other stakeholders.

Whether it's operating managed vessels efficiently or protecting crews in full compliance with IMO's International Safety Management Code, we're trusted by industry leaders to stay ahead of changes and deliver tangible value.

WHY CLIENTS CHOOSE GULFNAV SHIP MANAGEMENT

Our team of experts provides tailored ship management and consultancy services to suit your needs and vessels – from crew operations and asset management to supervision of ship-building projects and pre-purchase technical advice.

COMPLETE TECHNICAL MANAGEMENT

Our unrivalled technical expertise is geared to optimising performance, minimizing downtime and delivering long-term reliability and value. We can provide total drydock solutions and cover technical management for all types of ships, including those transporting crude oil, chemicals and petroleum (IMO).

CREW MANAGEMENT

Our crew is the heart of our business – and vital to yours. That's why we recruit from a global market of seafarers, building skills with continuous training to ensure officers and crew meet our rigorous standards. Regular crew performance reports, long-term rotation planning and stringent safety checks back up our excellent well-being and performance records.

QUALITY AND ENVIRONMENTAL MANAGEMENT

Our safety and environmental management system ensures vessels are continuously maintained in line with the sector's s most stringent regulatory frameworks. These include International Safety Management (ISM) Law, flag state law, port state monitoring and social classification rules. We are certified in full compliance with ISO 9001:2015 and 14001:2015, and ships are subject to regular independent inspections and auditing.

ASSET MANAGEMENT

We combine industry-leading expertise and advanced processes to provide unrivalled cost-efficiency and asset management. Working with cutting-edge software and systems for shore and ship-based operations, our technical and administrative teams go the extra mile to seek efficiencies and maximize revenue.

GULFNAV AGENCY SERVICES

Established in 2017 and headquartered in Dubai, with support hubs in Khorfakkan and Fujairah, GULFNAV Agency Services serves terminals and commercial ports across the UAE. Through our network of liaison offices, we also provide cost-effective services throughout the GCC and beyond.

PROFESSIONALISM AND PEACE OF MIND

Our experienced staff ensure detailed knowledge of local and regional markets, including all relevant laws, rules and regulations.

EVERYTHING YOU NEED. FROM SHIP TO PORT.

GULFNAV Agency Services keeps you moving. Our unrivalled expertise and procurement ranges from crew services and warehousing to IT support, repairs, and customs and agency services.

CARGO VESSEL HANDLING

Whether it's petrochemical tankers or bulk, break and container vessels, we have you covered with ship-to-ship transfer operations and turnkey cargo handling.

COORDINATION AND SUPPLY SERVICES

We make it happen with top-quality husbandry services, fulfilling crew change, cleaning, servicing, IT and safety equipment requirements. We also take care of the paperwork with streamlined inspection, certificate renewal, visa processing and medical support.

CREW BOATS

GULFNAV owns a modern fleet of four crew vessels, able to carry up to 39 passengers and a 20-ton deck cargo. Put your most valuable personnel and equipment in safe hands with our peerless track record in safety and security.

SHIP REPAIRS

Our 24/7, state-of-the-art workshops and dry docks at the ports of Fujairah and Khorfakkan boast some of the industry's most skilled Marine Engineers and Master Mariners. Whatever the repair, whether it be mechanical or structural, we'll have you up and running quickly and cost-effectively, with reliability assured.

OUR FLEET

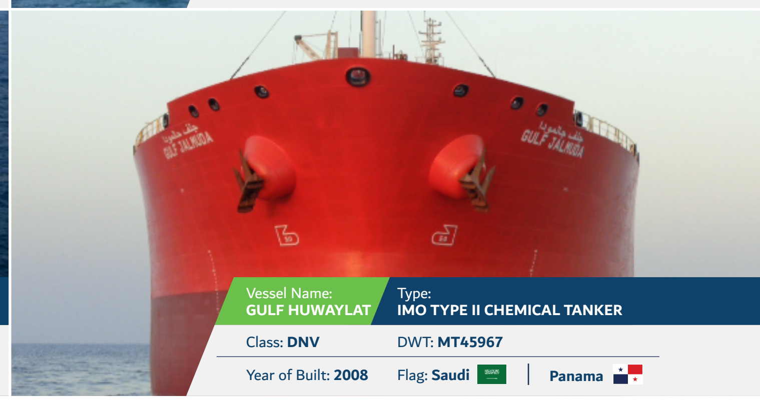
CHEMICAL TANKERS

45 k **22 tanks**

Vessel Name: GULF DEFFI | Type: IMO TYPE II CHEMICAL TANKER
Class: DNV | DWT: MT45951
Year of Built: 2009 | Flag: Saudi | Panama

Vessel Name: GULF HUWAYLAT | Type: IMO TYPE II CHEMICAL TANKER
Class: DNV | DWT: MT45967
Year of Built: 2008 | Flag: Saudi | Panama

Vessel Name: GULF DEFFI | Type: IMO TYPE II CHEMICAL TANKER
Class: DNV | DWT: MT45951
Year of Built: 2009 | Flag: Saudi | Panama



Vessel Name: GULF HUWAYLAT | Type: IMO TYPE II CHEMICAL TANKER
Class: DNV | DWT: MT45967
Year of Built: 2008 | Flag: Saudi | Panama

CHEMICAL TANKERS

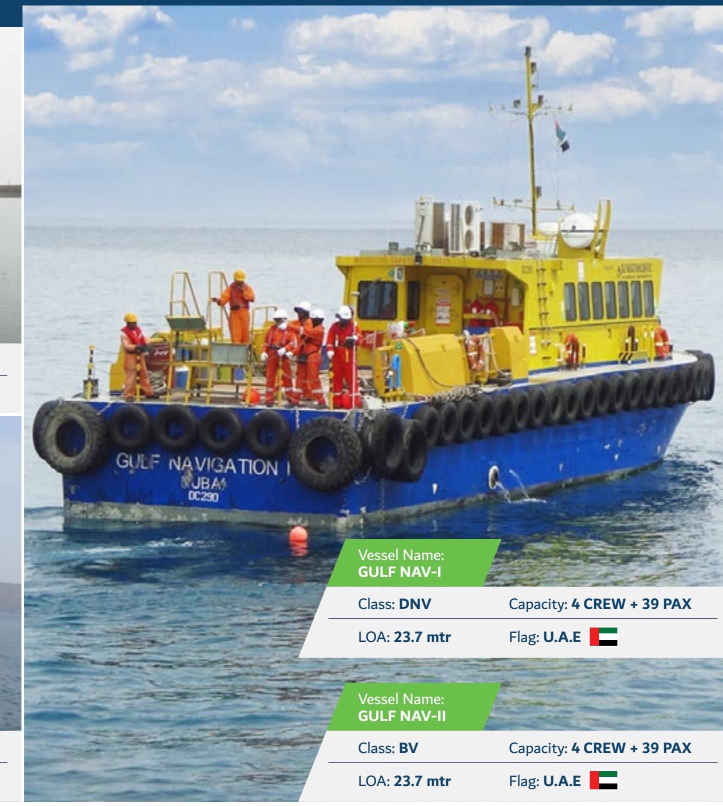
46 k **29 tanks**

Vessel Name: GULF MISHREF | Type: IMO TYPE II CHEMICAL TANKER
Class: BV | DWT: MT46089
Year of Built: 2010 | Flag: Liberia

OFFSHORE FLEET

Vessel Name: GULF NAV-III
Class: TASNEEF | Capacity: 4 CREW + 30 PAX
LOA: 27.4 mtr | Flag: U.A.E

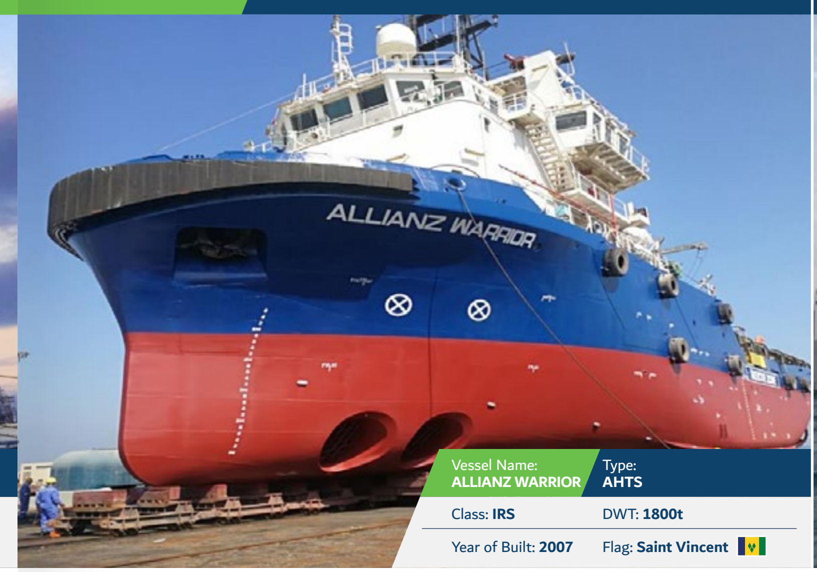
Vessel Name: GULF NAV-IV
Class: TASNEEF | DWT: 4 CREW + 30 PAX
LOA: 27.4 mtr | Flag: U.A.E



Vessel Name: GULF NAV-I
Class: DNV | Capacity: 4 CREW + 39 PAX
LOA: 23.7 mtr | Flag: U.A.E

Vessel Name: GULF NAV-II
Class: BV | Capacity: 4 CREW + 39 PAX
LOA: 23.7 mtr | Flag: U.A.E

WELL STIMULATION VESSEL



Vessel Name: ALLIANZ WARRIOR | Type: AHTS
Class: IRS | DWT: 1800t
Year of Built: 2007 | Flag: Saint Vincent

LIVESTOCK CARRIER

Vessel Name: GULF LIVESTOCK 2 | Type: LIVESTOCK CARRIER
Class: RINA | DWT: 6244t
Year of Built: 1985 | Flag: Panama
Year of Conversion: 2014

OUR PRESENCE

133

Total Trips

FO + MGO: 26,741.38

Total consumption

GULF DEFFI:
32 trips
Consumption:
VLSFO: **5358.28 Mt**
LSMGO: **10.2 Mt**

GULF FANATIR:
29 trips
Consumption:
VLSFO: **5809.9 Mt**
LSMGO: **37.3 Mt**

GULF HUWAYLAT:
25 trips
Consumption:
VLSFO: **4944.5 Mt**
LSMGO: **71.3 Mt**

GULF JALMUDA:
26 trips
Consumption:
VLSFO: **5266.6 Mt**
LSMGO: **9.3 Mt**

GULF MISHREF:
21 trips
Consumption:
VLSFO: **3541.00 Mt**
LSMGO: **1693.40 Mt**

SUSTAINABILITY REPORT

To be sustainable and resilient, and a trusted partner for our customers in delivering global shipping solutions.

OUR SUSTAINABILITY PLEDGE

For a brighter future we go further

Every day, GULFNAV embraces the challenge of transporting petrochemicals and complex freight all around the world – while steadfastly preserving the environments in which we operate.

It means meeting stringent regulations and rigorously capturing data to ensure our performance is transparent. But it's also about going further – seeing what's ahead and going beyond the expected to protect our clients, people and the planet.

Striving for total sustainability

GULFNAV's approach to sustainability and the environment reflects a deep commitment to analyse every area of our operations. We look at practices, procedures and policies – continuously improving the way we take decisions and our interactions with customers and stakeholders.

GULFNAV is fully committed to adhere to the requirements of the international management code for pollution prevention and environmental control, including compliance with all the applicable international laws and requirements.

- ISO 9001:2015 certified, accredited by Bureau Veritas
- Meeting MARPOL and ISO 14001 requirements
- Following International Safety Management (ISM) Code for safe ship operation and pollution prevention

A leaner, cleaner fleet

In recent years we've embarked on an extensive retrofitting programme, investing heavily in the latest marine technologies such as energy-efficient propellers and bows to reduce fuel consumption. GULFNAV is also collaborating with engine builders like Hyundai and MAN ES to fit compliant Engine Power Limiting Devices, with more advanced technologies in the pipeline to meet future IMO requirements.

Other improvements include advanced ballast water treatment systems across all vessels, Exhaust Gas Cleaning Systems (ECGS) and an evolving fuel strategy such as the use of Low Sulphur Fuel Oil (LSFO).

Always looking ahead

To reduce our present and future impact on the environment, GULFNAV analyses the entire lifetime of each vessel. We monitor and maintain our Inventory of Hazardous Materials (IHM) in line with IMO Hong Kong Convention 2009 on Recycling of Ships and EU SRR 2013. These not only limit the use of hazardous material during the build and operational life of the ship, but also ensure environmentally safe recycling in the future.

UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS (SDG)

At GULFNAV We support the UN Sustainable Development Goals (SDG). We believe our approach to the business and our values will help us contribute to a more sustainable supply chain.

OUR SUSTAINABILITY STRATEGY

To be sustainable and resilient, and a trusted partner for our customers in delivering global shipping solutions.

Environment: We protect the environment and ecosystems we all depend on by taking action on climate change, preventing marine pollution and using resources responsibly

Social: We nurture and empower people in our business and the communities we operate in, by managing our talent, protecting their health and safety, respecting their human rights and supporting local communities.

Governance: We uphold the highest standards of ethical business conduct and corporate governance, in compliance with regulation and our own internal policies

STAKEHOLDERS

As a shipping company, we have many responsibilities — to our employees, contractors and partners, the government and regulators, industry partners and to our communities.

Working together with our stakeholders allows us to appreciate different viewpoints and maintain a global perspective. It also helps us build mutually beneficial and long-lasting relationships and create opportunities that are aligned with their interests. This is fundamental towards helping us continue to improve our company. We use a variety of mechanisms to engage our stakeholders, including internal and external meetings, senior executive speeches and press releases, email communications, publications such as the Annual Report and investor presentations.

Employees

Our employees are the drivers for our continued business success. We keep our employees informed about the context within which they work and have established channels for our employees to raise concerns across our group of companies. We have an ongoing dialogue with our employees about a wide range of issues, including benefits, development opportunities and diversity.

Industry

We work through industry groups to help establish standards and address complex energy challenges, and we are members of industry bodies such as The International Convention for the Prevention of Pollution from Ships. Our Group Companies are also members of the industry associations relevant to their operations.

Suppliers, contractors and partners

Like our industry peers, GULFNAV rarely works in isolation. Safe and responsible operations depend on the capability and performance of our suppliers, contractors and partners. To this end, we set operational standards through legally binding agreements. Training and dialogue also help build the capability of our contractors.

Governments and regulators

We engage with the local and federal government on many fronts and aim to maintain dialogue with all relevant government agencies, ministries at every stage of our operations. We engage in policy debates that are of concern to us and the communities in which we operate, such as climate change and energy, water management and security.

Customers

GULFNAV customers range from Livestock producers to large-scale industrial producers of oil, natural gas and petrochemicals. Through our concerned Group Companies, we engage with customers about supply chain management, GHG emissions and the sustainability of our vessels across their life cycle.

INTERNATIONAL CONVENTION FOR THE PREVENTION OF POLLUTION FROM SHIPS (MARPOL)

IMO
INTERNATIONAL MARITIME ORGANIZATION

The International Convention for the Prevention of Pollution from Ships (MARPOL) is the main international convention covering prevention of pollution of the marine environment by ships from operational or accidental causes.

The MARPOL Convention was adopted on 2 November 1973 at IMO. The Protocol of 1978 was adopted in response to a spate of tanker accidents in 1976-1977. As the 1973 MARPOL Convention had not yet entered into force, the 1978 MARPOL Protocol absorbed the parent Convention. The combined instrument entered into force on 2 October 1983. In 1997, a Protocol was adopted to amend the Convention and a new Annex VI was added which entered into force on 19 May 2005.

MARPOL has been updated by amendments through the years.

The Convention includes regulations aimed at preventing and minimizing pollution from ships – both accidental pollution and that from routine operations – and currently includes six technical Annexes. Special Areas with strict controls on operational discharges are included in most Annexes.

Annex I Regulations for the Prevention of Pollution by Oil (entered into force 2 October 1983)

Covers prevention of pollution by oil from operational measures as well as from accidental discharges; the 1992 amendments to Annex I made it mandatory for new oil tankers to have double hulls and brought in a phase-in schedule for existing tankers to fit double hulls, which was subsequently revised in 2001 and 2003.

Annex II Regulations for the Control of Pollution by Noxious Liquid Substances in Bulk (entered into force 2 October 1983)

Details the discharge criteria and measures for the control of pollution by noxious liquid substances carried in bulk; some 250 substances were evaluated and included in the list appended to the Convention; the discharge of their residues is allowed only to reception facilities until certain concentrations and conditions (which vary with the category of substances) are complied with.

In any case, no discharge of residues containing noxious substances is permitted within 12 miles of the nearest land.

Annex III Prevention of Pollution by Harmful Substances Carried by Sea in Packaged Form (entered into force 1 July 1992)

Contains general requirements for the issuing of detailed standards on packing, marking, labelling, documentation, stowage, quantity limitations, exceptions and notifications.

For the purpose of this Annex, "harmful substances" are those substances which are identified as marine pollutants in the International Maritime Dangerous Goods Code (IMDG Code) or which meet the criteria in the Appendix of Annex III.

Annex IV Prevention of Pollution by Sewage from Ships (entered into force 27 September 2003)

Contains requirements to control pollution of the sea by sewage; the discharge of sewage into the sea is prohibited, except when the ship has in operation an approved sewage treatment plant or when the ship is discharging comminuted and disinfected sewage using an approved system at a distance of more than three nautical miles from the nearest land; sewage which is not comminuted or disinfected has to be discharged at a distance of more than 12 nautical miles from the nearest land.

Annex V Prevention of Pollution by Garbage from Ships (entered into force 31 December 1988)

Deals with different types of garbage and specifies the distances from land and the manner in which they may be disposed of; the most important feature of the Annex is the complete ban imposed on the disposal into the sea of all forms of plastics.

Annex VI Prevention of Air Pollution from Ships (entered into force 19 May 2005)

Sets limits on sulphur oxide and nitrogen oxide emissions from ship exhausts and prohibits deliberate emissions of ozone depleting substances; designated emission control areas set more stringent standards for SOx, NOx and particulate matter. A chapter adopted in 2011 covers mandatory technical and operational energy efficiency measures aimed at reducing greenhouse gas emissions from ships.

ENVIRONMENT – OUR STRATEGY FOR CLIMATE CHANGE & ENVIRONMENTAL SUSTAINABILITY

Transporting petrochemical products and livestock is a challenge we face every day to meet our customers' needs while upholding stringent environmental and safety standards.

We work responsibly, implementing sustainable practices, procedures and policies based on good corporate governance, integrity and care for the environment. These are reflected in the way we take decisions, interact with one another and behave with our customers and stakeholders.

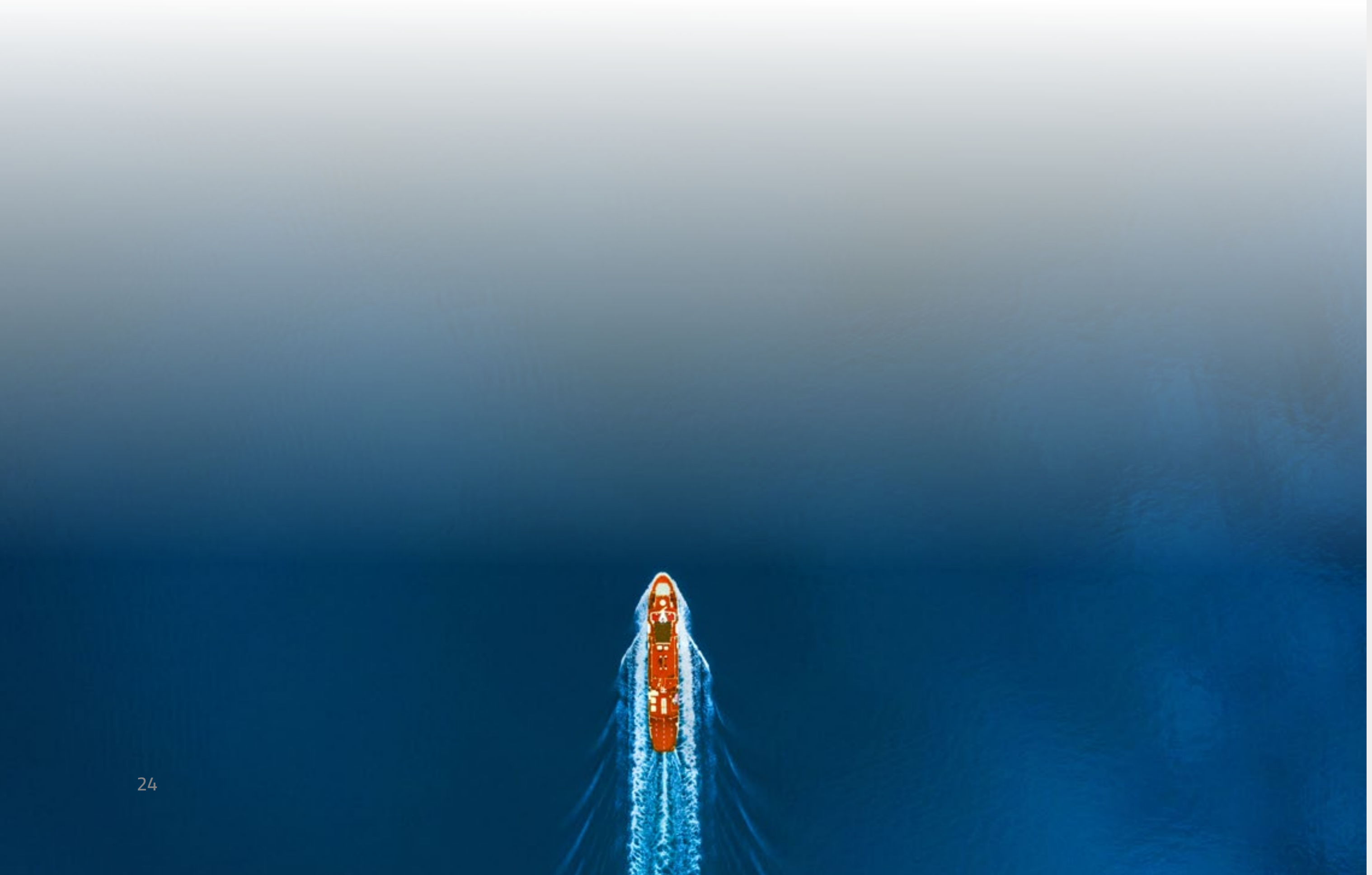
GULFNAV's environmental strategy and approach to sustainability demonstrate a clear commitment to running a responsible business while respecting the environment and embracing precautionary efforts to mitigate broad global climate change and environmental impacts.

To achieve its vision, GULFNAV promotes a strategic focus on cleaner seas, land and cargo through monitoring and maintaining Inventory of Hazardous Materials (IHM) in line with IMO Hong Kong Convention 2009 on Recycling of Ships and EU SRR 2013, and by investments in innovative low-carbon technology, energy efficiency and operational efficiency. Additionally, GULFNAV fleet was greatly enhanced in recent years by a retrofitting programme. We have invested extensively in the latest generation of marine technologies, such as new energy-efficient propellers and bows to reduce fuel consumption and therefore improve our energy efficiency.

Our commitment to pass cleaner environment to our future generation is displayed by our continues efforts to not only meet prevailing Statutory requirements but also to act proactively to forth coming requirements. Above mentioned IHM requirements not only ensure controls of hazardous material during ship building and operational life of the ship, but also ensure environmentally safe recycling of the ships too.

We continuously monitor our environmental performance and have implemented a number of operational measures to further reduce our CO_2 emissions to meet expected new regulations, including those to be adopted by the International Maritime Organization (IMO).

Regulation	Aim & Effective Date	GULFNAV's Response	Fleet Management Response
IMO Ballast Water Management Convention	Sets standards for proper management of ballast water and sediments to prevent the spread of harmful marine species. Effective Date: 8 Sep 2017.	Installation of advanced ballast water treatment systems in one of our vessels. With the aim to be installed across our entire fleet by 2023.	GULF FANATIR, GULF HUWAYLAT, GULF DEFFI & GULF JALMUDA are planned for the installation of BWTS in next DD. Presently vessel following D-1 method for Ballast water management.
IMO 2020 enhanced global sulphur limit (MARPOL Annex VI, regulation 14)	Enhances existing limits for sulphur content in marine fuel to reduce emissions of sulphur oxides and other pollutants. Effective Date: 1 Jan 2020.	Installation of Exhaust Gas Cleaning Systems (ECGS); evolving fuel strategy including use of Low Sulphur Fuel Oil (LSFO).	Vessels supplied with Low Sulphur Fuel Oil (LSFO) to comply with the global sulphur limit.
IMO Data Collection System (DCS)	Requires collection of fuel consumption data for ships 5,000 GT or over as part of the mandatory Ship Energy Efficiency Management Plan. Effective Date: 1 Mar 2018 for data collection from 1 Jan 2019.	Initiated advanced data acquisition across fleet.	For GULF FANATIR, GULF HUWAYLAT, GULF DEFFI & GULF JALMUDA data acquisition completed for year 2022 and same submitted to NKK for verification and issuance of compliance certificate.
EU Monitoring, Reporting & Verification (MRV)	Requires collection of CO2 emissions data for ships over 5,000 GT calling at EU/EFTA ports. Effective Date: 1 Jul 2015 for data collection from 1 Jan 2018.	Initiated advanced data acquisition across fleet	Vessels on TC to trade in Asia region. Moreover, data acquisition is in progress, but so far none of the vessels under our management called European ports, also EU MRV monitoring plan not available for all four vessels.



CONTINUOUS IMPROVEMENT OF OUR ENVIRONMENTAL PERFORMANCE

We are fully committed to further reducing energy consumption and CO_2 emissions across all our operations. Emissions vary from vessel to vessel and voyage to voyage, for reasons including operational factors, vessel load and waiting times in ports.

To monitor the performance of individual ships and our fleet over time, among other measures, we use the Energy Efficiency Operational Indicator (EEOI) tool, as set out in the IMO Guideline MEPC.1/circ.684. Our EEOI analyses show that we have significantly reduced our carbon dioxide emissions per metric tonne of cargo moved on a per mile basis. To meet forthcoming EEXI compliance we are collaborating with engine builders like Hyundai and MAN ES to retrofit Engine Power Limiting Devices on our vessels as a short term compliance solution and further opting for more greener technologies to upgrade our vessels to meet more stringent IMO future requirements.

As an ISO 9001:2015 certified company accredited by Bureau Veritas, GHN is committed to adhering to the requirements of the international management code for the safe operations of vessels, pollution prevention and environmental control including compliance with all the applicable international laws, regulations and requirements.

CO_2 emission per distance (Tons / Nautical mile):

0.286

CO_2 emissions per transport work (grams / Tons * Nautical mile):

15.7225

GULFNAV's vessels routinely maintain the following Certificates in compliances with MARPOL:

- International Anti-Fouling Certificate
- International Oil Pollution Prevention Certificate
- International Ballast Water Management Certificate
- International Sewage Pollution Prevention Certificate
- International Air Pollution Prevention Certificate
- Sanitation Control Certificate
- Garbage Pollution Prevention Certificate
- Certificate of Compliance for Inventory of Hazardous Materials
- Confirmation of Compliance for DCS

GULFNAV endeavors to demonstrate its commitment to environmental protection and the effectiveness and the compliance of its Environmental Management System (EMS) with the MARPOL and ISO 14001 standards requirements. Furthermore, we follow the International Safety Management – ISM Code for safe ship operation and pollution prevention.

For this purpose, GULFNAV has established, documented, and implemented an Environment Management System designed to comply with the upmost national and international requirements.

SOCIAL – SAFEGUARDING OUR PEOPLE

Keeping our people and operations safe Driven by our leadership, safety is a fundamental value and personal responsibility for all GULFNAV employees, Partners and contractors.

We strive to create and maintain an injury-free work environment and to apply robust operating and maintenance practices across our vessels and work places.

The continued success of our company is embedded in our commitment to health and safety and our dedication to providing a work environment in which everyone is treated fairly and has the opportunity to maximise their potential.

OCCUPATIONAL HEALTH & SAFETY

GULFNAV aims to prevent any loss of life and unnecessary risk to human health in its business operations, as well as to ensure environmental safety and proper cargo-handling and management.

To do so, GULFNAV has its own Quality, Health, Safety, Security and Environmental (QHSSE) policy, in line with applicable requirements defined for international shipping:

- International Convention for the Safety of Life at Sea (SOLAS) – Emergencies, Fire Prevention, Life-saving Appliances, Safety of Navigation, Carriage of Cargoes, International Safety Management (ISM) and International Ship and Port Facilities Security Codes (ISPS)
- International Convention for the Prevention of Pollution from Ships (MARPOL) – Environment, Chemicals, Waste and Air
- Standards of Training, Certification and Watch-keeping (STCW) – Standards of qualification for the Master, officers and crew on seagoing merchant ships
- Maritime Labour Convention (MLC) – Working conditions on ships, including conditions of employment, health protection, medical care and social security protection

KEEPING OUR PEOPLE AND OPERATIONS SAFE

Having our people return home safe and well at the end of every work day and enabling them to end their working life fit and healthy is central to everything we do. Regardless of where our people are located or the type of work they undertake, we strive to create a working environment that is free from occupational illness and injury.

This is reflected in the processes and controls we have in place throughout our organisation. Our principles and requirements for safe, reliable and compliant operations are part of our QHSSE against which all GULFNAV operations are required to align. Our operations are also required to have systems in place to identify, manage and effectively respond to foreseeable crises and emergencies. Collectively, these requirements are designed to enable our operations to safely return to full function as soon as possible.

TAKING CARE OF OUR EMPLOYEES

We are dedicated to ensuring our employees have a conducive, respectful and safe work environment and are supported in their professional and personal development.

OCCUPATIONAL HEALTH & SAFETY PERFORMANCE FOR 2022

0 Number of Fatalities

0 Oil Spills

0 Number of high-consequence work-related injury

4 Number of recordable work-related injury

(Above figures are based on OCIMF Injury Reporting Guidelines)

HEALTH & SAFETY OBJECTIVES

Aspect	Issue	Objectives	Target	Status
Accidents	Personnel Injury	To monitor and prevent accidents	Monitor TRCF and LTIF. Identify training needs	Ongoing
Safety Culture	Near Miss reporting	Reduce no. of accidents	To get majority of sea staff involved in near miss reporting	Ongoing
Safety Review	Office Safety Awareness	To carry out safety review and evacuation drills in office	At least once a year	Ongoing
Safety onboard	Safety Awareness	Introduce safety training onboard	Conduct safety training onboard GULFNAV fleet starting from Q2 2021	Ongoing
Promotion of Safety Onboard	Safety awareness onboard GULFNAV fleet	Ensure ongoing awareness and continual improvement of safety aspects onboard.	Conduct annual safety campaign	Ongoing

INTERNAL PROCESSES SUPPORTING SAFETY ON BOARD

Seafarer engagement survey	Feedback from crew on disembarkation	Crewing seminars interaction	Inspections & audits	Self-appraisal
Third-party independent company	Feedback on specific areas	Multy-city seminars	Maritime Labour Convention Inspector	MARPOL rating
Biennial	Crew notified of actions taken to encourage them to continue reporting	Leadership & team-building workshops	Superinten-dent & audits	Safety procedures
		Honest and open Feed-back	Masters Feedback	Company procedures
			Training needs	Training needs

DIVERSITY & INCLUSION

Diversity is a strategic and competitive business advantage. Therefore, we strive to maintain a workplace that is inclusive, by building a more diverse workforce to seize opportunities from sharing innovative ways of thinking, which contribute to informed decision making, and enhanced reputation.

As a result, we seek out employment candidates from diverse backgrounds to provide us with the depth of talent, skill and potential to meet our goals.

We are continuously assessing the implementation of more flexible work schedules to improve female employment. We provide employees with equal opportunities for progression and have an internal grievance procedure in place. This provides a pathway for employees and other external stakeholders we engage with to raise concerns related to any perceived discrimination which stands against our commitments to uphold diversity, equal opportunity, and non-discrimination.

An employee is entitled to file a complaint under GULFNAV's grievance procedure if they have been treated in any way that contradicts applicable legislation, their employment contract, the HR policy or have been subjected to prejudicial treatment. The grievance procedure has defined steps that are communicated to all employees. Based on the case, the HR department and Senior Management may get involved.

Diversity of Workforce

11
Nationalities Represented.

18%
women representation in the workforce

Nationalities

1. UAE
2. Jordan
3. Palestine
4. Philippines
5. India
6. Pakistan
7. UK
8. KSA
9. Libya
10. Sri Lanka
11. Bangladesh

RECRUITMENT & TRAINING POLICY

GULFNAV recognises and endorses the requirement of the Standards of Training, Certification and Watchkeeping (STCW) Convention and considers that these requirements are the minimum for all seafarers appointed to managed ships. We ensure that the right people are employed in the right positions with the right Work Instructions. Appropriate Training shall be given to all employees in order enable them to perform to the best of their abilities. They shall be well informed with current, best Industry practices.

ANTI-CORRUPTION

Corruption undermines social and economic development. It destabilises the business environment, adds to the cost of participating in global trade. It affects external confidence as well as company morale. Non-compliance with legislation on bribery and corruption may lead to legal and reputational risks, extra costs, inefficiencies in our business, fines, imprisonment and ultimately debarment from markets.

At GULFNAV we aim to eliminate corruption in the maritime industry through both multistakeholder collaboration and actions in our own operations. Our target for 2020 onwards is to comply with legislation on anti-corrupt practices, which ultimately translates to zero bribery and elimination of facilitation payments.

We work to combat bribery, fraud and preferential treatment, by performing due diligence of agents, joint venture partners, key suppliers, and M&A targets prior to signing a contract or entering a new market. Expectations to all employees are outlined in GULFNAV's Code of Conduct. We enforce rules on travel, meals, lodging and entertainment, and employees complete training on compliance.

HUMAN RIGHTS

Human rights are a precondition for freedom and dignity for people, for rule of law and for inclusive and sustainable growth on which we depend as a business. Respect for human rights is rooted in our values and key to our license to operate from employees, customers, investors, communities, governments and other stakeholders.

Regulation of corporate human rights is on the rise, including reporting and mandatory due diligence requirements. We support effective and balanced regulation that promotes a global level playing field for responsible business.

At GULFNAV we do our best to ensure that we prevent and address adverse human rights impacts associated with our business activities. Our commitment to human rights due diligence is incorporated into our Company Code of Conduct.

With these new codes and directives, we are better prepared to monitor progress and performance up against international standards. Furthermore, we continue to assess potential ethical aspects of our use of new technologies.

PIRACY & SECURITY

Piracy and Security The threat of piracy and hijacking of commercial vessels at sea has been on the agenda of ship operators. An important aspect of this is that a ship's onboard information technology and operational technology systems can be hacked just as easily as systems ashore, potentially causing considerable harm to the safety and security of ships, ports and marine facilities.

Adopting proper measures to protect our business systems through cyber security and to prevent attacks and hijacking of our commercial vehicles is important to GULFNAV. Our Security Information Policy has been developed to protect GULFNAV's information assets – both in digital and non-digital format. It details the minimum requirements and responsibilities for all our employees to ensure confidentiality and data privacy is maintained, as well how to report data security incidents. We also have an IT Management Policy which defines the requirements for managing GULFNAV's information technology assets throughout the entire lifecycle.

GULFNAV is committed to providing all employees ashore and onboard ships with a safe and secure work environment where no one is subject to unnecessary risk. We all also ensure that all ships under our management are always in compliance with the current requirements of ISPS Code and any security guidelines as set out by the Flag States and Regulatory bodies.

To strive for the most secure environment for our personnel and assets we are collaborating with leading firms like Ambrey Security that is updating us with the latest security and piracy news.

EMERGENCY PLANS

GULFNAV has policies and procedures in place to be ready at all times to deal with all emergencies in a satisfactory manner.

To achieve this, the following policies are implemented:

- Adequate, qualified and experienced manpower
- A properly equipped Contingency Room in the Office
- Efficient means of communication
- Up-to-date Contingency plans, SMPEP/SOPEP, VRP and California VCP, Panama Canal SOPEP etc, as applicable.

As a precautionary measure we always seek to avoid high-risk areas, use high-pressure water nozzle and install razor wire to prevent unauthorized embarkation.

> Fortunately, there were no information security breaches, as well as no cases of piracy in 2022.

GOVERNANCE

TIMELY & TRANSPARENT REPORTING

To maintain the trust and confidence of our Shareholders and Investors, it is vital that we act responsibly and conduct our business activities with transparency and integrity.

Our approach is built on an integrated corporate governance framework[1] with clear accountability channels, transparency requirements and independence thresholds. GULFNAV's Board of Directors and Board Committees oversee the strategies, plans and policies of the company.

GULFNAV has fully adopted and implemented the relevant corporate governance rules as set out by Securities and Commodities Authority (SCA), i.e., 7 R.M of 2016 concerning the standards of institutional discipline and governance of Public Shareholding Companies. And the Chairman of Authority's Board of Directors' Decision no. (3/R.M) of 2020 concerning Approval of Joint Stock Companies Governance Guide.

Adopting and implementing the corporate governance framework is a primary objective of both the Board of Directors and the executive management; which helps to ensure compliance with the applicable rules, and regulations, transparency, disclosures, increase shareholder value, protect/safeguard the interest of stakeholders and mitigating business risks appropriately.

[1] For more details on our corporate governance framework (Including Board of Directors, Board Committees and Executive Compensation) please refer to our comprehensive 2022 Corporate Governance Report available on our website.

GHN – CORPORATE GOVERNANCE STRUCTURE

COMPOSITION OF THE BOARD OF DIRECTORS

The Board of Directors is responsible for the overall management of the Company. The Company Articles of Association sets out the way and method of election and composition of Board and the number of its members, as well as their term of office in compliance with governance requirements and applicable Commercial Companies Law. Board members are elected and appointed by the shareholders during the General Assembly meeting (GAM). The Board is also vested with Board authorities to attain the Company's goals and objectives in accordance with the Company's Article of Association.

BOARD COMMITTEES

The Board is empowered to establish Board committees and to delegate powers to such committees as necessary or appropriate. The Board delegates certain functions to well-structured committees but without abdicating its own responsibilities. Board committees are an effective way to distribute work between Board members and allow for more detailed consideration of specific matters. All the Board committees are functioning on behalf of the Board and the Board will be responsible for constituting, assigning, co-opting and fixing terms of service for Board committee members.

NOMINATION AND REMUNERATION COMMITTEE

The Nomination and Remuneration Committee assists the Board in discharging its responsibilities in relation to qualifications, compensation, appointment and succession of the Company's directors and key management personnel. The Committee oversees the Company's nomination process for the Board of Directors and continuously monitors the independency of the independent members of the Board.

AUDIT COMMITTEE

The Audit Committee is responsible for governance and internal control matters including audit, compliance and risk management in accordance with its obligations set out in Article (49) (Duties of the Audit Committee) of SCA Resolution No7. It reviews financial statements, oversees the Group's Enterprise Risk Management objectives and guides the work of the Internal Audit Department.

INSIDERS' TRADING, FOLLOW-UP AND SUPERVISION COMMITTEE

The Board of Directors formed the "Insiders' Trading, Follow-Up and Supervision Committee, for the purpose of maintaining records and submitting periodic statements and reports to the market.

INVESTORS' RIGHTS[1]

The legislation in force in the UAE grants shareholders and market participants many rights and benefits, particularly the shareholders' right in the company whose shares are traded on the market to ownership and the transfer thereof, to the dividends distributed by the company and to the proceeds in case the company goes into liquidation. They also have the right to take part in the decision-making process within the company in which they hold shares by attending and voting at the company's General Assemblies as well as electing and dismissing the Board members.

Shareholders also have the right to monitor the company's management by accessing information and data on the company's performance, holding the Board of Directors accountable, asking the company's auditor questions. They also have the right to raise complaints to the relevant authorities against any party/parties of DFM in the case of a valid justification or harm to the investor.

SHAREHOLDER RIGHTS

1. Participate in the company ownership, assets and reserves when the company goes into liquidation.
2. Participate in the company management by exercising their rights to vote during the company's General Assembly (voting is based on the number of securities).
3. Obtain their annual share dividends.
4. Sell securities on the market.

[1] For more details, please refer to "The Investors Rights & Responsibilities" Booklet published by DFM and posted on our website.

CORPORATE GOVERNANCE REPORT

To maintain the trust and confidence of our Shareholders and Investors, it is vital that we act responsibly and conduct our business activities with trans-parency and integrity.

CORPORATE GOVERNANCE PRACTICES DURING 2022

Gulf Navigation Holding PJSC (referred hereafter as "GULFNAV" or "Company") has fully adopted and implemented the relevant corporate governance rules as set out by Securities and Commodities Authority (SCA), i.e., 7 R.M of 2016 concerning the standards of institutional discipline and governance of Public Shareholding Companies. And the Chairman of Authority's Board of Directors' Decision no. (3/R.M) of 2020 concerning Approval of Joint Stock Companies Governance Guide.

Adopting and implementing the corporate governance framework is a primary objective of both the Board of Directors (BoD) and the executive management, which helps to ensure compliance with the applicable rules, and regulations, transparency, disclosures, increase shareholder value, protect/safeguard the interest of stakeholders and mitigating business risks appropriately.

GULFNAV is fully committed to apply the corporate governance standards and other related best practices which have been diligently compiled and documented via 'Corporate Governance Manual', duly approved by the executive management and BoD. This manual governs the activities/ functions of the Company and lays down clear framework, roles and responsibilities of the BoD and its Committees, relationship between the BoD and executive management including the delegations/powers to run the business, code of conduct, external auditors, internal controls environment, investor relations, etc.

GULFNAV rigorously adopts the required procedures/steps which bolsters the corporate governance mechanism within the group, such as (excerpts):

- Amendment of Articles of Association (AoA), where applicable.
- Implementation of Corporate Governance Manual.
- Board Committees as per the corporate governance requirements.
- The Board and its Committees have adhered with the required number of meetings (including the duties and responsibilities) as required by the 7 R.M of 2016.
- Procedures pertaining to the trading of Company's securities have also been developed and followed in-line with the SCA guidelines.
- Code of conduct for the BoD and employees have been developed and implemented.
- Confidential reporting policy exists whereby staffs can directly communicate potential misconducts/ malpractices.
- Annually, each board member acknowledges/declares his independency, board positions held in other companies and GULFNAV shares trading transactions.
- Company website exists with dedicated 'investor relations sections', where all the financial statements, disclosures, press releases, etc. are readily available for the stakeholders.

Board of Directors

(Art. 3, Resolution 7/2016)

The appointment, roles and responsibilities of the Board of Directors of Gulf Navigation Holding PJSC (the "Board" or "Board of Directors") are outlined in DSI's Articles of Association ("AoA"). Throughout the year, the membership balance criteria set down by Resolution 7/2016 in relation to executive, non-executive and independent members of the Board was maintained by Gulf Navigation Holding together with an appropriate level of skills, experience and capabilities across the membership.

Board Committees

(Art. 46, Resolution 7/2016)

The Board is empowered to establish Board committees and to delegate powers to such committees as necessary or appropriate. The Board delegates certain functions to well-structured committees but without abdicating its own responsibilities. Board committees are an effective way to distribute work between Board members and allow for more detailed consideration of specific matters. All the Board committees are functioning on behalf of the Board and the Board will be responsible for constituting, assigning, co-opting and fixing terms of service for Board committee members.

Nomination and Remuneration Committee

(Art. 47, Resolution 7/2016)

The Nomination and Remuneration Committee assists the Board in discharging its responsibilities in relation to qualifications, compensation, appointment and succession of the Company's directors and key management personnel. The Committee oversees the Company's nomination process for the Board of Directors and continuously monitors the independency of the independent members of the Board.

Insiders' Trading, Follow-Up and Supervision Committee

(Art. 33, Resolution 3/2020)

The Board of Directors formed the "Insiders' Trading, Follow-Up and Supervision Committee, for the purpose of maintaining records and submitting periodic statements and reports to the market.

BOARD MEMBERS' SHARES TRANSACTIONS/DEALINGS DURING 2022

(INCLUDING FIRST DEGREE RELATION)

POLICY FOR SECURITIES ISSUED BY GULF NAVIGATION HOLDING (INSIDER TRADING)

At GULFNAV, there are set of guidelines for Board Members and employees with respect to transactions in GULFNAV shares as well as securities of the parent company, subsidiaries and associate companies (where applicable). This policy is reviewed periodically as part of Company's Corporate Governance Manual and revised in accordance with the latest/updated versions of the SCA's "Regulations as to Disclosure and Transparency" (where applicable). As per the policy, an employee who is familiar with the important, confidential/ undisclosed information which may have an impact on the market share price has been classified under the category of "Restricted Person". Accordingly, Board Members and Company employees are not allowed to trade in GULFNAV securities during blackout period (or restricted period) as defined by the SCA rules and regulations.

The Company has formed a committee with senior management employees to review and monitor the insiders' shares trading (of board members and employees) on a periodic basis. The Committee comprises of three members:

- Mr. Abdulrahman Al Afifi – Chairman
- Mr. Yazan S. Maragha – Board Secretary – Member
- Mr. Nader Muqbel – Director of Investor Relations & Corporate Communications – Member

The following tasks have been performed by the Committee during the year 2022:

- Maintenance and regular updating of a statutory register of insiders.
- Formally informs the insiders of the relevant closed periods to ensure that no trading is done by them during those periods.
- Obtains signed declaration from the insiders and the other staff on their Company share trading activities.

BOARD OF DIRECTORS' DEALINGS/TRANSACTIONS IN THE COMPANY SECURITIES

Board members are required to disclose their shares trading activities (including first degree relations) on an annual basis, through a pre-defined template/form. During the year 2022, GULFNAV securities transactions of each board members (and their first degree relative) were as follows:

Name of Board Member	Position/ Relationship	Total No. of shares Purchased	Total No. of shares Sold	No. of Shares Held as at 31st Dec 2022
H.H. Sheikh Theyab Bin Tahnoon Bin Mohammad Al Nahyan	Chairman of the Board	N/A	N/A	N/A
Eng. Abdulla Subhi Atatreh	Vice Chairman	N/A	N/A	6,810,000
Mr. Ahmad Kilani	Board Member	N/A	N/A	7,500,000
Dr. Abdul Rahman Al Afifi	Board Member	N/A	N/A	N/A
Dr. Abdulaziz Fahad H. Alongary	Board Member	N/A	N/A	N/A
Ms. Manwa Ala Al Brich	Board Member	N/A	N/A	N/A
Mr. Omar Saeed Alromaithi	Board Member	N/A	N/A	N/A
MEMBERS (AS AT APRIL 28, 2022)				
Mr. Mohamed Alhammadi[1]	Board Member	N/A	N/A	N/A

[1] Mr. Mohamed Alhammadi's board membership ended in April 28, 2022.

FORMATION OF BOARD OF DIRECTORS

COMPOSITION OF THE BOARD OF DIRECTORS

The Board of Directors is responsible for the overall management of the Company. The Company Articles of Association sets out the way and method of election and composition of Board and the number of its members, as well as their term of office in compliance with governance requirements and applicable Commercial Companies Law. Board members are elected and appointed by the shareholders during the General Assembly meeting (GAM); this is either after completing their membership period stipulated by law or as a result of any other cases stipulated by law. The Board is also vested with authorities to attain the Company's goals and objectives in accordance with the Company's Articles of Association.

Name of Member/s	Board Position	Type / Nature of Membership	Date of Appointment	End of Term
H.H. Sheikh Theyab Bin Tahnoon Bin Mohammad Al Nahyan	Chairman	Non-Executive/ Independent	28th April 2022	-
Eng. Abdulla Subhi Atatreh	Vice Chairman	Non-Executive/ Independent	28th April 2022	-
Mr. Ahmad Kilani[2]	Board Member / Managing Director	Executive	28th April 2022	-
Dr. Abdul Rahman Al Afifi	Board Member	Non-Executive/ Independent	28th April 2022	
Dr. Abdulaziz Fahad H. Alongary	Board Member	Non-Executive/ Independent	28th April 2022	-
Ms. Manwa Ala Al Brich	Board Member	Non-Executive/ Independent	28th April 2022	-
Mr. Omar Saeed Alromaithi	Board Member	Non-Executive/ Independent	28th April 2022	-
Mr. Mohamed Alhammadi	Board Member	Non-Executive/ Independent	31st August 2020	28th April 2022

[1] Mr. Ahmad Kilani was appointed as a managing director in the company pursuant to a decision of the Board of Directors issued at 2nd meeting of the year 2022 dated 13/05/2022.

THE COMPOSITION/QUALIFICATION AND PROFILE OF BOARD MEMBERS AS AT 31ST DEC 2022:

H.H. SHEIKH THEYAB BIN TAHNOON BIN MOHAMMAD AL NAHYAN

CHAIRMAN OF THE BOARD

His Highness graduated from the United Arab Emirates University in 2004 with a bachelor's degree in Architectural Engineering. He entered the field of commerce and business administration upon graduation from university and manages his father's businesses and properties.

He currently holds several positions, including:

- Vice Chairman of Abu Dhabi Insurance Company
- Chairman of City Land Group
- Chairman of Tamakkan Real Estate

MR. AHMAD KILANI

BOARD MEMBER / MANAGING DIRECTOR
CHAIRMAN OF THE AUDIT COMMITTEE

Ahmad Kilani is a well-versed finance professional with an overall experience of more than 20 years in finance, investment banking and corporate finance, in regional and local firms. The experience of Ahmad Kilani is diversified among sectors of energy, real estate, trading, manufacturing, construction, education and tourism. Throughout his career, Ahmad Kilani managed several transactions including IPOs, mergers and acquisitions, private placements, restructuring and equity valuations.

Ahmad Kilani is also a board member of Drake & Scull International PJSC.

ENG. ABDULLA SUBHI ATATREH

VICE CHAIRMAN
CHAIRMAN OF THE NOMINATION & REMUNERATION COMMITTEE

Eng. Abdulla Atatreh is highly experienced businessman who started his career in 2000 upon the real estate boom in Dubai. His first ventures were in real estate, but he started engaging in diverse sectors in 2011 including insurance, contracting, shipping and other sectors. Engr. Atatreh has a bachelor's degree in civil engineering from United Arab Emirates University and a master's degree in management from Al Ain University of Science and Technology.

Eng. Atatreh is a Board Member in Drake & Scull International PJSC, a Board member in Dar Al Marefah Commercial Investment, and a Board Member in Anan Investment Holding (Private Join-Stock Company). He is also an active member of the Board of Trustees at Al Ain University of Science & Technology (AAU).

DR. ABDULAZIZ FAHAD H. ALONGARY

BOARD MEMBER
MEMBER OF THE NOMINATION & REMUNERATION COMMITTEE

Dr. Alongary holds a bachelor's degree from the United States of America in 1996 and in 2001 he obtained a doctorate degree in business administration.

He currently serves as a Vice-Chairman of Anan Investment Holding (Private Join-Stock Company), a board member and partner in a group of Saudi companies such as Bunyan Holding Company in Riyadh, BITS- Digital Solutions Company, Industrial Construction Technology Company in Riyadh, and Advanced Solutions for Special Needs based in the United States of America.

Dr. Alongary has practical experience in many commercial and real estate sectors and has contributed to establishing many commercial companies and has extensive experience in many sectors.

DR. ABDUL RAHMAN AL AFIFI

BOARD MEMBER
CHAIRMAN OF THE INSIDERS' TRADING, FOLLOW-UP AND SUPERVISION COMMITTEE
MEMBER OF THE AUDIT COMMITTEE
CEO OF H.H. SHEIKH TAHNOON BIN MOHAMMED AL NAHYAN'S OFFICE

Dr. Al Afifi is an entrepreneur and driven Chief Executive, with more than ten (10) years of progressive management experience. He has extensive experience with highly management systems, which require deep understanding of critical business drivers in multiple markets and industries; highly successful in building relationships with upper-level decision makers, seizing control of critical problem areas, and delivering on customer commitments.

As GM / CEO of H.H Sheikh Tahnoon Bin Mohammed Al Nahyan's Office, Dr. Al-Afifi achieved year-after-year revenue and business growth objectives within a rapid-change environment with high professionalism in strategic and implementation planning and guiding and directing the organization through substantial change management utilizing strong and effective strategic leadership.
To become a recognized example proven strong ability to solve complex company problems using excellent judgment and decision-making skills.

Dr. Al Afifi is presently working as a CEO of TMKN Group – Abu Dhabi. Under Private Office of H.H. Sheikh Tahnoon Bin Mohammad Al Nahyan, he is working to manages and directs all business units of TMKN group of companies; Champions the introduction of quality, cost reduction and continuous best practices to drive market growth; and he has a full responsibility for approving business plan and growth strategy, defining offerings and delivery models, establishing partnerships, and building operating infrastructure; develops vision, mission and goals, identify profitability and revenue opportunities, define critical goals and success factors, establish clear objectives and practical action plans, foster innovation and risk taking, build teams, and establish relationships with vendors and partners. Manages a team of different business units, product managers, business development specialists, and operations / logistics personnel.

Dr. Al Afifi has been appointed to the privet office of H.H Sheikh Tahnoon Bin Mohammed Al Nahyan. He has been an Architectural Engineer and project manager for years. He has been able to manage strategic plans and develop work plans efficiently and professionally. He completed his MBA from UAE University (Al Ain) and his PhD in Project Management from the British University in Dubai.

MR. OMAR SAEED ALROMAITHI

BOARD MEMBER
MEMBER OF THE AUDIT COMMITTEE

Mr. Omar Alromaithia graduated from the University of Tampa in the US, with a Bachelor's in Management Information Systems. Has more than 20 years of experience in Management Information Systems and managing technical projects, and worked for several years as a Senior Protocol Officer at Diwan Sheikh Sultan Bin Zayed Al Nahyan.

Mr. Alromaithi currently serves as the Head of Marketing in Abu Dhabi Sport Council.

MS. MANWA ALAA AL BRICH

BOARD MEMBER
MEMBER OF THE NOMINATION AND REMUNERATION COMMITTEE

Ms. Manwa Al Brich graduated from the American University in Dubai before studying post-graduate Art and Archaeological Studies at the University of Sorbonne, Paris. She completed her education at the House of Sotheby's in London, gaining deep experience in international trade.

MR. MOHAMED AHMAD ALHAMMADI[1]

BOARD MEMBER (TERM ENDED)
MEMBER OF THE AUDIT COMMITTEE
MEMBER OF THE NOMINATION & REMUNERATION COMMITTEE

Mr. Alhammadi holds a bachelor's degree in the field of media (mass communication) from the United Arab Emirates University. He joined the media field in economic journalism at Al-Ittihad newspaper in Abu Dhabi in 1991.

In 2000, he worked for the Ministry of Presidential Affairs as a researcher in the field of studies and research and held the position of Head of Research and Statistics Department until the end of 2016. Mohamed Alhammadi has also served in several institutional governmental committees working in social, economic and other fields.

[1] Mr. Mohamed Alhammadi's Board Membership ended on April 28th, 2022.

The membership of the Board of Directors in any other public shareholding companies

SR #	Name of GULFNAV Board Member	Board membership in other public shareholding Co.
1	Eng. Abdulla Atatreh	Board Member in Drake & Skull International PJSC
2	Mr. Ahmad Kilani	Board Member in Drake & Skull International PJSC

The membership of the Board of Directors in other important regulatory, government or commercial positions.

SR #	Name of GULFNAV Board Member	Board membership in other public shareholding Co.
1	H.H. Sheikh Theyab Bin Tahnoon Bin Mohammad Al Nahyan	Vice Chairman of Abu Dhabi Insurance Company Chairman of City Land Group Chairman of Tamakkan Real Estate
2	Eng. Abdulla Atatreh	Board Member in Anan Investment Holding (Private Join-Stock Company) Board member in Dar Al Marefah Commercial Investment
3	Dr. Abdulaziz Fahad H. Alongary	Vice-Chairman of Anan Investment Holding (Private Join-Stock Company) Board Member of Bunyan Holding Company in Riyadh
4	Mr. Ahmad Kilani	Board Member of Anan Investment Holding (Private Join-Stock Company)

PERCENTAGE OF FEMALE REPRESENTATION IN THE BOARD FOR 2022

Female participation at GULFNAV's Board is 14%.

REASONS FOR NOT NOMINATING ANY FEMALE TO THE BOARD'S MEMBERSHIP

Not applicable as female participation at GULFNAV's Board is 14%.

STATEMENT REGARDING:

DIRECTORS' REMUNERATION FOR THE YEAR 2021

The Board of Directors received 600,000 dirhams for their efforts during the year 2021.

PROPOSED BOD REMUNERATION FOR 2022 WHICH WILL BE PRESENTED IN THE GENERAL ASSEMBLY MEETING FOR APPROVAL

- To be discussed in the General Assembly scheduled to be held in April 2023.
- A monthly/annual bonus is allocated to the person who occupies the position of managing director in the company, in return for his/her efforts in managing the company.

ALLOWANCES FOR ATTENDING BOARD COMMITTEE MEETINGS, DURING THE YEAR 2022

In accordance with the SCA Governance Standards 7 R.M of 2016, Article No. 21 (Remuneration of the Chairman and Members of the Board of Directors); on 2016 GULFNAV board of directors accordingly resolved not to receive any attendance fee/allowance for the board and committee meetings. Hence, there is no budget allocated for same during the financial period 2022.

THE NUMBER OF BOARD MEETINGS HELD DURING THE YEAR 2022, ALONG WITH DATES/ATTENDANCE & PROXIES

Board Members	Meetings Held in Person			
	31/03/2022	13/05/2022	12/08/2022	03/11/2022
H.H. Sheikh Theyab Bin Tahnoon Bin Mohammad Al Nahyan	✓	✓	✓	✓
Eng. Abdulla Subhi Atatreh	✓	✓	✓	✓
Mr. Ahmad Kilani	✓	✓	✓	✓
Dr. Abdulaziz Fahad H. Alongary	✓	✓	✓	✓
Dr. Abdul Rahman Al Afifi	-	✓	✓	✓
Ms. Manwa Ala Al Brich	N/A	✓	✓	✓
Mr. Omar Saeed Alromaithi	N/A	✓	✓	✓
Mr. Mohamed Ahmad Alhammadi[1]	✓	-	-	-

[1] Mohamed Alhammadi's board membership ended on April 28, 2022.

THE NUMBER OF BOARD RESOLUTIONS PASSED BY CIRCULATION DURING 2022

No resolutions were passed by circulation in 2022.

TASKS AND FUNCTIONS CARRIED OUT BY THE EXECUTIVE MANAGEMENT AS DELEGATED BY THE BOARD OF DIRECTORS DURING 2022

The Company's Articles of Association shall determine the duties and responsibilities of the Board of Directors, and the Board of Directors takes the necessary procedures to ensure compliance with applicable laws, regulations, and resolutions, as well as the requirements of the supervisory authorities; and adopting the strategic approaches and main objectives of the Company and supervising implementation thereof. Where the Board of Directors appointed member of the board, Mr. Ahmad Kilani, as a Managing Director in the company and granted him the authority to perform his duties. The main tasks assigned to the Managing Director are summarized in the implementation of the vision, mission, strategic plans, annual plans, improving overall growth and elevating the reputation of Gulf Navigation Holding.

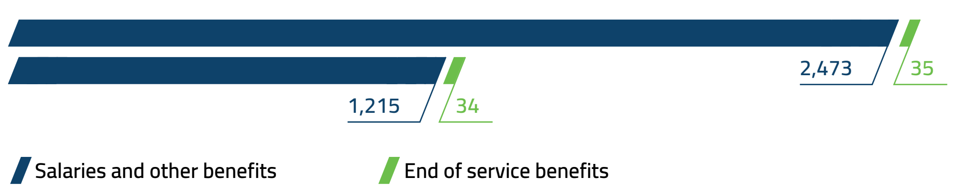
STATEMENT FOR RELATED PARTY TRANSACTIONS

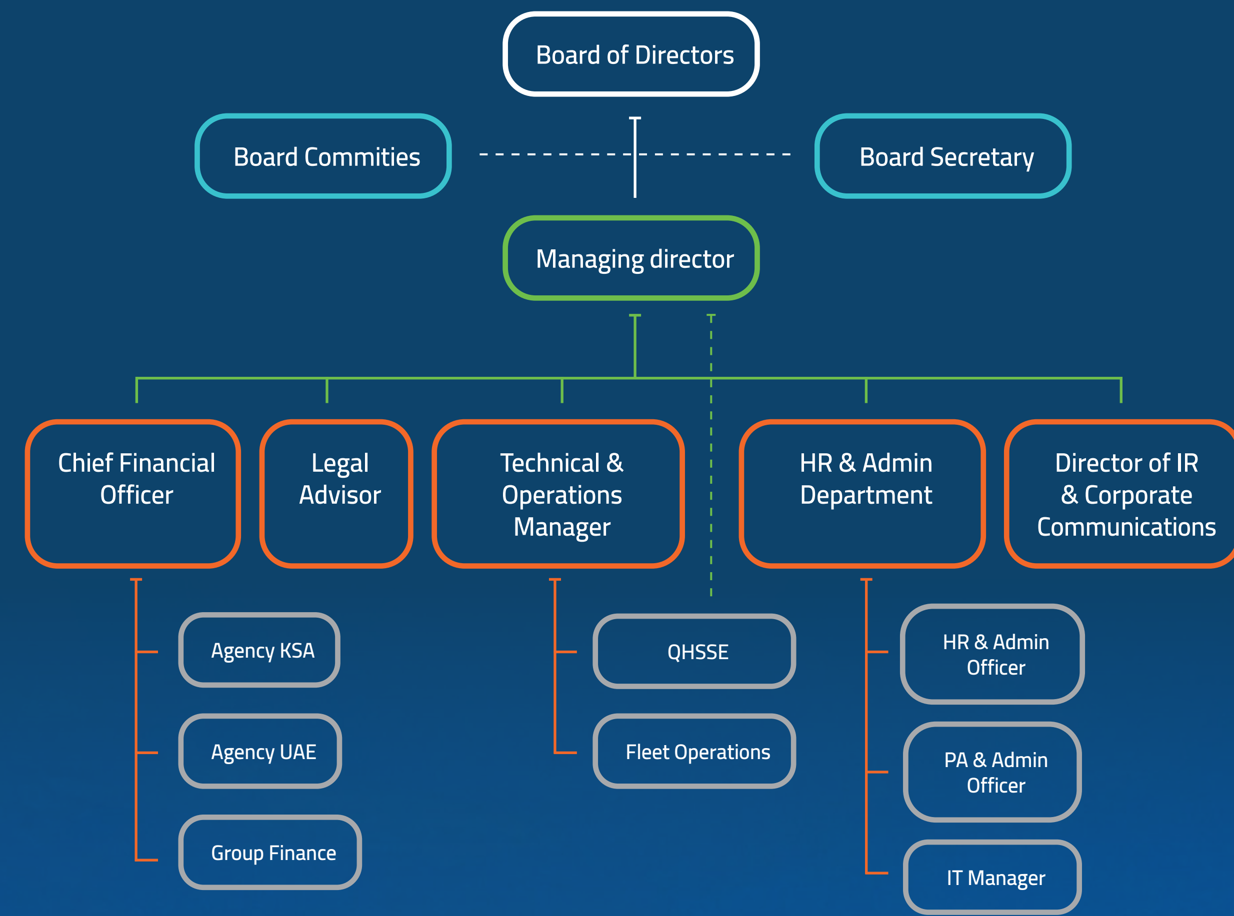
Related parties include the major shareholders, directors, key management personnel of the Group, and their related entities that has control, joint control or significant influence over the group. Pricing policies and terms of these transactions are approved by the Group's management. Determination of which relationships and transactions qualify for related party disclosure is done as part of the preparation of consolidated financial statements.

A- STATEMENT OF THE DETAILS OF TRANSACTIONS MADE WITH THE RELATED PARTIES (STAKEHOLDERS) DURING 2022 PARTY TRANSACTIONS AND BALANCES:

The Group entered did not enter into transactions with related parties during 2022.

B- KEY MANAGEMENT REMUNERATION





STATEMENT OF SENIOR PERSONNEL (EXECUTIVES) IN THE FIRST AND SECOND TIER, ALONG WITH THEIR JOB TITLES, APPOINTMENT DATE, SALARIES AND ALLOWANCES AS AT 31ST DECEMBER 2022:

Title	Date of Appointment	Salaries & Allowances (AED)	Bonus (AED)	Cash/in-kind Benefits (AED)	Date of Resignation
Managing Director (MD)[1]	10-06-2021	860,000	Nil	Nil	-
Chief Financial Officer (CFO)	31-03-2021	869,000	195,000	Nil	-
Manager – Technical & Operations	05-09-2021	251,100	Nil	Nil	03-09-2022
Manager – Technical & Operations	17-10-2022	76,000	Nil	Nil	-
General Manager- KSA Branch	01-07-2009	349,721	26,119	Nil	-
Board Secretary	03-09-2020	306,250	48,000	Nil	-
Director of Relations	14-02-2021	326,250	48,000	Nil	-

[1] The Managing Director was appointed on 10/06/2021 and reappointed on 13/05/20222. He has been a board member since 2016.

EXTERNAL AUDITORS

OVERVIEW OF THE EXTERNAL AUDITOR

Ernst & Young was appointed by the shareholders through General Assembly Meeting held on 28th of April 2022, as the external auditor for the Company. And Mr. Ashraf Abu Sharkh, the Ernst & Young partner, was appointed as their representative and responsible for the company's accounts.

Ernst & Young (EY) is a multinational professional services firm and one of the largest in the world. EY operates as a network of member firms which are separate legal entities in individual countries. It has 250.000 employees in over 700 offices across 150 countries and global revenue of US$34.8 billion. EY provides assurance (including financial audit), tax, consulting, and advisory services to companies. EY has been present in MENA since 1923 and in the UAE since 1966. EY's Dubai office has over 1.400 staff and serves a wide variety of government, private and multinational clients.

APPOINTMENT, FEES AND SERVICES

The shareholders resolved on 28th of April 2022 to appoint EY as the external auditors for GULFNAV, with a total remuneration amounting to AED 307.000.

On an annual basis, the company requests quotation/proposal from different audit firms and formal evaluation (technical/financial) is conducted before nominating the external auditors for the next year, including review and recommendation from the Audit Committee and Board of Directors. The appointment of the external auditors (firms/fees) are eventually approved by the shareholders through the General Assembly Meeting.

Details about the external audit firms, fees and scope of services are briefly explained in the table below:

Audit Firms/Consultants	Ernst & Young	Al Shabanat	Excellence	MARS
Group companies	GULFNAV PJSC GULFNAV – KSA Branch GNPM	GULFNAV – KSA Branch	Gulf Nav Ship Management FZE Gulf Navigation Group FZCO	GULFNAV PJSC and Branches in UAE
Associated since (year)	2021	2017	2016	2020
Total audit fees for the financial statement	497.000	N/A	AED 3.200	N/A
Fees and costs of the special services, other than audit of financial statements	N/A	AED 17.568	N/A	AED 10.000
The details/nature of other services	N/A	KSA branch VAT submission	N/A	ESR Notification and Substance Reporting Support
Statement of other services obtained from another external auditors/ consultants	N/A	N/A	N/A	N/A

Qualified opinions were not issued/given by the auditors for the financial period 2022.

One Qualified opinions was issued by the auditors for the financial period 2022, as follows: "the Group's profit for the year ended 31 December 2022 includes a net income of AED 12,036 thousand from trading of its own equity instruments ('treasury shares'). As per IAS 32, no gain or loss shall be recognised in profit or loss on the purchase, sale, issue or cancellation of an entity's own equity instruments. As a result, the Group's profit for the year ended 31 December 2022 has been overstated by AED 12,036 thousand.

AUDIT COMMITTEE

STATEMENT OF AUDIT COMMITTEE MEMBERS AND THEIR TASKS/DUTIES

The Audit Committee is composed of the following members as of 31st Dec 2022:

Name of Board Members	Position	Status
Mr. Ahmad Kilani	Chairman	Executive Director
Dr. Abdul Rahman Al Afifi	Member	Independent/Non-Executive Director
Mr. Mohamed Ahmad Alhammadi[1]	Member	Independent/Non-Executive Director
Mr. Omar Saeed Alromaithi	Member	Independent/Non-Executive Director

THE PRIMARY TASKS OF THE AUDIT COMMITTEE INCLUDE:

INTERNAL CONTROL, RISK MANAGEMENT AND REGULATORY COMPLIANCE

1. Review the Company's financial controls, internal controls and risk management system/ framework.
2. Discuss the Internal control system with the management and to ensure that it is operating effectively.
3. Compliance with the listing and disclosure rules as issued by SCA (including other applicable rules and regulations).

REVIEW OF FINANCIAL INFORMATION

1. Ensure integrity of the financial statements while emphasizing any changes to the accounting policies and practices, aspects subject to judgment or estimation, substantial adjustments resulting from the audit, going concern and, compliance with International Financial Reporting Standards.
2. Consider any significant and unusual matters to be reported in the financial statements and to address concerns raised by the Head of Finance & Accounts, Compliance Officer or External Auditors.
3. Review the Company's financial and accounting policies and procedures.
4. Ensure compliance with the listing rules and other legal requirements in relation to financial reporting.
5. Review annual and quarterly financial statements before recommending to the Board for approval.

[1] Mr. Mohamed Alhammadi's Board Membership ended on April 28th, 2022.

RELATIONSHIP WITH THE EXTERNAL AUDITORS

1. Monitor the independence of the External Auditor and to discuss with the External Auditor the nature, scope and efficiency of the audit in accordance with generally accepted auditing standards.
2. To ensure that significant findings and recommendations made by the External Auditors and management's proposed responses are received, discussed and appropriately acted on.
3. To develop and implement policy on the engagement of an External Auditor to provide non-Audit services, if any, to ensure that provision of such services would not impair the independency and objectivity of the External Auditor.
4. Adopt a policy on dealing with the External Auditor and reporting/recommend to the Board any issues that require action on the part of the Board.
5. Meet with the External Auditors on a periodic basis.
6. Review and consider (and respond) to any correspondence or queries received from the External Auditor.
7. Review and recommend the appointment, re-appointment, or replacement of an External Auditor.
8. Review and approve the remuneration and term of engagement of the External Auditor.

NUMBER OF AUDIT COMMITTEE MEETINGS HELD DURING THE YEAR 2022 ALONG WITH THE DATES/ ATTENDEES

Audit Committee Meetings held during 2022

Name of Board Member	31/03/2022	12/08/2022	03/11/2022	30/11/2022
Mr. Ahmad Kilani – Committee Chairman	✓	✓	✓	✓
Dr. Abdul Rahman Al Afifi – Member	✓	✓	✓	✓
Mr. Mohamed Ahmad Alhammadi – Member[1]	✓	–	–	–
Mr. Omar Saeed Alromaithi – Member	–	✓	✓	✓

> Mr. Ahmad Kilani, Audit Committee Chairman, acknowledges his responsibility for the committee system in the Company, review of its work mechanism and ensuring its effectiveness.'

[1] Mr. Mohamed Alhammadi's Board Membership ended on April 28th, 2022.

NOMINATION AND REMUNERATION (N&R) COMMITTEE

STATEMENT OF N&R COMMITTEE MEMBERS AND THEIR TASKS/DUTIES

The N&R Committee is composed of the following members as of 31st Dec 2022:

Name of AC Members	Position	Status
Engr. Abdulla Atatreh	Chairman	Independent/Non-Executive Director
Mr. Mohamed Ahmad Alhammadi[1]	Member	Independent/Non-Executive Director
Dr. Abdulaziz Fahad H. Alongary	Member	Independent/Non-Executive Director
Ms. Manwa Alaa Al Brich	Member	Independent/Non-Executive Director

The primary tasks of the N&R Committee are as follows:

- Verification of ongoing independence of independent board members.
- Formulation and annual review of the policy on granting remunerations, benefits, incentives and salaries to Board members and employees.
- Determination of Company's need for resource and basis of selection.
- Formulation, supervision of application and annual review of the Company's human resources and training policy.
- Organization and follow-up procedure of nomination to the membership of the Board of Directors.

[1] Mr. Mohamed Alhammadi's Board Membership ended on April 28th, 2022.

NUMBER OF N&R COMMITTEE MEETINGS HELD DURING THE YEAR 2022 ALONG WITH DATES/ ATTENDEES

N&R Committee Meetings held during 2022	20/04/2022	03/10/2022
Engr. Abdulla Atatreh – Committee Chairman	✓	✓
Mr. Mohamed Ahmad Alhammadi – Member[1]	✓	-
Dr. Abdulaziz Fahad H. Alongary – Member	-	✓
Ms. Manwa Alaa Al Brich – Member	✓	✓

> Engr. Abdulla Atatreh, N&R Committee Chairman, acknowledges his responsibility for the committee system in the Company, review of its work mechanism and ensuring its effectiveness.'

[1] Mr. Mohamed Alhammadi's Board Membership ended on April 28th, 2022.

INSIDERS' TRADING, FOLLOW-UP AND SUPERVISION COMMITTEE

At GULFNAV, there are set of guidelines for Board Members and employees with respect to transactions in GULFNAV shares as well as securities of the parent company, subsidiaries and associate companies (where applicable). This policy is reviewed periodically as part of Company's Corporate Governance Manual and revised in accordance with the latest/updated versions of the SCA's "Regulations as to Disclosure and Transparency" (where applicable). As per the policy, an employee who is familiar with the important, confidential/ undisclosed information which may have an impact on the market share price has been classified under the category of "Restricted Person". Accordingly, Board Members and Company employees are not allowed to trade in GULFNAV securities during blackout period (or restricted period) as defined by the SCA rules and regulations.

The Company has formed a committee with senior management employees to review and monitor the insiders' shares trading (of board members and employees) on an annual basis (or when needed).

The Committee comprises of 3 members:

- Dr. Abdulrahman Al Afifi – Chairman
- Mr. Yazan S. Maragha – Board Secretary – Member
- Mr. Nader Muqbel – Director of Investor Relations & Corporate Communications – Member

The following tasks have been performed by the Committee during the year 2022:

- Maintenance and regular update of a statutory register of insiders.
- Formally intimate the insiders of the relevant closed periods to ensure that no trading is done by them during restricted periods.
- Obtained declaration from the insiders and the other staff on their shares trading, on an annual basis.

« Dr. Abdulrahman Al Afifi, Insiders' Trading, Follow-Up and Supervision Committee Chairman, acknowledges his responsibility for the committee system in the Company, review of its work mechanism and ensuring its effectiveness.'

INTERNAL CONTROLS SYSTEMS

BOARD'S RESPONSIBILITY WITH RESPECT TO THE INTERNAL CONTROLS' SYSTEM, ITS EFFECTIVENESS AND REVIEW MECHANISM

- The board has the overall responsibility for ensuring adequate internal control systems/ framework within the company.
- Board reviews the Internal Control deliverables through Audit Committee- highlighting matters discussed and resolutions passed after each meeting of Audit Committee in terms of internal audit assignments, audit follow-ups, special assignments, compliance audit, risk management and governance.
- The Internal Control Department (ICD) reports directly to the CEO and Board, operating under the stewardship of the Audit Committee. This enables Internal Control to function in an independent and objective manner.
- Establish mechanism for employees to communicate irregularities discovered by them (whistle blowing/ confidential reporting).
- Conduct special assignments/investigations as per the requests from the Board.
- Perform independent overview/analysis over the financial statements and present the same to the executive management and the Audit Committee along with the audit inputs/comments, variance justifications and commentaries.

DEALING WITH MAJOR/ CRITICAL PROBLEMS IN THE COMPANY

- During the year 2022, no significant/critical audit observations were noted.
- Major/critical issues (if any) are being immediately discussed and reported to the Audit Committee and Senior Management (where appropriate). Periodic follow-up of these issues is carried out to ensure that they are implemented in accordance with the directions of the Board/Committees.

NAME OF THE INTERNAL CONTROL DEPARTMENT MANAGER WITH THE QUALIFICATION

The Company did not appoint an Internal Control Department Manager in 2022.

NAME OF THE COMPLIANCE OFFICER WITH THE QUALIFICATION

Mrs. Rajasree Ravivarma assumed her duties of compliance with the company on Nov 3, 2022 replacing the previous compliance officer. Mrs. Ravivarma has more than 12 years of experience working various reputable law firms.
She possesses exceptional knowledge and proficiency in Employment, Real Estate, Commercial and Corporate laws.

NUMBER OF REPORTS ISSUED BY THE INTERNAL CONTROL DEPARTMENT TO THE COMPANY'S BOARD OF DIRECTORS:

No reports were issued by the Internal Control Department.

VIOLATIONS COMMITTED DURING THE FINANCIAL YEAR 2022

Gulf Navigation Holding Company PJSC, represented by its current board of directors and its executive management, has always been keen not to violate any regulatory guidelines, and even to correct any violations that were previously committed, which resulted in it not receiving any violations for the year 2022.

COMPANY'S CASH AND/ OR IN-KIND CONTRIBUTION TO THE LOCAL COMMUNITY DEVELOPMENT AND ENVIRONMENTAL CONSERVATION DURING THE YEAR 2022

- No contribution made in 2022.

[1] Above data has been obtained from DFM.

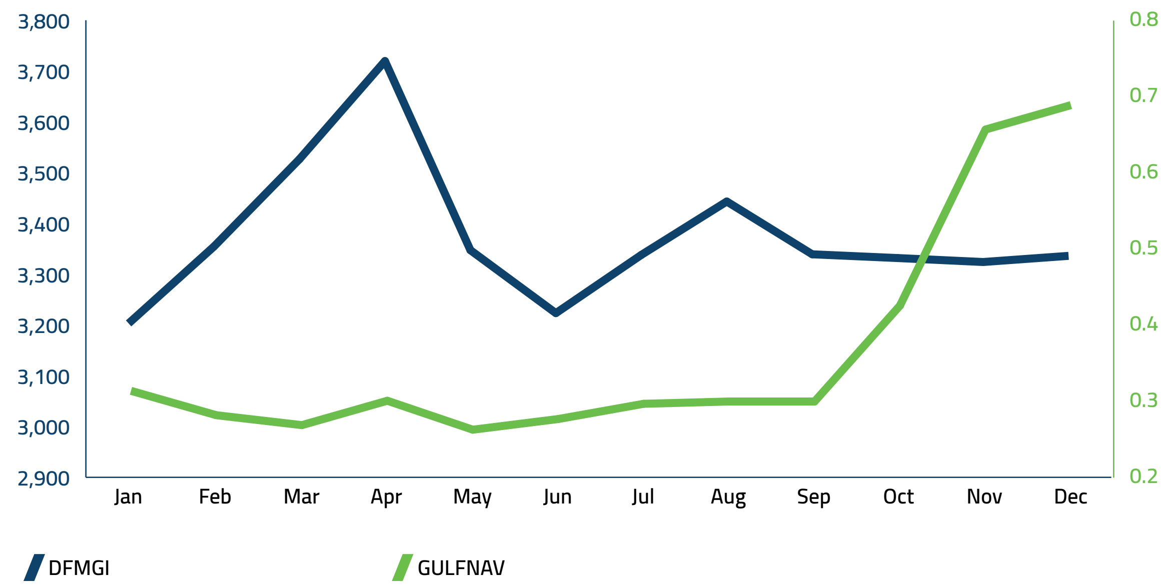
GENERAL INFORMATION

Company share prices (high/low/closing) at the end of each month during 2022[1]

Months (2022)	High (AED)	Low (AED)	Closing Price (AED)
January	0.328	0.303	0.314
February	0.320	0.270	0.282
March	0.289	0.235	0.269
April	0.316	0.250	0.301
May	0.330	0.263	0.263
June	0.299	0.242	0.277
July	0.310	0.265	0.297
August	0.317	0.270	0.300
September	0.327	0.288	0.300
October	0.452	0.290	0.426
November	0.678	0.423	0.657
December	0.695	0.617	0.689

[1] Above data has been obtained from DFM.

PERFORMANCE OF COMPANY SHARES AGAINST DUBAI FINANCIAL MARKET GENERAL INDEX (DFMGI) FOR THE YEAR 2022[1]



Note: comparison cannot be effectively performed within industry sector index as GNH is the only maritime and shipping company listed on the DFM.

DISTRIBUTION OF THE SHAREHOLDING STRUCTURE AS OF 31ST DEC 2022[1]

Ownership/ Citizen	Individual	Bank	Company	Institution	Government	Market Maker	Total
Arab	9.69%	-	0.85%	-	-	-	10.54%
GCC	3.33%	-	2.81%	-	-	-	6.14%
UAE	25.44%	1.07%	49.90%	0.10%	-	2.90%	79.41%
Others/Foreign	2.97%	-	0.93%	-	-	-	3.90%
Total	41.44%	1.07%	54.50%	0.10%	0%	2.90%	100%

[1] Above data has been obtained from DFM. [Total – rounded off]

TOP 5% AND ABOVE SHAREHOLDING AS ON 31ST DEC 2022[1]

Individual/Group Investors (Shareholders)	Qty Owned (No.)	Qty Owned (%)
Tabarak Capital Ltd	81.663.000	6.40%
Ajman Bank PJSC	77.609.470	6.09%
Alssawari Real Estate Investment Sole Proprietorship LLC	73.072.000	5.73%

SHAREHOLDING DISTRIBUTION BASED ON VOLUME AS ON 31ST DEC 20222

Share Ownership Volume (Qty)	No. of Shareholders	No. of Shares Owned (Qty)	% of Owned Shares in the Company Capital
Less than 49.999	10.562	40.679.059	3.190
50.000 – 499.999	485	79.655.143	6.246
500.000 – 4.999.999	149	231.985.449	18.189
Above 5.000.000	39	923.071.599	72.376
Total	11.235	1.275.391.250	100%

INVESTOR RELATIONS

For the purposes of Article 35 of Resolution 7/2016, the officer in charge of investors' relations and shareholder communications for the Company is Mr. Nader Muqbel.

The Shareholders are able to contact and obtain necessary information about the company (and shares) from the Investor Relations Manager via:

Telephone: +971 4 4270104

Fax: +971 4 4270103

Mob: +971 5 67780799

Email: investor.relations@gulfnav.com

Website: www.gulfnav.com

Link: https://www.gulfnav.com/investors

The company's website also features 'investors relation' section, whereby stakeholders can have easy access to the financial statements, governance reports, annual reports, company disclosures, general assembly meetings, board meetings, unclaimed dividends list, etc.

[1] Above data has been obtained from DFM

GENERAL ASSEMBLY – SPECIAL RESOLUTIONS DURING 2022 AND ITS IMPLEMENTATION STATUS

Special Decisions and Resolutions of the General Assembly meeting held on Jan 31, 2022.

1. Approved the issuance of Mandatory Convertible Bonds for a value up to AED 150.000.000 by way of a private placement to those existing sukuk holders and other creditors wishing to swap their existing sukuk certificates / debts and subscribe to the New Bonds.
2. Approved the increase of the share capital of the Company up to AED 450.000.000 distributed among 450.000.000 shares for the purposes of converting the New bonds into shares in the Company.

Special Decisions and Resolutions of the General Assembly meeting held on Apr 28, 2022.

3. Approved the amendment of certain articles of articles of association of the Company in accordance with the Decree Law No 32 of 2021 in respect of the Commercial Companies.
4. Approved the recommendation of the Board of Directors to buyback the Company's shares, not exceeding 10% of its total shares, for the purpose disposing them in accordance with the decision issued by SCA in this regard.

NAME AND APPOINTMENT OF BOARD SECRETARY WITH THE QUALIFICATION

Mr. Yazan S. Maragha was appointed on October 27, 2020 as the Company's Board secretary. He has more than ten years of experience in the field of public law and commercial law in particular. He also held the position of legal advisor and secretary of the board of directors of several other public shareholding and limited liability companies. Besides his studies in law, he also holds a DFM certified board secretary certificate in 2018.

FUNCTIONS OF THE BOARD'S SECRETARY DURING THE YEAR 2022

- Documenting meetings of the Board of Directors and preparing their minutes.
- Keeping all reports submitted to the Board of Directors and reports prepared by the Board.
- Providing members of the Board of Directors with the agenda of the Board's meeting.
- Notifying members of the Board of Directors of dates the Board meetings well in advance of the meeting date.
- Submitting draft of the minutes to members of the Board to express their opinion thereon before signing it.
- Informing the Company's executive administration about resolutions of the Board of Directors and its committees and reporting on their implementation and application.
- Supporting the Board evaluation process.
- Coordinating between members of the Board of Directors and executives.

SIGNIFICANT EVENTS DURING THE YEAR 2022 (EXCERPTS).

1. Jan 31, 2022: The General Assembly approved the issuance of Mandatory Convertible Bonds (MCBs) for a value up to 150 million dirhams by way of a private placement to those existing sukuk holders and other creditors.
2. Jan 31, 2022: The General Assembly approved the increase of the share capital of the Company up to 450 million dirhams.
3. Apr 28, 2022: The General Assembly approved the recommendation of the Board of Directors to buyback the Company's shares.
4. Apr 28, 2022: The General Assembly elected the following board members:
   - H.H Sheikh Theyab Bin Tahnoon Bin Mohammad Al Nahyan (Non-executive / Independent)
   - Eng. Abdulla Subhi Atatreh (Non-executive / Independent(
   - Dr. Abdulrahman Mahmoud Alafeefi (Non-executive / Independent)
   - Mr. Ahmad M. F. A. Al Kilani (Executive)
   - Dr. Abdulaziz Fahad Alongary (Non-executive / Independent)
   - Ms. Manwa Alaa Al Brich (Non-executive / Independent)
   - Mr. Omar Saeed Alromaithi (Non-executive / Independent)
5. May 13, 2022: The Board of Directors resolved to the following:
   - Elect H.H Sheikh Theyab Bin Tahnoon Bin Mohammad Al Nahyan as the Chairman
   - Appoint Eng. Abdulla Subhi Atatreh as the Vice Chairman
   - Appoint Mr. Ahmad M. F. A. Al Kilani as the Managing Director
6. Jul 21, 2022: BHM Capital appointed as Liquidity Provider for GULFNAV.
7. Aug 14, 2022: GULFNAV seals refinancing deal for 5 Petrochemical Tankers.
8. Sep 4, 2022: GULFNAV completes repayment of a $2.7 million loan.
9. Sep 29, 2022: GULFNAV successfully completes the conversion of MCBs to shares and subsequently increases the capital of the Company to 1.275.391.250 dirhams.
10. Dec 5, 2022: GULFNAV launches its new corporate identity.
11. All material information/press release/disclosures are also being timely published to the SCA/DFM and company website, please refer in case of further details.

STATEMENT OF MAJOR TRANSACTIONS EXCEEDING 5% WITH RELATED PARTIES IN 2022

In 2022, the Company was not involved in any transaction that was equal to or exceeding 5% of the Company's share capital.

PERCENTAGE OF EMIRATIZATION AT THE COMPANY BY THE END OF 2022

During the year 2022, the company did not employ any UAE National.

During the year 2021, the company did not employ any UAE National.

During the year 2020, the company did not employ any UAE National.

STATEMENT OF THE INNOVATIVE PROJECTS UNDERTAKEN BY THE COMPANY (OR UNDER DEVELOPMENT) DURING 2022

As part of the company's strategic objectives and expansion plans, several innovative projects are under progress which ultimately aims to increase operational excellence, enhance business performance, costs effectiveness, achieve sustainability, quality; thus, leading to the overall growth of the Company and shareholder value.

In 2022, the Company continued on working and executing the following projects:

- Adopting plans and programs to fully comply with international environmental laws to reduce greenhouse emissions and climate change and their goals for 2023, 2025 and 2030, and the immediate and future transformation to reduce the environmental footprint of the group's maritime fleet and maritime operations and reduce sulfur emissions.
- Adding more advanced equipment to water ballast treatment system and prevent biological pollution resulting from it, so that our ships are in line with the global standards imposed by the International Maritime Organization.
- Working on installing modern and advanced devices for engines that would reduce energy use and reduce fuel consumption in excess of the actual requirement for ships so that the fleet conforms to the specifications stipulated by the International Maritime Organization with regard to the carbon intensity index (EXXI & CII).
- Cyber security onboard the vessels.
- Air guard seal type stern tube – to comply with USCG requirement and in order to prevent oil pollution.

Gulf Navigation Holding PJSC and its Subsidiaries

REPORTS AND CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

Gulf Navigation Holding PJSC and its Subsidiaries

Pages

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2022

The Directors submit their report and consolidated financial statements of Gulf Navigation Holding PJSC ("the Company") and its subsidiaries (collectively referred to as "the Group") for the year ended 31 December 2022. These will be laid before the shareholders at the Annual General Meeting of the Company, which is scheduled to be held sometime within the first half of 2023.

Principal activities

The Group is primarily engaged in marine transportation of commodities, chartering vessels, shipping services, marine transport under special passenger and merchant contracts, clearing and forwarding services and container loading, unloading, discharging and packaging services.

Results and appropriation of profit

The results of the Group for the year ended 31 December 2022 are set out on page 10 of these consolidated financial statements.

Going concern

The Group, excluding liabilities no longer required written back of AED 19,707 thousand and Other income of AED 12,776 thousand, incurred a loss of AED 27,818 thousand for the year ended 31 December 2022 (2021: excluding the income from insurance claim of AED 85,759 thousand and liabilities no longer required written back of AED 6,661 thousand, incurred a loss of AED 35,532 thousand (restated)) and, as of that date, the Group's current liabilities exceeded its current assets by AED 148,340 thousand (2021: AED 130,508 thousand (restated)).

Notwithstanding, the operating cashflows and EBITDA of the Group for the year ended 31 December 2022 amounted to AED 28,487 thousand and AED 81,015 thousand, respectively.

The management of the Group has prepared a cash flow forecast for a period of not less than twelve months from the date of these consolidated financial statements and have a reasonable expectation that the Group will have adequate resources to continue its operational existence for the foreseeable future.

On 31 January 2022, a General Assembly Meeting was held, and it was resolved to approve the issuance of Mandatorily Convertible Bonds for a value up to AED 150,000 thousand ("New Bonds") by way of a private placement. It was also resolved to approve the increase of the share capital of the Company by AED 450,000 thousand distributed among 450,000,000 shares for the purposes of converting the New Bonds into shares in the Company.

Out of AED 150,000 thousand of approved New Bonds, the Group has converted AED 85,394 thousand liability into mandatory convertible bonds and further into equity [Note 32(i)].

Further, a General Assembly Meeting was held on 22 March 2023, and it was resolved to approve a capital reduction by 50% of the total issued share capital of the Company through the cancellation of 637,695,625 shares in the Company with the nominal valued of AED 1 (the " capital reduction") on a pro rata basis to absorb the accumulated losses amounting to AED 637,696 thousand and a private issuance of 220 million mandatory convertible bonds ("MCBs") to new investors which will be converted to 200 million shares at a conversion price of AED 1.10 and the increase in the share capital of the Company to become AED 837,696 thousand [Note 35].

Going concern (continued)

The Group has received, through an investment banker, interest from potential key investors which will provide liquidity of up to AED 220,000 thousand, which will provide sufficient cashflow for investment and operating activities in addition to settlement of existing liabilities. Management is confident of achieving these plans upon successful completion of regulatory requirements.

Whilst the shareholders have resolved to continue the operations of the Group in the General Meeting held on 29 April 2021 as required by Article 309 of the Federal Law No. 32 of 2021, the timing and realisation of the above matters are not within management's control.

Directors

The Directors of the Company during the year were as follows:

Sheikh Theyab Bin Tahnoon Bin Mohammad Al Nahyan (Chairman)
Eng. Abdulla Subhi Ahmed Atatreh (Vice-Chairman)
Mr. Ahmad Mohamed Fathi Kilani (Managing Director)
Dr. Abdulaziz Fahad H. Alongary
Dr. Abdul Rahman Mahmoud Abdul Rahman Mohamad Al Afifi
Ms. Manwa Alaa Al Brich
Mr. Omar Saeed Al Romaithi

Auditors

The consolidated financial statements of the Group have been audited by Ernst & Young.

Signed by:

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Dr. Abdul Rahman Al Afifi **Board Member**	**Ahmad "M.F." A. Al Kilani** **Board Member**	**Ali Abouda** **Chief Financial Officer**

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PL No. 108937

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF GULF NAVIGATION HOLDING PJSC

Report on the audit of the Consolidated Financial Statements

Qualified Opinion

We have audited the consolidated financial statements of Gulf Navigation Holding PJSC (the "Parent Company") and its subsidiaries (collectively referred to as the "Group"), which comprise the consolidated statement of financial position as at 31 December 2022, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, except for the effects of the matter described in paragraph a of the Basis for Qualified Opinion section of our report and the possible effects of the matter described in the Basis for Qualified Opinion section of our report, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2022, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs").

Basis for Qualified Opinion

As further described in Note 24, the Group's profit for the year ended 31 December 2022 includes a net income of AED 12,036 thousand from trading of its own equity instruments ('treasury shares'). As per IAS 32, no gain or loss shall be recognised in profit or loss on the purchase, sale, issue or cancellation of an entity's own equity instruments. As a result, the Group's profit for the year ended 31 December 2022 has been overstated by AED 12,036 thousand.

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 (the "IESBA Code") together with the ethical and independence requirements that are relevant to our audit of the 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 qualified opinion.

Report on the audit of the Consolidated Financial Statements (continued)

Material Uncertainty Related to Going Concern

We draw attention to Note 2 to the consolidated financial statements, concerning the Group's ability to continue as a going concern. The Group, excluding liabilities no longer required written back of AED 19,707 thousand and Other income of AED 12,776 thousand, incurred a loss of AED 27,818 thousand for the year ended 31 December 2022 (2021: excluding the income from insurance claim of AED 85,759 thousand and liabilities no longer required written back of AED 6,661 thousand, incurred a loss of AED 35,532 thousand (restated)) and, as of that date, the Group's current liabilities exceeded its current assets by AED 148,340 thousand (2021: AED 130,508 thousand (restated)).

As stated in Note 2, these events or conditions, along with other matters as set forth in Note 2 to the consolidated financial statements, indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern.

Our opinion is not modified in respect of this matter.

Other matters

Our audit report on the consolidated financial statements for the year ended 31 December 2021 was qualified with regards to our inability to verify the opening balances as at 1 January 2021, and the consequential possible impact on the results of operations and the cash flows for the year ended 31 December 2021.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the year ended 31 December 2022. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

Report on the audit of the Consolidated Financial Statements (continued)

Key audit matters (continued)

Key audit matter	How our audit addressed the key audit matter
The monitoring of debt and liquidity position	
Covenants compliance is a key audit matter as the Group's credit facilities are subject to several covenants. Notes 2 and 13 to the consolidated financial statements discloses the status of the Group's compliance with debt covenants and steps taken by management with the objective of improving the Group's debt and liquidity position. Future compliance with debt covenants and monitoring of the liquidity position are important aspects for our audit since it can have a major impact on the going concern assumption, on the basis of which the consolidated financial statements are prepared. Substantiation of future compliance with such covenants and monitoring the liquidity position are based on expectations and estimates about future market and/or economic conditions, etc. These expectations and estimates can be influenced by subjective elements such as estimated future cash flows, forecasted results and margins from operations and expectations regarding future developments in the economy and the market.	We have performed the following procedures: − We reviewed shareholders' resolution, as stated in note 2 to the consolidated financial statements, regarding the Company's capital reduction and issuance of new shares. − We also verified the Group's debt covenants calculation and compliance as of 31 December 2022 and evaluated the adequacy of the related disclosures as required by IFRS.

Report on the audit of the Consolidated Financial Statements (continued)

Assessment of the carrying value of goodwill

Under IFRSs, the Group is required to annually test the goodwill for impairment. This annual impairment test was significant to our audit because the carrying value of goodwill of AED 143,463 thousand as of 31 December 2022 is material to the consolidated financial statements. In addition, management's assessment process is judgmental and is based on certain assumptions, specifically gross margins, growth rate and discount rate that are affected by expected future market or economic conditions.

Goodwill is monitored by the management at the operating segment level. The Group has identified the vessel owning and chartering division, marine products sales and distribution and shipping services as its operating segments. Goodwill has been allocated to the vessel owning and charter segment.

We have performed the following procedures:

- We evaluated the management's future cash flow forecasts and the process by which they were drawn up and tested the integrity of the underlying discounted cash flow model.
- We compared the forecasts used in this model to the plan and assessed the actual performance in the year against the prior year budgets to evaluate historical forecasting accuracy.
- We also evaluated the directors' assumptions used for the future cash flow growth in the plan, by performing a sensitivity analysis in respect of the key assumptions to ascertain the extent of change in those assumptions which, either individually or collectively, would be required for the goodwill to be impaired. We assessed the likelihood of these changes in assumptions arising.
- For the impairment assessment we involved our internal valuation specialists to test the discount rates, by comparing key inputs, where relevant, to externally derived data or data for comparable listed organisation.
- Furthermore, we evaluated the adequacy of the Group's disclosures concerning goodwill in Note 7 to the consolidated financial statements.

Report on the audit of the Consolidated Financial Statements (continued)

Other information

The Board of Directors are responsible for the other information. The other information comprises the Directors Report and 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 conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements, or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, 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 read the Annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charge with governance and take appropriate actions in accordance with ISAs.

Responsibilities of the management and the Board of Directors for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with IFRS, and in compliance with the applicable provisions of the UAE Federal Law No. 32 of 2021, and for such internal control as management determines is necessary to enable the preparation of 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.

The Board of Directors is responsible for overseeing the Group's financial reporting process.

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

Our objective is 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.

Report on the audit of the Consolidated Financial Statements (continued)

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF GULF NAVIGATION HOLDING PJSC (continued)

Report on other legal and regulatory requirements

Further, as required by the UAE Federal Law No. 32 of 2021, except for the effects of the matter described in the Basis for Qualified Opinion section of our report, we report that for the year ended 31 December 2022:

i) we have obtained all the information we considered necessary for the purposes of our audit;

ii) the consolidated financial statements have been prepared and comply, in all material respects, with the applicable provisions of the association of the Company and the UAE Federal Law No. 32 of 2021;

iii) the Company has maintained proper books of account;

iv) the financial information included in the Board of Directors' report is consistent with the books of account of the Company;

v) the Company has not made any investments in shares and stocks during the year ended 31 December 2022;

vi) note 17 reflects material related party transactions and the terms under which they were conducted;

vii) 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 2022 any of the applicable provisions of the UAE Federal 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 2022; and

viii) note 20 reflects the social contributions made during the year ended 31 December 2022.

For Ernst & Young

Signed by:
Ashraf Abu Sharkh
Partner
Registration No. 690

3 April 2023

Dubai, United Arab Emirates

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2022

	Notes	***2022 AED'000***	*2021 AED'000 (Restated*)*
ASSETS			
Non-current assets			
Vessels, property and equipment	5	**587,121**	626,884
Rights-of-use assets	6	**-**	192
Goodwill	7	**143,463**	143,463
Total non-current assets		**730,584**	770,539
Current assets			
Inventories	8	**7,966**	8,258
Trade and other receivables	9	**25,528**	30,965
Cash and bank balances	10	**28,271**	24,675
Total current assets		**61,765**	63,898
TOTAL ASSETS		**792,349**	834,437
EQUITY AND LIABILITIES			
Equity			
Share capital	11	**1,275,391**	1,019,209
Treasury shares	31	**(24,045)**	-
Statutory reserve	12	**19,747**	19,747
Accumulated losses		**(666,878)**	(671,543)
Other reserves	32	**(181,071)**	(2,724)
Equity attributable to owners of the Company		**423,144**	364,689
Non-controlling interests	32	**-**	10,148
Total equity		**423,144**	374,837
LIABILITIES			
Non-current liabilities			
Interest payable on borrowings	16	**-**	10,946
Borrowings	13	**157,889**	171,686
Islamic non-convertible sukuk	14	**-**	81,385
Provision for employees' end of service benefits	15	**1,211**	1,177
Total non-current liabilities		**159,100**	265,194
Current liabilities			
Lease liabilities	6	**-**	192
Borrowings	13	**75,434**	57,546
Islamic non-convertible sukuk	14	**34,983**	-
Trade and other payables	16	**99,688**	125,830
Loan from related parties	17	**-**	10,838
Total current liabilities		**210,105**	194,406
Total liabilities		**369,205**	459,600
TOTAL EQUITY AND LIABILITIES		**792,349**	834,437

* Refer Note 34 for details regarding prior year adjustments

The consolidated financial statements were approved by the Board of Directors on 2 April 2023 and signed on its behalf by:

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Dr. Abdul Rahman Al Afeefi	**Ahmad "M.F." A. Al Kilani**	**Ali Abouda**
Board Member	**Board Member**	**Chief Financial Officer**

The attached notes 1 to 36 form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2022

	Notes	**2022 AED'000**	*2021 AED'000 (Restated*)*
Operating revenue	18	**137,229**	119,346
Operating costs	19	**(116,747)**	(98,022)
GROSS PROFIT		**20,482**	21,324
Income on discounting of a financial liability to its present value	32(ii) & 13(e)	**191**	3,265
General and administrative expenses	20	**(13,416)**	(18,667)
Income from insurance claim	24(i)	-	85,759
Liabilities no longer required written back	24(ii)	**19,707**	6,661
Other income	24(iii)	**12,776**	794
Operating profit for the year		**39,740**	99,136
Finance costs	23	**(33,245)**	(40,418)
Profit before income tax		**6,495**	58,718
Income tax		**(1,830)**	(1,830)
PROFIT FOR THE YEAR		**4,665**	56,888
Other comprehensive income for the year		-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**4,665**	56,888
Attributable to:			
Owners of the Company		**4,853**	58,116
Non-controlling interests		**(188)**	(1,228)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**4,665**	56,888
Earnings per share attributable to owners of the Company			
- Basic and diluted (AED)	22	**0.004**	0.056

* Refer Note 34 for details regarding prior year adjustments

The attached notes 1 to 36 form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2022

	Attributable to Owners of the Company								
	Share capital AED'000	*Treasury shares AED'000*	*Statutory reserve AED'000*	*Accumulated losses AED'000*	*Other reserves AED'000*	*Mandatory Convertible Bonds AED'000*	*Total AED'000*	*Non-controlling interests AED'000*	*Total AED'000*
Balance at 1 January 2021	1,019,209	-	19,747	(729,659)	(2,724)	-	306,573	11,376	317,949
Total comprehensive income / (loss) for the year (Restated*)	-	-	-	58,116	-	-	58,116	(1,228)	56,888
Balance at 31 December 2021 (Restated*)	1,019,209	-	19,747	(671,543)	(2,724)	-	364,689	10,148	374,837
Total comprehensive income for the year	-	-	-	4,853	-	-	4,853	(188)	4,665
Purchase of treasury shares (Note 31)	-	(24,045)	-	-	-	-	(24,045)	-	(24,045)
Liability holders issued Mandatory convertible bonds ("New Bond") [Note 32(i)]	-	-	-	-	-	85,394	85,394	-	85,394
Equity issued to New Bond holders [Note 32(i)]	256,182	-	-	-	(170,788)	(85,394)	-	-	-
Acquisition of non-controlling interest [Note 32(ii)]	-	-	-	(188)	(7,559)	-	(7,747)	(9,960)	(17,707)
Balance at 31 December 2022	**1,275,391**	**(24,045)**	**19,747**	**(666,878)**	**(181,071)**	**-**	**423,144**	**-**	**423,144**

* Refer Note 34 for details regarding prior year adjustments

The attached notes 1 to 36 form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2022

	Notes	**2022 AED'000**	2021 AED'000 (Restated*)
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit for the year		**4,665**	56,888
Adjustments for:			
Depreciation of vessels, property and equipment	5	**41,275**	39,659
Amortisation of right-of-use assets	6	**192**	383
Provision for impairment of trade receivables	9	**395**	2,142
Income on discounting of a financial liability to its present value	13	**(191)**	(3,265)
Provision for employees' end of service benefits	15	**180**	128
Finance costs	23	**33,245**	40,418
Liabilities no longer required written back	24(ii)	**(19,707)**	(6,661)
Operating cash flows before changes in operating assets and liabilities		**60,054**	129,692
Inventories		**292**	(1,815)
Due from a related party		**-**	(144)
Trade and other receivables		**(11,562)**	8,790
Trade and other payables		**(20,151)**	8,809
Cash generated from operations		**28,633**	145,332
Employees' end of service benefits paid	15	**(146)**	(299)
Net cash generated from operating activities		**28,487**	145,033
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of vessels, property and equipment	5	**(1,512)**	(18,322)
Acquisition of non-controlling interest	32(ii)	**(915)**	-
Net cash used in investing activities		**(2,427)**	(18,322)
CASH FLOWS FROM FINANCING ACTIVITIES			
Payment of principal portion of lease liabilities	6	**(192)**	(422)
Movement in restricted cash	10	**4,466**	(279)
Payment of arrangement fee	13	**(4,172)**	(3,301)
Proceeds from borrowings	13	**226,920**	52,155
Repayment of borrowings	13	**(222,992)**	(148,517)
Repayment of loan obtain from related party		**-**	(6,000)
Interest paid		**(18,693)**	(17,842)
Purchase of treasury shares	31	**(3,335)**	-
Net cash used in financing activities		**(17,998)**	(124,206)
NET INCREASE IN CASH AND CASH EQUIVALENTS DURING THE YEAR		**8,062**	2,505
Cash and cash equivalents at the beginning of the year		**9,740**	7,235
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	10	**17,802**	9,740
Restricted cash	10	**10,469**	14,935
TOTAL CASH AND BANK BALANCES	10	**28,271**	24,675

* Refer Note 34 for details regarding prior year adjustments

1 LEGAL STATUS AND ACTIVITIES

Gulf Navigation Holding PJSC ("the Company") is validly existing as a public joint stock company since 30 October 2006 as per the Resolution of the Ministry of Economy No. 425 of 2006 and in accordance with the UAE Federal Law No. 32 of 2021. The Company is listed on the Dubai Financial Market. The Company is primarily engaged in sea transport of oil and petroleum products and similar commodities, ship charter, shipping lines of freight and passenger transportation, sea freight and passenger charters, shipping services, sea shipping lines agents, clearing and forwarding services, cargo loading and unloading services, cargo packaging, sea cargo services and ship management operations through its subsidiaries as listed below. The Company operates from the 39th Floor, API Trio Tower, Al Barsha, Dubai, United Arab Emirates ("UAE"). The Company and its following directly or indirectly owned subsidiaries are together referred to as the "Group" in these consolidated financial statements:

Subsidiaries	*Principal activities*	*Country of incorporation*	*% equity interest* **2022**	*2021*
Gulf Navigation Maritime and Operations Management Owned by Gulf Navigation Holding LLC	Ship Charter, etc.	UAE	**100**	100
Gulf Navigation Group FZCO	Ship Charter, etc. / Ships and Boats Maintenance Services	UAE	**100**	100
GulfNav Ship Management FZE	Ship Charter, etc. / Ships and Boats Maintenance Services	UAE	**100**	100
Gulf Crude Carriers (L.L.C)	Ship Charter, etc.	UAE	**100**	100
Gulf Chemical Carriers (L.L.C)	Ship Charter, etc.	UAE	**100**	100
Gulf Navigation Polimar Maritime LLC [Note 32 (ii)]	Sea Shipping Lines Agents	UAE	**100**	60
Gulf Navigation and Brokerage LLC	Ship Brokerage	Oman	**100**	100
Gulf Eyadah Corporation	Ship Owning	Panama	**100**	100
Gulf Huwaylat Corporation	Ship Owning	Panama	**100**	100
Gulf Deffi Corporation	Ship Owning	Panama	**100**	100
Gulf Jalmuda Corporation	Ship Owning	Panama	**100**	100
Gulf Fanatir Corporation	Ship Owning	Panama	**100**	100
Gulf Navigation Mishref Limited	Ship Owning	Cayman Islands	**100**	100
Gulf Navigation Mirdif Limited	Ship Owning	Cayman Islands	**100**	100
Gulf Navigation Sukuk Limited	Issuance of sukuk	Cayman Islands	**100**	100
Gulf Maritime Ship Management LLC	Ship Management and Operations	UAE	**100**	100
Gulf Ship Management Co LLC	Ship Management and Operations, etc	UAE	**100**	100

1 LEGAL STATUS AND ACTIVITIES (continued)

Subsidiaries	***Principal activities***	***Country of incorporation***	***% equity interest 2022***	***2021***
Gulf Navigation Mishref Limited	Ship Charter	Liberia	**100**	100
Gulf Navigation Mirdif Limited	Ship Charter	Liberia	**100**	100
Gulf Navigation Ship Owning LLC	Ship Charter, etc	UAE	**100**	100
Gulf Navigation Livestock Carriers Ltd., Inc.	Ship Owning	Panama	**100**	100
Gulf Navigation Livestock Carriers 1 Ltd., Inc	Ship Owning	Panama	**100**	100
Gulf Navigation Livestock Carriers 2 Ltd., Inc.	Ship Owning	Panama	**100**	100
Kabedah S.A.	Ship Owning	Panama	**100**	100
Gulf Crude Carriers Co. Ltd.	Ship Charter, etc	Liberia	**100**	100

The Group has the following branches:

Branch	***Principal activities***	***Country of incorporation***
Gulf Navigation Holding PJSC (Shj Br)	Ship Charter, etc.	UAE
Gulf Navigation Holding PJSC (Br)	Ship Charter, etc.	Kingdom of Saudi Arabia
Gulf Navigation Maritime and Operations Management Owned by Gulf Navigation Holding LLC – Abu Dhabi Branch	Ship Management and Operations, etc.	UAE
Gulf Navigation Polimar Maritime LLC - Sharjah Branch	Sea Shipping Lines Agents	UAE
Gulf Navigation Polimar Maritime LLC -Fujairah Branch	Wholesale of Spare Parts and Sections Trading of Ships and Boats, etc.	UAE
Gulf Ship Management Co LLC -Fujairah	Ship Management and Operations, etc.	UAE

2 BASIS OF PREPARATION AND ACCOUNTING POLICIES

2.1 BASIS OF PREPARATION

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"), applicable provision of the Articles of Association of the Company and UAE Federal Law No. 32 of 2021 and the applicable requirements of the local laws of the countries where the Group operates. For the new standards and amendments adopted during the current year, refer section "Changes in accounting policy and disclosures".

The consolidated financial statements are prepared under the historical cost convention.

The preparation of consolidated financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 3.

The consolidated financial statements of the Group were authorised for issue on 2 April 2023.

2.2 BASIS OF CONSOLIDATION

The consolidated financial statements incorporate the financial statements of the Company and its subsidiaries as at 31 December 2022. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has:

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

Generally, there is a presumption that a majority of voting rights results in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement(s) with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights

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

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

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity, while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value.

2 BASIS OF PREPARATION AND ACCOUNTING POLICIES (continued)

2.3 GOING CONCERN

The Group, excluding liabilities no longer required written back of AED 19,707 thousand and Other income of AED 12,776 thousand, incurred a loss of AED 27,818 thousand for the year ended 31 December 2022 (2021: excluding the income from insurance claim of AED 85,759 thousand and liabilities no longer required written back of AED 6,661 thousand, incurred a loss of AED 35,532 thousand (restated)) and, as of that date, the Group's current liabilities exceeded its current assets by AED 148,340 thousand (2021: AED 130,508 thousand (restated)).

Notwithstanding, the operating cashflows and EBITDA of the Group for the year ended 31 December 2022 amounted to AED 28,487 thousand and AED 81,015 thousand, respectively.

The management of the Group has prepared a cash flow forecast for a period of not less than twelve months from the date of these consolidated financial statements and have a reasonable expectation that the Group will have adequate resources to continue its operational existence for the foreseeable future.

On 31 January 2022, a General Assembly Meeting was held, and it was resolved to approve the issuance of Mandatorily Convertible Bonds for a value up to AED 150,000 thousand ("New Bonds") by way of a private placement. It was also resolved to approve the increase of the share capital of the Company by AED 450,000 thousand distributed among 450,000,000 shares for the purposes of converting the New Bonds into shares in the Company.

Out of AED 150,000 thousand of approved New Bonds, the Group has converted AED 85,394 thousand liability into mandatory convertible bonds and further into equity [Note 32(i)].

Further, a General Assembly Meeting was held on 22 March 2023, and it was resolved to approve a capital reduction by 50% of the total issued share capital of the Company through the cancellation of 637,695,625 shares in the Company with the nominal valued of AED 1 (the " capital reduction") on a pro rata basis to absorb the accumulated losses amounting to AED 637,696 thousand and a private issuance of 220 million mandatory convertible bonds ("MCBs") to new investors which will be converted to 200 million shares at a conversion price of AED 1.10 and the increase in the share capital of the Company to become AED 837,696 thousand [Note 35]. The Group has received, through an investment banker, interest from potential key investors which will provide liquidity of up to AED 220,000 thousand, which will provide sufficient cashflow for investment and operating activities in addition to settlement of existing liabilities. Management is confident of achieving these plans upon successful completion of regulatory requirements.

Whilst the shareholders have resolved to continue the operations of the Group in the General Meeting held on 29 April 2021 as required by Article 309 of the Federal Law No. 32 of 2021, the timing and realisation of the above matters are not within management's control.

2.4 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

New and amended standards and interpretations
The Group applied for the first-time certain new standards, amendments and interpretations, which are effective for annual periods beginning on or after 1 January 2022.

Onerous Contracts – Costs of Fulfilling a Contract – Amendments to IAS 37
An onerous contract is a contract under which the unavoidable of meeting the obligations under the contract costs (i.e., the costs that the Group cannot avoid because it has the contract) exceed the economic benefits expected to be received under it.

The amendments specify that when assessing whether a contract is onerous or loss-making, an entity needs to include costs that relate directly to a contract to provide goods or services including both incremental costs (e.g., the costs of direct labour and materials) and an allocation of costs directly related to contract activities (e.g., depreciation of equipment used to fulfil the contract and costs of contract management and supervision). General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract.

The Group applied the amendments to the contracts for which it had not fulfilled all of its obligations at the beginning of the reporting period.

These amendments had no impact on the consolidated financial statements of the Group as there were no onerous contracts.

2 BASIS OF PREPARATION AND ACCOUNTING POLICIES (continued)

2.4 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (continued)

New and amended standards and interpretations (continued)

Reference to the Conceptual Framework – Amendments to IFRS 3
The amendments replace a reference to a previous version of the IASB's Conceptual Framework with a reference to the current version issued in March 2018 without significantly changing its requirements. The amendments add an exception to the recognition principle of IFRS 3 Business Combinations to avoid the issue of potential 'day 2' gains or losses arising for liabilities and contingent liabilities that would be within the scope of IAS 37 Provisions, Contingent Liabilities and Contingent Assets or IFRIC 21 Levies, if incurred separately. The exception requires entities to apply the criteria in IAS 37 or IFRIC 21, respectively, instead of the Conceptual Framework, to determine whether a present obligation exists at the acquisition date.

The amendments also add a new paragraph to IFRS 3 to clarify that contingent assets do not qualify for recognition at the acquisition date.

In accordance with the transitional provisions, the Group applies the amendments prospectively, i.e., to business combinations occurring after the beginning of the annual reporting period in which it first applies the amendments (the date of initial application).

These amendments had no impact on the consolidated financial statements of the Group as there were no contingent assets, liabilities or contingent liabilities within the scope of these amendments that arose during the period.

Property, Plant and Equipment: Proceeds before Intended Use – Amendments to IAS 16 Leases
The amendment prohibits entities from deducting from the cost of an item of property, plant and equipment, any proceeds of the sale of items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the costs of producing those items, in profit or loss.

In accordance with the transitional provisions, the Group applies the amendments retrospectively only to items of PP&E made available for use on or after the beginning of the earliest period presented when the entity first applies the amendment (the date of initial application).

These amendments had no impact on the consolidated financial statements of the Group as there were no sales of such items produced by property, plant and equipment made available for use on or after the beginning of the earliest period presented.

IFRS 1 First-time Adoption of International Financial Reporting Standards – Subsidiary as a first-time adopter
The amendment permits a subsidiary that elects to apply paragraph D16(a) of IFRS 1 to measure cumulative translation differences using the amounts reported in the parent's consolidated financial statements, based on the parent's date of transition to IFRS, if no adjustments were made for consolidation procedures and for the effects of the business combination in which the parent acquired the subsidiary. This amendment is also applied to an associate or joint venture that elects to apply paragraph D16(a) of IFRS 1.

These amendments had no impact on the consolidated financial statements of the Group as it is not a first-time adopter.

IFRS 9 Financial Instruments – Fees in the '10 per cent' test for derecognition of financial liabilities
The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. There is no similar amendment proposed for IAS 39 Financial Instruments: Recognition and Measurement.

In accordance with the transitional provisions, the Group applies the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment (the date of initial application). These amendments had no impact on the consolidated financial statements of the Group as there were no modifications of the Group's financial instruments during the period.

IAS 41 Agriculture – Taxation in fair value measurements
The amendment removes the requirement in paragraph 22 of IAS 41 that entities exclude cash flows for taxation when measuring the fair value of assets within the scope of IAS 41. These amendments had no impact on the consolidated financial statements of the Group as it did not have assets in scope of IAS 41 as at the reporting date.

2 BASIS OF PREPARATION AND ACCOUNTING POLICIES (continued)

2.4 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (continued)

Standards, amendments and interpretations issued but not yet effective
The new and amended standards and interpretations that are issued as at 31 December 2022, but are not yet effective, are disclosed below; if they are expected to have an impact on the Group's consolidated financial statements. The Group intends to adopt these new and amended standards and interpretations, if applicable, when they become applicable

- IFRS 17 Insurance Contracts
- Amendments to IAS 1: Classification of Liabilities as Current or Non-current
- Definition of Accounting Estimates – Amendments to IAS 8
- Disclosure of Accounting Policies – Amendments to IAS 1 and IFRS Practice Statement 2
- Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12

2.5 SIGNIFICANT ACCOUNTING POLICIES

Foreign currency translation

Functional and presentation currency
Items included in the financial statements of each of the Group's subsidiaries and jointly controlled entities (together, "entities") are measured using the currency of the primary economic environment in which the entities operate ("the functional currency"). Since most of the transactions of the entities are denominated in US Dollars ("USD") or currencies pegged to the USD, the functional currency of the entities is USD. However, the consolidated financial statements of the Group are presented in United Arab Emirates Dirhams ("AED"), which is the presentation currency of the Group. Amounts in USD have been translated into AED at the rate of USD 1 = AED 3.66 as there is a constant peg between USD and AED.

Transactions and balances
Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognised in profit or loss. They are deferred in equity if they relate to qualifying cash flow hedges and qualifying net investment hedges or are attributable to part of the net investment in a foreign operation.

Foreign exchange gains and losses that relate to bank borrowings and cash and cash equivalents are presented in the consolidated statement of comprehensive income within 'finance income or costs'. All other foreign exchange gains and losses are presented in the consolidated statement of comprehensive income within 'other income'.

Group companies
The results and financial position of all the Group subsidiaries (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;
- income and expenses for each statement of comprehensive income are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and
- all resulting exchange differences are recognised in other comprehensive income.

2 BASIS OF PREPARATION AND ACCOUNTING POLICIES (continued)

2.5 SIGNIFICANT ACCOUNTING POLICIES (continued)

Business combinations and Goodwill
Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, which is measured at acquisition date fair value, and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included in administrative expenses.

The Group determines that it has acquired a business when the acquired set of activities and assets include an input and a substantive process that together significantly contribute to the ability to create outputs. The acquired process is considered substantive if it is critical to the ability to continue producing outputs, and the inputs acquired include an organised workforce with the necessary skills, knowledge, or experience to perform that process or it significantly contributes to the ability to continue producing outputs and is considered unique or scarce or cannot be replaced without significant cost, effort, or delay in the ability to continue producing outputs.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of IFRS 9 Financial Instruments, is measured at fair value with the changes in fair value recognised in the statement of profit or loss in accordance with IFRS 9. Other contingent consideration that is not within the scope of IFRS 9 is measured at fair value at each reporting date with changes in fair value recognised in profit or loss.

Goodwill is initially measured at cost (being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests and any previous interest held over the net identifiable assets acquired and liabilities assumed). If the fair value of the net assets acquired is in excess of the aggregate consideration transferred; the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill has been allocated to a cash-generating unit (CGU) and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

Current versus non-current classification
The Group presents assets and liabilities in the statement of financial position based on current/non-current classification. An asset is current when it is:

- Expected to be realised or intended to be sold or consumed in the normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period
  Or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least
- twelve months after the reporting period

2 BASIS OF PREPARATION AND ACCOUNTING POLICIES (continued)

2.5 SIGNIFICANT ACCOUNTING POLICIES (continued)

Current versus non-current classification (continued)
All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in the normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period
  Or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The terms of the liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification. The Group classifies all other liabilities as non-current.

Vessels, property and equipment
Vessels, property and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to the consolidated statement of comprehensive income during the financial year in which they are incurred.

Cost incurred during the dry docking of vessels is capitalised and is depreciated based on the period in which future economic benefits associated will flow to the Group.

Depreciation is computed using the straight-line method to allocate asset's cost less their estimated residual values over their expected useful lives, as follows:

	Years
Vessels	
• Chemical tankers	10 – 30
• Livestock vessels	20 – 40
• Dry docking costs	3 – 5
Leasehold improvements	10
Equipment	2 – 5
Furniture & fixtures	5
Vehicles	5

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount.

Gains and losses on disposal are determined by comparing proceeds with carrying amount and included in the profit or loss.

Vessels in the course of construction are carried at cost less impairment (if any), as capital work-in-progress, and are transferred to the category of vessels when available for use.

Capital work-in-progress
Assets in the course of construction are carried at cost as capital work-in-progress, and are transferred to property, plant or equipment when the assets are ready for intended use and is depreciated in accordance with the Group's policies.

2 BASIS OF PREPARATION AND ACCOUNTING POLICIES (continued)

2.5 SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of tangible and intangible assets
At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any.

Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs to sell and value in use.

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

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

Revenue recognition
Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for services rendered. The Group recognises revenue from contracts with customers 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. Revenue from major service line is recognised as follows:

Revenues received from time charters are recognised on a straight-line basis over the duration of the charter.

Shipping services, marine products sales and distribution revenues consist of the invoiced value of goods supplied and services rendered, net of discounts and returns and are recognised when goods are delivered and services have been performed.

The Group has concluded, based on its review of revenue arrangements with customers, that it is the principal in the majority of its revenue arrangements since it is the primary obligor in all the revenue arrangements, has pricing latitude, and is also exposed to inventory and credit risks.

Inventories
Inventories are stated at the lower of cost and estimated net realisable value. Cost is determined on a first in first out (FIFO) basis and includes all attributable import expenses. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

Income tax
Income tax on the profit or loss for the year comprises current and deferred tax. Income tax is recognised in the consolidated statement of comprehensive income except to the extent that it relates to items recognised directly to equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date on the subsidiary subject to tax, and any adjustment to tax payable in respect of previous years.

2 BASIS OF PREPARATION AND ACCOUNTING POLICIES (continued)

2.5 SIGNIFICANT ACCOUNTING POLICIES (continued)

Income tax (continued)
Deferred tax is calculated in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the reporting date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

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

(i) <u>Debt instruments designated at amortised cost</u>

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.

(ii) <u>Debt instrument designated at other comprehensive income</u>

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).

2 BASIS OF PREPARATION AND ACCOUNTING POLICIES (continued)

2.5 SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial assets (continued)

Classification of financial assets (continued)

(iii) Amortised cost and effective interest rate method

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

Interest income is recognised using the effective interest method for debt instruments measured subsequently at amortised cost and at FVTOCI.

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

For purchased or originated credit-impaired financial assets, the Group recognises interest income by applying the credit-adjusted effective interest rate to the amortised cost of the financial asset from initial recognition. The calculation does not revert to the gross basis even if the credit risk of the financial asset subsequently improves so that the financial asset is no longer credit-impaired.

Interest income is recognised in profit or loss and is included in the 'finance income – interest income' line item.

(iv) 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.

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 will not be reclassified to profit or loss on disposal of the equity investments, instead, they will be 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. Dividends are included in the 'finance income' line item in profit or loss.

Impairment of financial assets
The Group recognises a loss allowance for expected credit losses on investments in trade and other receivables as well as on financial guarantee contracts, if any. 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 and other 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.

2 BASIS OF PREPARATION AND ACCOUNTING POLICIES (continued)

2.5 SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets (continued)
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.

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

Financial assets are assessed as credit impaired when one or more events that have a detrimental impact on the estimated future cash flows of that asset have occurred.

ECL are the discounted product of the Probability of Default (PD), Exposure at Default (EAD), and Loss Given Default (LGD). The PD represents the likelihood of a borrower defaulting on its financial obligation, either over the next 12 months (12M PD), or over the remaining lifetime (Lifetime PD) of the obligation. EAD represents the expected exposure in the event of a default. The Group derives the EAD from the current exposure to the financial instruments and potential changes to the current amounts allowed under the contract including amortisation. The EAD of a financial asset is its gross carrying amount. The LGD represents expected loss conditional on default, its expected value when realised and the time value of money.

The Group expects to apply the simplified approach to recognise lifetime expected credit losses for its trade receivables as permitted by IFRS 9. Accordingly, trade receivables which are not credit impaired and which do not have significant financing component is categorised under stage 2 and lifetime ECL is recognised.

Objective evidence that debt instrument is impaired includes whether any payment of principal or profit is overdue by more than 90 days or there are any known difficulties in the cash flows including the sustainability of the counterparty's business plan, credit rating downgrades, breach of original terms of the contract, its ability to improve performance once a financial difficulty has arisen, deterioration in the value of collateral etc. The Group assesses whether objective evidence of impairment exists on an individual basis for each individually significant asset and collectively for others not deemed individually significant.

Loss allowances for ECL are presented as a deduction from the gross carrying amount of the financial assets for amortised cost assets.

Derecognition of financial assets
The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when 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 and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss. In addition, on derecognition of an investment in a debt instrument classified as at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to profit or loss. In contrast, on derecognition of an investment in equity instrument which the Group has elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is not reclassified to profit or loss, but is transferred to retained earnings.

2 BASIS OF PREPARATION AND ACCOUNTING POLICIES (continued)

2.5 SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial liabilities
All financial liabilities are measured subsequently at amortised cost using the effective interest method or at FVTPL.

Financial liabilities at FVTPL
Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on changes in fair value recognised in the consolidated statement of profit or loss to the extent that they are not part of a designated hedging relationship. The net gain or loss recognised in the consolidated statement profit or loss incorporates any interest paid on the financial liability.

However, for financial liabilities that are designated as at FVTPL, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is recognised in statement of other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch statement of in profit or loss.

The remaining amount of change in the fair value of liability is recognised in profit or loss. Changes in fair value attributable to a financial liability's credit risk that are recognised in statement of other comprehensive income are not subsequently reclassified to statement of profit or loss; instead, they are transferred to retained earnings upon derecognition of the financial liability.

Gains or losses on financial guarantee contracts issued by the Group that are designated by the Group as at FVTPL are recognised in profit or loss.

Financial liabilities measured subsequently at amortised cost
Financial liabilities that are not designated as FVTPL, are measured subsequently at amortised cost using the effective interest method.

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 (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) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

Derecognition of financial liabilities
The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

Offsetting of financial instruments
Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

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

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

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of receivable can be measured reliably.

2 BASIS OF PREPARATION AND ACCOUNTING POLICIES (continued)

2.5 SIGNIFICANT ACCOUNTING POLICIES (continued)

Employee benefits
A provision is made for the estimated liability for employees' entitlement to annual leave and leave passage as a result of services rendered by the employees up to the reporting date.

Provision is also made for the end of service benefits due to employees in accordance with the United Arab Emirates (UAE) Labour Law for their periods of service up to the reporting date except for employees for whom the provision for the end of service benefits is made in accordance with the Group's policy. The Group's policy entitles employees to end of service to the benefits as per the UAE Labour Law. The provision relating to the employees' end of service benefits is disclosed as a non-current liability. The provision relating to annual leave and leave passage is disclosed as a current liability.

For employees, eligible for UAE National Pension Plan, the Group recognises employer's contributions on accrual basis in profit or loss, determined in accordance with the relevant applicable laws. Other than the monthly pension contribution, there is no further obligation on the Group.

Leases

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

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

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

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

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

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

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

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

2 BASIS OF PREPARATION AND ACCOUNTING POLICIES (continued)

2.5 SIGNIFICANT ACCOUNTING POLICIES (continued)

Leases (continued)

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

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

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

The Group as lessor
The Group enters into lease agreements as a lessor with respect to some of its investment properties. The Group also rents equipment to retailers necessary for the presentation and customer fitting and testing of footwear and equipment manufactured by the Group.

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

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

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

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

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

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

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. The other borrowing costs are recognised in profit or loss in the period in which they are incurred.

Bank borrowings are recognised initially at fair value, net of transaction costs incurred. Bank borrowings are subsequently carried at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the consolidated statement of comprehensive income over the period of the bank borrowings using the effective profit rate method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

2 BASIS OF PREPARATION AND ACCOUNTING POLICIES (continued)

2.5 SIGNIFICANT ACCOUNTING POLICIES (continued)

Borrowing costs (continued)
Borrowings are removed from the consolidated statement of financial position when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in the consolidated statement of profit or loss and other comprehensive income.

Where the terms of a financial liability are renegotiated and the entity issues equity instruments to a creditor to extinguish all or part of the liability (debt for equity swap), a gain or loss is recognised in profit or loss, which is measured as the difference between the carrying amount of the financial liability and the fair value of the equity instruments issued.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of qualifying assets are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale.

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.

Value added tax (VAT)
Expenses and assets are recognised net of the amount of VAT, except when the VAT incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the VAT is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable

The net amount of VAT recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the consolidated statement of financial position.

Contingencies
Contingent liabilities are not recognised in the consolidated financial statements. They are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. A contingent asset is not recognised in the consolidated financial statements but disclosed when an inflow of economic benefits is probable.

3 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of the Company's financial statements in conformity with the International Financial Reporting Standards requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

Judgments and estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical judgments in applying the Group's accounting policies
In the process of applying the Group's accounting policies, which are described in Note 3, management has made the following judgments that has a significant effect on the amounts recognised in the consolidated financial statements (apart from those involving estimations, which are dealt with below).

Going concern
The Directors of the Group has made an assessment of the Group's ability to continue as a going concern, as disclosed in Note 2 of these consolidated financial statements. Based on the assessment, the Directors have concluded that, in aggregate, due to the significance of the matters as disclosed in Note 2, these events and conditions indicate that a material uncertainty exists that may cast doubt on the Group's ability to continue as going concern. Significant disruptions to the timing or realisation of the anticipated cash flows could result in the business being unable to realise its assets and discharge its liabilities in the normal course of business.

3 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS (continued)

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

Taxes
The Group has exposure to taxes primarily in the Kingdom of Saudi Arabia. Significant judgment is involved in determining the provision for tax. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the tax provision in the period in which such determination is made.

Key sources of estimation uncertainty
The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Impairment of vessels and goodwill
Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less cost of disposal and its value in use. The fair value less cost of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs of disposing of the assets. The value in use calculation is based on a Discounted Cash Flow (DCF) model.

The cash flows are derived from the budget of the remaining useful life of the vessels and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the performance of the vessels being tested. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash inflows and the growth rate used for the extrapolation purposes. These estimates are most relevant to impairment of vessels and goodwill recognised by the Group. The key assumptions used to determine the recoverable amount for the different CGUs, including a sensitivity analysis, are disclosed and further explained in Note 5 and 7 of these consolidated financial statements.

Estimating useful lives of vessels, property and equipment
The Group estimates the useful lives of property, vessels and equipment based on the period over which the assets are expected to be available for use. The estimated useful lives are reviewed periodically and are updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the assets. In addition, estimation of the useful lives of property, vessels and equipment is based on collective assessment of industry practice, internal technical evaluation and on the historical experience with similar assets. It is possible, however, that future results of operations could be materially affected by changes in estimates brought about by changes in factors mentioned above. The amounts and timing of recorded expenses for any period would be affected by changes in these factors and circumstances.

Classification of leases – Group as a Lessor
The Group has entered into long term vessel leasing arrangements. The Group has determined, based on an evaluation of the terms and conditions of the arrangements, such as the lease term not constituting a major part of the economic life of the vessel and the present value of the minimum lease payments not amounting to substantially all of the fair value of the vessel, that it retains all the significant risks and rewards of ownership of these properties and accounts for the contracts as operating leases.

Leases
The Group makes certain judgements in determining the lease term for contracts that is or contains a lease:

- The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.
- The Group has the option to renew the lease term for some of its leases. The Group applies judgement in evaluating whether it is reasonably certain to exercise the option to renew. That is, it considers all relevant factors that create an economic incentive for it to exercise the renewal. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise (or not to exercise) the option to renew (e.g. a change in a business strategy).
- The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement at inception date and whether the fulfilment of the arrangement is dependent of the use of a specific asset or assets or the arrangement conveys the right to use the asset.

3 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS (continued)

Key sources of estimation uncertainty (continued)

Estimating the incremental borrowing rate
The Group cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Group 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 asset in a similar economic environment. The IBR therefore reflects what the Group 'would have to pay', which requires estimation when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease. The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates.

Provision for expected credit losses of trade receivables
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.

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.

Allowance for slow moving obsolete inventory
The Group reviews its inventory to assess loss on account of obsolescence on a regular basis. In determining whether allowance for obsolescence should be recorded in profit or loss, the Group makes judgments as to whether there is any observable data indicating that there is any future saleability of the product and the net operating value for such product. Accordingly, provision for impairment is made where the net operating value is less than cost based on best estimates by the management. The provision for obsolescence of inventory is based on the physical identification and the past movement of the inventory.

4 OPERATING SEGMENTS

Business segments
Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker has been identified as the Group's Executive Committee who make strategic decisions. The Executive Committee reviews the Group's internal reporting in order to assess performance and allocate resources. Management has determined the operating segments based on these reports.

The Group comprises the following main business segments:

- *Vessel owning and chartering:* Chartering of vessels to customers;
- *Ship management:* Technical management of vessels;
- *Marine products sales and distribution:* Trading of goods such as supplies, chemicals and gases required for ships;
- *Shipping and technical services:* Providing agency services to ships calling at ports; and providing workshop services for boats
- *Other:* Includes management of all divisions and administrative activities.

Vessel owning and chartering, marine products sales and distribution and shipping services meet criteria required by IFRS 8: *Operating Segments* and reported as separate operating segments. Other segments do not meet the quantitative thresholds required by IFRS 8, and the results of these operations are included in the 'Other' column.

4 OPERATING SEGMENTS (continued)

Geographical segments
The Group's Executive Committee does not consider the geographical distribution of the Group's operations to be relevant for their internal management analysis and therefore no geographical segment information has been disclosed.

All operating segments' results are reviewed regularly by the Group's Executive Committee to make decisions about resources to be allocated to the segment and assess their performance, and for which discrete financial information is available.

	Vessel owning and chartering AED'000	*Ship management AED'000*	*Marine product sales and distribution AED'000*	*Shipping and technical services AED'000*	*Other AED'000*	*Inter-segment elimination AED'000*	*Total AED'000*
Operating revenue	127,110	944	-	10,119	-	(944)	137,229
Operating costs	(110,524)	-	-	(7,167)	-	944	(116,747)
Other income	425	-	-	4	13,116	(769)	12,776
Income on discounting of a financial liability to its present value	-	-	-	-	191	-	191
General and administrative expenses	(678)	(1,740)	-	(3,350)	(8,417)	769	(13,416)
Finance costs	(22,685)	-	-	-	(10,560)	-	(33,245)
Liabilities no longer required written back	10,836	-	-	-	8871	-	19,707
Income tax	-	-	-	-	(1,830)	-	(1,830)
Reportable segment profit/(loss)	**4,484**	**(796)**	**-**	**(394)**	**1,371**	**-**	**4,665**
At 31 December 2022							
Reportable segment assets	**894,198**	**24,105**	**878**	**20,374**	**1,521,307**	**(1,668,513)**	**792,349**
Reportable segment liabilities	**(788,166)**	**(29,050)**	**(962)**	**(11,079)**	**(719,297)**	**1,179,349**	**(369,205)**

4 OPERATING SEGMENTS (continued)

	Vessel owning and chartering AED'000	*Ship management AED'000*	*Marine product sales and distribution AED'000*	*Shipping and technical services AED'000*	*Other AED'000*	*Inter-segment elimination AED'000*	*Total AED'000 (Restated)*
Operating revenue	113,247	993	20	5,657	422	(993)	119,346
Operating costs	(95,829)	-	(5)	(3,181)	-	993	(98,022)
Other income	636	-	25	1	901	(769)	794
Income from insurance claim	85,759	-	-	-	-	-	85,759
Income on discounting of a financial liability to its present value	3,265	-	-	-	-	-	3,265
General and administrative expenses	(1,983)	(1,968)	(55)	(6,947)	(8,483)	769	(18,667)
Finance costs	(27,800)	-	-	-	(12,618)	-	(40,418)
Liabilities no longer required written back	-	-	-	-	6,661	-	6,661
Income tax	-	-	-	-	(1,830)	-	(1,830)
Reportable segment profit/(loss)	77,295	(975)	(15)	(4,470)	(14,947)	-	56,888
At 31 December 2021(Restated)*							
Reportable segment assets	904,242	23,315	3,234	14,350	1,555,520	(1,666,224)	834,437
Reportable segment liabilities	(797,419)	(27,466)	(3,956)	(9,083)	(833,985)	1,212,309	(459,600)

5 VESSELS, PROPERTY AND EQUIPMENT

	Vessels AED'000	*Leasehold improvements AED'000*	*Equipment AED'000*	*Furniture and fixtures AED'000*	*Vehicles AED'000*	*Total AED'000*
Cost:						
At 1 January 2021	1,258,352	3,845	2,627	504	428	1,265,756
Additions	18,322	-	-	-	-	18,322
Disposals	-	-	-	(15)	-	(15)
At 31 December 2021	1,276,674	3,845	2,627	489	428	1,284,063
Additions	1,512	-	-	-	-	1,512
At 31 December 2022	**1,278,186**	**3,845**	**2,627**	**489**	**428**	**1,285,575**
Accumulated depreciation and impairment losses:						
At 1 January 2021	611,538	2,837	2,291	444	425	617,535
Charge for the year [Note 5(b)]	38,987	451	158	60	3	39,659
Relating to disposals	-	-	-	(15)	-	(15)
At 31 December 2021	650,525	3,288	2,449	489	428	657,179
Charge for the year [Note 5(b)]	40,833	442	-	-	-	41,275
At 31 December 2022	**691,358**	**3,730**	**2,449**	**489**	**428**	**698,454**
Carrying value:						
At 31 December 2022	**586,828**	**115**	**178**	**-**	**-**	**587,121**
At 31 December 2021	626,149	557	178	-	-	626,884

5 VESSELS, PROPERTY AND EQUIPMENT (continued)

(a) During the year ended 31 December 2022, the Group have not recorded any provision for impairment on vessels (2021: Nil). The provision for impairment was calculated by comparing the carrying value of vessels and its recoverable amount, which is the higher of its fair value less cost of disposal and its value in use.

The value-in-use of these vessels has been determined by discounting the cash flow projections over a period of 5 years including estimated terminal value based on year 5 cashflows. Cash flow projections are based on past experience and business plans approved by management and is based on the following assumptions:

- Revenue of time charter vessels have been determined based on rates as per the contracts whereas revenue for vessels on spot charter have been determined based on expected future TCE rates;
- Vessel running cost have been determined using a mix of actual expense of prior year and budgeted expense for next year with normal inflationary impact;
- Other expenses such as dry docking has been estimated using the historical trend of such cost of the vessels and expected cost to be incurred in future;
- Residual value has been determined using the steel value at the end of useful life of vessel; and
- The net cash flows have been discounted using discount rate of 10.45% per annum (2021: 9.48% per annum).

Sensitivity analysis
As at 31 December 2022, if the discount rate used was 0.5% higher or lower, with all other variables held constant, there will be no impairment (2021: if the discount rate used was 0.5% higher or lower, with all other variables held constant, there will be no impairment).

(b) Depreciation expense has been allocated as follows:

	2022 AED'000	*2021 AED'000*
Operating costs (Note 19)	**41,275**	38,987
General and administrative expenses (Note 20)	**-**	672
	41,275	39,659

(c) Vessels with a carrying value of AED 534,153 thousand (2021: AED 569,915 thousand) as at 31 December 2022 are mortgaged as security for bank borrowings (Note 13).

6 LEASES

Group as a lessee
The Group has obtained office premises on lease. The remaining lease term of such office premises is less than one year (2021: two years). The Group's obligations are secured by the lessor's title to the leased assets for such leases.

Right-of-use asset
Set out below are the carrying amounts of right-of-use assets recognised and the movements during the year:

	2022 AED'000	*2021 AED'000*
Office premises:		
As at 1 January	**192**	575
Depreciation (Note 20)	**(192)**	(383)
As at 31 December	**-**	192

6 LEASES (continued)

Lease liability
Set out below are the carrying amounts of lease liability and the movements during the year:

	2022 AED'000	*2021 AED'000*
Amounts payable under leases:		
Within one year	**-**	192
	-	192
Less: Current portion	**-**	(192)
Non-current portion	**-**	-

The following are the amounts recognised in the statement of comprehensive income:

	2022 USD	*2021 USD*
Depreciation on right of use asset (Note 20)	**192**	383
Rental expenses on short-term and low value leases	**160**	303

Group as a lessor
The Group leases its marine vessels under operating leases (time charters). The lease rental is usually negotiated to reflect market rentals upon entering into/renewal of the charter. Future minimum lease rentals receivable under the non-cancellable operating leases (excluding those owned by the joint venture) are as follows:

	2022 AED'000	*2021 AED'000*
Not later than one year	**99,043**	107,037
Between one year and five years	**33,763**	81,112
	132,806	188,149

7 GOODWILL

	2022 AED'000	*2021 AED'000*
Carrying value of goodwill	**219,912**	219,912
Accumulated impairment loss	**(76,449)**	(76,449)
	143,463	143,463

7 GOODWILL (continued)

(a) The goodwill of AED 135,999 thousand and AED 83,913 thousand that arose at the time of the initial public offer (IPO) and acquisition of livestock vessels in 2018 respectively have been allocated to the vessel owning and charter segment of the business.

(b) Management reviews the business performance based on the type of business. Management has identified the vessel owning and chartering division, marine products sales and distribution division and agency division as its main type of businesses. Goodwill is monitored by management at the operating segment level.

(c) The recoverable amount of all Cash Generating Units (CGUs) has been determined based on the higher of value-in-use or fair value less cost to sell. In order to determine the value-in-use, as mentioned in Note 5(a), its calculation uses pre-tax cash flow projections based on estimated charter rates using currently available market information and historical trends for vessels which are not on long term time charter. Cash flows beyond the signed charter party agreement are extrapolated using the estimated growth rate. The growth rate does not exceed the long-term average growth rate for the business in which the CGU operates. Discount rate of 11.1% per annum (2021: 9.48% per annum) have been used for the discounting the cash flows. Consequently, no impairment (2021: impairment of AED Nil thousand) has been recorded.

(d) As at 31 December 2022, if the discount rate used was 0.5% higher, with all other variables held constant, there will be impairment loss on goodwill amounting to AED 9,000 thousand (2021: there will be impairment loss of AED 9,341 thousand on goodwill).

8 INVENTORIES

	2022 AED'000	*2021 AED'000*
Spare parts	**7,002**	5,153
Vessel oil and lubricants	**827**	3,007
Others	**137**	98
	7,966	8,258

(a) Inventories with a carrying value of AED 5,528 thousand were charged off to the consolidated statement of comprehensive income for the year ended 31 December 2022 (2021: AED 5,077 thousand).

9 TRADE AND OTHER RECEIVABLES

	2022 AED'000	*2021 AED'000*
Trade receivables [Note 9(b)]	**13,650**	13,545
Less: allowance for expected credit losses (ECL)	**(5,875)**	(5,480)
	7,775	8,065
Receivable on dilution of investment in a subsidiary [Note 9(a)]	**-**	14,640
Advance to suppliers [Note 9(e)]	**7,196**	1,055
Prepayment	**3,243**	1,673
Interest paid in advance	**2,732**	-
Other receivables	**4,582**	5,532
	25,528	30,965

9 TRADE AND OTHER RECEIVABLES (continued)

(a) The In 2017, the Group sold 40% of the Group's shareholding in Gulf Navigation Polimar Maritime LLC (previously known as Gulf Navigation Maritime LLC) (a subsidiary) effective from 1 January 2017 in exchange for cash and in-kind consideration totalling to AED 18,666 thousand. In accordance with IFRS 10: Consolidated Financial Statements, the net gain of AED 3,245 thousand on the sale of the interest in Gulf Navigation Polimar Maritime LLC was credited in equity. The Group received AED 4,026 thousand out of the total sales consideration of AED 18,666 thousand and the residual balance of AED 14,640 thousand was outstanding as at 31 December 2021.

On 19 September 2022, the Group entered into an agreement with the non-controlling holders to acquire the remaining 40% shareholding in Gulf Navigation Polimar Maritime LLC. Following the settlement agreement, the Group has adjusted this receivable [Note 32(ii)].

(b) The credit period on trade receivables ranges from 30 to 120 days (2021: 30 to 120 days) from invoice date. Before accepting any new customer, the Group assesses the potential customer's credit quality and assigns credit limits by customer. Credit limits and credit scoring attributed to customers are reviewed at regular intervals. Of the trade receivables balance at the end of the year, AED 9,979 thousand (2021: AED 7,088 thousand) representing 73% (2021: 52%) is due from 4 customers (2021: 4 customers). There are no other customers who represent more than 5% of the total trade receivables at the reporting date.

The Group measures the loss allowance for trade receivables at an amount equal to lifetime expected credit losses (ECL). The ECL on trade receivables are estimated on the basis of a loss rate approach by segmenting its debtors on the basis of shared risk characteristics at initial recognition. In order to develop its loss rates, the Group considers the past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions and forward-looking elements of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date.

The following table details the risk profile of trade receivables based on the Group's provision matrix. As the Group's historical credit loss experience does not show significantly different loss patterns for different customer segments, the provision for loss allowance based on past due status is not further distinguished between the Group's different customer base:

		Past due but not impaired				
	Total AED'000	*0 to 90 days AED'000*	*91-120 days AED'000*	*121-150 days AED'000*	*151-1365 days AED'000*	*>365 days AED'000*
2022						
Expected credit loss rate	**43%**	**0%**	**0%**	**0%**	**0%**	**100%**
Gross carrying amount	**13,650**	**2,808**	**4,766**	**30**	**171**	**5,875**
Impaired receivables	**5,875**	**-**	**-**	**-**	**-**	**5,875**
Net receivables	**7,775**	**2,808**	**4,766**	**30**	**171**	**-**
2021						
Expected credit loss rate	40%	0%	0%	5%	4%	98%
Gross carrying amount	13,545	5,043	1,860	440	672	5,530
Impaired receivables	5,480	-	-	20	24	5,436
Net receivables	8,065	5,043	1,860	420	648	94

9 TRADE AND OTHER RECEIVABLES (continued)

(c) The following table shows the movement in lifetime ECL that has been recognised for trade receivables in accordance with the simplified approach set out in IFRS 9:

	Collectively Assessed AED'000	*Individually assessed AED'000*	*Total AED'000*
Balance as at 31 December 2020	-	3,338	3,338
Net re-measurement of loss allowance	-	2,142	2,142
Balance as at 31 December 2021	-	5,480	5,480
Net re-measurement of loss allowance	-	395	395
Balance as at 31 December 2022	**-**	**5,875**	**5,875**

(d) Management recorded an allowance of AED 5,875 thousand against trade receivables as at 31 December 2022 (31 December 2021: AED 5,480).

(e) The Group has appointed a liquidity provider to provide liquidity for the Company's securities listed on the DFM as the regulated market by entering two-way daily quotes into the Market trading system. The Group has placed a margin deposit of AED 5,000 thousand with the Liquidity Provider for the trading which has been classified as advance to suppliers.

10 CASH AND CASH EQUIVALENTS

	2022 AED'000	*2021 AED'000*
Cash on hand	**136**	161
Cash at banks	**28,135**	24,514
Cash and bank balances	**28,271**	24,675
Restricted cash [Note 10(a)]	**(10,469)**	(14,935)
Cash and cash equivalents	**17,802**	9,740

(a) Restricted cash represents cash held in certain bank accounts for payment of dividends and minimum liquidity requirements.

(b) Balances with banks are assessed to have low credit risk of default since these banks are highly regulated by the central banks of the United Arab Emirates. Accordingly, the management of the Group estimates the loss allowance on balances with banks at the end of the reporting period at an amount equal to 12-month ECL. None of the balances with banks at the end of the reporting period are past due and taking into account the historical default experience and the current credit ratings of the banks, the management of the Group have assessed that the impairment amount is immaterial, and hence have not recorded any loss allowances on these balances.

11 SHARE CAPITAL

	2022 AED'000	*2021 AED'000*
Authorised:		
1,275,391,249 shares (2021: 1,019,209,250 shares) of AED 1 each	**1,275,391**	1,019,209
Issued and fully paid up:		
1,275,391,249 shares (2021: 1,019,209,250 shares) of AED 1 each	**1,275,391**	1,019,209

12 STATUTORY RESERVE

In accordance with the UAE Federal Law (No. 32) of 2021 and the Company's Articles of Association, 5% (2021: 10%) of the net profit for the year is required to be transferred to a statutory reserve until such time that the reserve equals 50% of the paid-up share capital. The Company has resolved not to make any further transfers to statutory reserve as the reserve is equal to 50% of the paid-up share capital. The reserve is not available for distribution except in the circumstances as stipulated by the law. During the year, no amount has been transferred to the statutory reserve.

13 BORROWINGS

	2022 ***AED'000***	*2021* *AED'000*
Current		
Term loan [Note 13(a)]	**74,603**	56,715
Short term loan [Note 13(j)]	**831**	831
	75,434	57,546
Non-current		
Term loan [Note 13(a)]	**157,889**	171,686

13 BORROWINGS (continued)

(a) The movement of borrowings is summarised as below:

	Term-loan I AED'000	*Term-loan II AED'000*	*Term-loan III AED'000*	*Term-loan IV AED'000*	*Term-loan V AED'000*	*Term-loan VI AED'000*	*Term-loan VII AED'000*	*Total AED'000*
Balance at 1 January 2022	**-**	**22,109**	**10,563**	**-**	**148,760**	**46,969**	**-**	**228,401**
Add: amortisation of arrangement fee	**-**	**-**	**-**	**-**	**899**	**1,622**	**289**	**2,810**
Add: amortisation of discounted value	**-**	**1,038**	**487**	**-**	**-**	**-**	**-**	**1,525**
Add: availed during the year [Note 13(e)]	**-**	**-**	**-**	**-**	**-**	**-**	**226,920**	**226,920**
Less: repaid during the period	**-**	**-**	**-**	**-**	**(149,659)**	**(48,591)**	**(24,742)**	**(222,992)**
Less: arrangement fee paid	**-**	**-**	**-**	**-**	**-**	**-**	**(4,172)**	**(4,172)**
Balance at 31 December 2022	**-**	**23,147**	**11,050**	**-**	**-**	**-**	**198,295**	**232,492**
Less: current portion	**-**	**(23,147)**	**(11,050)**	**-**	**-**	**-**	**(40,406)**	**(74,603)**
Non-current portion	**-**	**-**	**-**	**-**	**-**	**-**	**157,889**	**157,889**
Balance at 1 January 2021	-	57,789	27,411	45,994	193,786	-	-	324,980
Less: arrangement fee paid	-	-	-		(1,350)	(1,951)	-	(3,301)
Add: amortisation of arrangement fee	-	238	-	326	4,957	329	-	5,850
Add: availed during the year	-	-	-		-	52,155	-	52,155
Less: repaid during the year	-	(34,035)	(15,965)	(46,320)	(48,633)	(3,564)	-	(148,517)
Less: discounting of a financial liability to its present value	-	(2,222)	(1,042)	-	-	-	-	(3,264)
Add: amortisation of discounted value	-	339	159	-	-	-	-	498
Balance at 31 December 2021	-	22,109	10,563	-	148,760	46,969	-	228,401
Less: current portion	-	(4,748)	(2,227)	-	(40,441)	(9,299)	-	(56,715)
Non-current portion	-	17,361	8,336	-	108,319	37,670	-	171,686

13 BORROWINGS (continued)

(b) Term loan I

The term-loan of AED 676,331 thousand was availed by the Group to acquire chemical tankers costing AED 795,684 thousand. This loan carried interest at LIBOR plus margin and is payable in 39 quarterly instalments commencing from 1 August 2008. Final repayment of AED 253,681 thousand was made during the year ended 31 December 2019. The restructured loan has been presented as term loan V and was fully repaid in July 2022.

(c) Term loan II

Term loan of AED 74,238 thousand (net of arrangement fees) was availed to the support acquisition of chemical tankers from GST. This loan carries interest at EIBOR plus margin and is payable in 20 quarterly instalments commencing from 21 September 2017 and a final payment of AED 32,500 thousand on 21 March 2023. During the year ended 31 December 2021, the Group had successfully refinanced this loan along with Term Loan III. The restructured loan has been presented as term loan VI and was fully repaid in July 2022.

(d) Term loan III

Term loan of AED 30,000 thousand was availed by the Group to support acquisition and conversion of an oil stimulation vessel. This loan carries interest at EIBOR plus margin and is payable in 27 equal quarterly instalments commencing from 7 December 2018 with final payment on 7 September 2025. During the year ended 31 December 2021, the Group successfully refinanced this loan along with Term Loan II. The restructured loan has been presented as term loan VI and was fully repaid in July 2022.

(e) Restructuring of Term loan II and III

The Group entered into a debt restructuring agreement with the lender dated 17 June 2021 and subsequently amended on 10 August 2021. Based on such agreement, the outstanding amount payable to the bank as at 31 August 2021 was AED 96,385 thousand, which included AED 85,439 thousand towards principal and AED 10,946 thousand towards accrued interest. The terms of settlement are as under:

- The Group is now required to pay a total value of AED 75,000 thousand (subsequently amended to AED 76,000 thousand) against the existing outstanding amount of AED 96,385 thousand for settlement of Term loans II and III.
- Repayment schedule of AED 76,000 thousand is as follows:
    - AED 55,000 thousand payable on 15 July 2021 (subsequently amended to AED 50,000 thousand payable on 25 August 2021);
    - AED 7,500 thousand each payable on 1 June 2022 and 1 June 2023 respectively (subsequently amended to AED 8,500 thousand); and
    - AED 5,000 thousand payable on 1 June 2024 (subsequently amended to AED 9,000 thousand).
- Mortgage and assignment of earnings on vessels Gulf Mishref and Allianz Warrior towards these loans is to be released.
- In case of any default in the future, the bank has a right to claim all the outstanding liability plus all contractual interest and charges as per the original terms and conditions of Term Loans II and III.

Accordingly, once all the payments are made as per the settlement agreement, the Group will derecognise the liability of AED 20,385 thousand (AED 9,439 thousand towards principal and AED 10,946 thousand towards accrued interest).

The first instalment of AED 50,000 thousand was paid in September 2021 by the lender of Term Loan V on behalf of the Group.

The settlement agreement is silent on the applicability of interest on the remaining loan of AED 26,000 thousand. Based on discussions with the lenders, management believes that the loan is interest-free. Accordingly, management had discounted the restructured liability using the effective interest rate of 8% leading to recognition of finance income of AED 3,265 thousand during year ended 31 December 2021 out of which during the year ended 31 December 2022, AED 1,525 thousand is has been recognised as amortisation of discounted value.

All other terms and conditions of Term loans II and III remain unchanged.

The Group has defaulted the repayment of term loans on 1 June 2022 amounting to AED 8,500 thousand, and hence, the entire amount of the term loan and AED 10,946 thousand towards accrued interest was classified as current liability in the condensed consolidated statement of financial position as at 31 December 2022.

13 BORROWINGS (continued)

(e) Restructuring of Term loan II and III (continued)

Management is in active discussions on a revised settlement plan with the lender. The key terms of the proposed settlement are as follows:

- Upfront payment of AED 1,000 thousand and legal fees/expenses amount of AED 190 thousand.
- Remaining amount of AED 25,000 thousand to be paid on 1 June 2023 plus interest of (3M EIBOR+ 3.5%) minimum 5.5% per annum till full and final settlement in case of any delay.

In accordance with the above, the Group has made the first payment of AED 1,190 thousand to the lender on 29 March 2023.

In case the Group defaults on the scheduled payment, the total amount payable would be AED 51,095 thousand.

(f) Term loan IV

Term loan of AED 59,377 thousand (net of arrangement fees) was availed to the support acquisition of livestock vessels. This loan carries interest at EIBOR plus margin and is payable in 16 quarterly instalments commencing from 29 May 2019 with a final payment 29 November 2023. On 18 March 2020, the bank agreed to revise the facility letter and defer the instalments. As per the revised facility letter, the repayments shall begin from 27 May 2020 with final payment on 27 November 2023. As of the date of reporting, the Group repaid the loan in entirety from the proceeds of insurance claim received on one of the livestock vessels [Note 24(i)].

(g) Term loan V

On 19 July 2019, the Group entered into a refinancing arrangement "the Agreement" to refinance Term Loan I. The liability is payable on a monthly basis at the rate of AED 43,920 per day for the first 12 months and AED 139,446 per day for the period of 4 years and a final repayment of AED 128,638 thousand on 19 July 2024 and it carries effective interest rate at 9.42% per annum.

The management of Group has completed an assessment and have concluded that the Agreement does not qualify as a 'sale transaction' as defined by IFRS 15: Revenue from Contracts with Customers as the management has a mandatory purchase option to buy back the vessels at the end of the lease term. Accordingly, management has treated this transaction as a financing arrangement whereby previous liabilities have been settled and new liabilities have been recognised.

The significant covenant for the above financing arrangement is maintaining the leverage ratio on quarterly basis on the payment date starting three (3) months after the first drawdown and also prior to the exercise of a purchase option as depicted below:

Months	0-12	13-24	25-36	37-48	49-60
Maximum Leverage Ratio	80.00%	72.50%	65.00%	57.50%	50.00%

In addition to above, following covenants are also applicable:

- the unrestricted cash shall not be less than 6.5% of net debt;
- the current assets at all times exceed the current liabilities; and
- the leverage ratio shall be less than 70%.

On 27 April 2021, the Group entered into an amendment with the bank with revised terms of repayment ("the Amendment"). The liability is payable on a monthly basis at the rate of AED 128,466 per day for a period of two years starting from 1 May 2021 with a final repayment of AED 109,434 thousand on 30 April 2023.

In addition to above, following covenants are also amended as follows:

- consolidated maximum leverage ratio of 75% on year 1 and 65% on year 2 (at vessel owning company level);
- consolidated minimum liquidity of USD 1 million (at vessel owning company level);
- the unrestricted cash shall be no less than the lower of USD 2 million, and 5% of net debt (at Group level); and
- the leverage ratio shall be less than 80% (at Group level).

The above borrowings were fully repaid in July 2022 and the mortgage on chemical tankers was released.

13 BORROWINGS (continued)

(h) Term loan VI

On 23 September 2021, the Group entered into a refinancing arrangement "the Agreement" to refinance Term Loan II and III. The liability is payable on a monthly basis at the rate of AED 42,822 per day for the first 12 months and AED 21,374 per day for thereafter until 30 April 2023 with a final repayment of AED 37,112 thousand on 30 April 2023.

The management of Group has completed an assessment and have concluded that the Agreement does not qualify as a 'sale transaction' as defined by IFRS 15: Revenue from Contracts with Customers as the management has a mandatory purchase option to buy back the vessels at the end of the lease term. Accordingly, management has treated this transaction as a financing arrangement whereby previous liabilities have been settled and new liabilities have been recognised.

The significant covenant for the above financing arrangement are as follows:

- Consolidated Minimum Liquidity of USD 200,000
- Maximum Leverage Ratio of 70% on year 1 and 60% on year 2

The above borrowings were secured by the mortgage of vessels, one chemical tanker and one well stimulation vessel with a net book value of AED 113,521 thousand.

The above borrowings were fully repaid in July 2022 and the mortgage on chemical tankers was released.

(i) Term loan VII

On 22 July 2022, the Group entered into a refinancing arrangement with a financial institution to restructure its borrowings. In accordance with the arrangement, the Group borrowed a sum of AED 226,920 thousand Out of the proceeds of the loan, the Group fully settled Term loans V and VI. The group incurred arrangement fee of AED 4,172 thousand which has been amortised.

The facility is a sale and leaseback transaction for the Group's five chemical tankers. The facility is payable on a quarterly basis starting from July 2022 through bareboat charter hire for next five years with balloon repayment of AED 57,092 thousand at the end of five years, comprising of fixed hire and variable hire carrying coupon of 3 months LIBOR plus spread.

Management of the Group has completed an assessment of the arrangement and have concluded that the sale of vessel to the lender does not qualify as a 'sale transaction' as defined by *IFRS 15: Revenue from Contracts with Customers,* as the Group has a mandatory purchase option to buy back the vessels at the end of the lease term. Accordingly, vessels have not been derecognised and the related borrowing is shown as a liability.

The significant covenants on the above financing arrangement are as follows:

- The Group shall keep a minimum cash balance equal to USD 2.0 million by quarterly delivery of a compliance certificate outlining relevant covenants and ratio calculations.
- Debt Service Coverage Ratio > 1.0 (applicable from 1 January 2025)
- Market Adjusted Leverage shall be less than seventy percent (70%)
- Asset coverage ratio shall be less than seventy-five percent (75%)
- The annual Fair Market Value to the Outstanding Charter hire on relevant date shall not be less than 110%.

The Group is in compliance of all the required covenants for this borrowing as of 31 December 2022.

(j) Short term loans

1. On 7 January 2019, the Group obtained a short term Murabaha facility of AED 7,346 thousand carrying fixed profit rate. During the year ended 31 December 2020, the Group repaid the principal outstanding of AED 7,346 thousand. The remaining amount of AED 831 thousand represents profit payable on this facility.

2. On 20 January 2022, the Group secured a working capital loan from a third party for an amount of USD 2.75 million (equivalent AED 10.07 million). The loan carries an interest of 12% p.a. and is repayable after one year. This loan is secured by the mortgage of one livestock vessel with a net book value of AED 51,340 thousand. The Group paid AED 453 thousand of arrangement fee which is adjusted from the principal amount and is being unwound over the period of the loan. This loan was fully repaid in August 2022 and mortgage on the livestock vessel was released.

14 ISLAMIC NON-CONVERTIBLE SUKUK

On 16 January 2020, the Board of Directors passed a resolution to issue Islamic non-convertible sukuk amounting to AED 125,000 thousand by way of a private placement. The Group has obtained approval on 12 March 2020 and on 29 March 2020 from the regulatory authority and shareholders in a general meeting respectively to issue the Islamic non-convertible sukuk with the following terms:

- Security: Non-convertible Islamic sukuk
- Type of sukuk – in compliance with Islamic Shari'a
- Value of sukuk – AED 125,000 thousand
- Number of sukuk – 125,000,000
- Issuance price per sukuk: AED 1 per sukuk
- Profit rate – 12% per annum payable semi-annually
- Final dissolution/due date: 5 years from the sukuk issuance date

During the period ended 31 December 2020, Islamic non-convertible sukuk amounting to USD 23,927 thousand equivalent to AED 87,572 thousand has been subscribed and cash has been received. Cost of issuance of Islamic non-convertible sukuk amounting to AED 9,915 thousand was set off from the principal amount and is being unwound over the period of the Sukuk. During the period, Islamic non-convertible sukuk holders of AED 50,541 thousand of Sukuk agreed to convert their holdings into the Group's shares. The conversion terms are described in Note 32.

	2022	*2021*
	AED'000	*AED'000*
Balance at 1 January	**81,385**	79,546
Conversion of Islamic non-convertible sukuk to Mandatory convertible bonds [Note 32(i)]	**(50,541)**	-
Amortisation of the arrangement fee	**1,839**	1,839
Amortisation of the arrangement fee related to Conversion of Islamic non-convertible sukuk to Mandatory convertible bonds [Note 32 (i)]	**2,300**	-
Balance at 31 December	**34,983**	81,385

On 14 February 2023, the representative of Sukuk holders (the 'Representative') has sent an event of default notice to the Company in relation to default in payment of periodic distribution amount as per the terms of the underlying agreements related to issuance of Islamic non-convertible sukuk (the "Terms"). Accordingly, the Representative has demanded and claims the dissolution distribution amount and the delegate liabilities sum, being USD 14,804 thousand (equivalent AED 54,183 thousand). Further, the Securities and Commodities Authority (SCA) through their letter dated 24 March 2023 has requested clarification from the Group in relation to such default. Management of the Group has assessed that the claim made by the Representative as not valid and is of the view that the liability recorded in the consolidated financial statements of the Group is in accordance with the Terms and will be settled when due as per the Terms. This assessment was communicated by the management to the SCA through a letter dated 24 March 2023. Notwithstanding, the entire amount of the Sukuk liability (net of unamortised arrangement fees) has been classified as current liability, and accrued interest is included under trade and other payables [Note 16] in the consolidated financial statements.

15 PROVISION FOR EMPLOYEES' END OF SERVICE BENEFITS

	2022	*2021*
	AED'000	*AED'000*
Balance at 1 January	**1,177**	1,348
Charge for the year (Note 21)	**180**	128
Payments during the year	**(146)**	(299)
Balance at 31 December	**1,211**	1,177

Provision for employees' end of service benefits is made in accordance with the UAE labour law and is based on current remuneration and cumulative years of service at the reporting date.

16 TRADE AND OTHER PAYABLES

	2022 ***AED'000***	*2021* *AED'000* *(Restated)*
Non-current		
Interest payable on borrowings [Note 13(e)]	**-**	10,946
Current		
Trade payables	**22,091**	25,245
Consideration payable on acquisition of a business [Note 16(a)]	**-**	20,000
Interest payable on borrowings	**23,490**	18,031
Advance from customers	**11,501**	12,849
Dividend payable	**10,470**	10,544
Tax accrual	**3,812**	2,673
Payable to liquidity provider [Note 31]	**8,674**	-
Provisions and other payables	**19,650**	36,488
	99,688	125,830
	99,688	136,776

(a) During 2018, the Group obtained control of Gulf Navigation Livestock Carrier Ltd. Inc, a wholly owned subsidiary of Aksab Investments LLC, which is registered in the Republic of Panama, for a purchase consideration of AED 420,000 thousand. Out of AED 420,000 thousand, an amount of AED 12,000 thousand payable (31 December 2021: AED 20,000 thousand) was converted into equity of the Group which was part of the creditors conversion into equity as further explained in Note 32(i). The Group had previously received a waiver of AED 8,000 thousand from Aksab Investment LLC which is included within 'Liabilities no longer required written back' in the consolidated statement of comprehensive income for year ended 31 December 2022.

(b) During the year ended 31 December 2022, the Group has written back liabilities no longer required written back totalling to AED 11,707 thousand, excluding the AED 8,000 thousand as discussed above.

17 RELATED PARTY TRANSACTIONS AND BALANCES

(a) The Group, in the normal course of business carries out transactions with other business enterprises that fall within the definition of a related party contained in IAS 24. These transactions are carried out at mutually agreed rates.

Related parties include the major shareholders, directors, key management personnel of the Group, and their related entities that have control, joint control or significant influence over the Group. Pricing policies and terms of these transactions are approved by the Group's management.

(b) The outstanding balances from related parties are given below:

	31 December 2022 AED'000	*31 December 2021 AED'000*
Major shareholders (disclosed as current liability)	**-**	10,838

The loan obtained from the major shareholders was utilised to finance dry docking of chemical tankers. During the year ended 31 December 2022, shareholder loan to the extent of AED 10,838 thousand was converted into equity [Note 32(i)].

17 RELATED PARTY TRANSACTIONS AND BALANCES (continued)

(c) Key management remuneration

	2022 *AED'000*	*2021* *AED'000*
Salaries and other benefits	**2,473**	1,215
End of service benefits	**35**	34

18 OPERATING REVENUE

The Group derives its revenue from contracts with customers for the transfer of goods and services over time and at a point in time in the following major streams of revenue. This is consistent with the revenue information that is disclosed for each reportable segment under IFRS 8 (Note 4).

	2022 *AED'000*	*2021* *AED'000*
Over a period of time		
Vessel chartering	**127,110**	113,247
Shipping and technical services	**10,119**	5,657
At a point in time		
Marine products sales and distribution	-	20
Other operating income	-	422
	137,229	119,346

19 OPERATING COSTS

	2022 *AED'000*	*2021* *AED'000*
Vessel chartering:		
Ship running - vessels	**62,748**	49,791
Depreciation of vessels (excluding crew boats) and dry-docking cost [Note 5(b)]	**41,275**	38,987
Ship running - crew boats	**4,507**	3,968
Ship repair	**1,048**	2,090
Shipping services:		
Operating costs	**7,169**	3,181
Marine products sales and distribution	-	5
	116,747	98,022

20 GENERAL AND ADMINISTRATIVE EXPENSES

	2022 **AED'000**	*2021* *AED'000*
Staff costs [Note 21]	**7,121**	7,853
Provision for claims [Note 20(a)]	**-**	1,507
Consultancy fee	**-**	1,576
Professional fees	**1,494**	1,563
Provision for expected credit losses	**395**	2,142
Depreciation of vessels, property and equipment [Note 5(b)]	**-**	672
Depreciation of rights-of-use assets [Note 6]	**192**	383
Foreign exchange (gain)/loss, net	**(63)**	69
Others	**4,277**	2,902
	13,416	18,667

(a) Provision for claims for 2021 includes provision for costs payable to the Port of Fujairah towards charges relating to third-party vessel to which the Group was providing certain services. The vessel was arrested by the Port authorities in the year 2017 and auctioned off in March 2019. The sale proceeds from the vessel were received by the Port authorities in February 2021 and were not adequate to cover the charges payable by the vessel to the Port authorities. Further, the vessel owner declared bankruptcy, and as such, the charges are required to be borne by the Group. Consequently, a provision of AED 1,507 thousand was recognised during the year ended 31 December 2021 to bear such costs. This provision was utilised during the year.

(b) The Group did not make any social contributions during the year ended 31 December 2022 (2021: Nil).

21 STAFF COSTS

	2022 **AED'000**	*2021* *AED'000*
Salaries and wages	**6,686**	7,202
Employees' end of service benefits (Note 15)	**180**	128
Other benefits	**255**	523
	7,121	7,853

22 EARNINGS PER SHARE

	2022 **AED'000**	*2021* *AED'000* *(Restated*)*
Profit for the year attributable to the Owners of the Company (AED'000)	**4,665**	58,116
Number of shares (Note 11)	**1,275,391,249**	1,019,209,250
Basic and diluted earnings per share (AED)	**AED 0.004**	AED 0.056

Basic earnings per share is calculated by dividing the profit/loss attributable to owners of the Group by the weighted average number of ordinary shares in issue.

23 FINANCE COSTS

	2022	2021
	AED'000	AED'000
Finance cost on:		
- Term loans	**23,530**	27,434
- Islamic non-convertible sukuk	**8,923**	12,518
- Loan from shareholders	-	100
Other charges	**792**	366
	33,245	40,418

24(i) INCOME FROM INSURANCE CLAIM

	2022	2021
	AED'000	AED'000
Income from insurance claim	-	85,759

On 2 September 2020, one of the livestock vessel (Gulf Livestock 1), capsized in Japanese waters. As a result of this incident the Group wrote off the entire carrying value of the vessel amounting to AED 197,541 thousand during the year ended 31 December 2020. During the year, the Group received the full amount of AED 82,350 thousand from the insurance provider. This amount was utilised to repay term loan IV [Note 13(f)].

On 20 November 2019, one of the livestock vessels (Gulf Livestock 1) of the Group suffered damage to main engine due to overheating whilst manoeuvring after leaving Panjang port. The Group filed an insurance claim for the repairs cost and received confirmation during the current period amounting to AED 2,821 thousand. During the year ended 31 December 2021, the Group received the full amount of AED 2,821 thousand from the insurance provider.

The amount disclosed as "Income from insurance claim" in the Consolidated statement of comprehensive income includes the two above claims of AED 82,350 thousand and AED 2,821 thousand, and other miscellaneous insurance claims of AED 588 thousand.

24(ii) LIABILITIES NO LONGER REQUIRED WRITTEN BACK

	2022	2021
	AED'000	AED'000
Tax liabilities*	-	6,181
Other [Note 16 (a) and (b)]	**19,707**	480
	19,707	6,661

*During the year ended 31 December 2018, a branch of the Group received a letter from the tax authorities noting that the branch's returns for the financial years from 2010 to 2016 did not comply with the tax regulations. In 2018, the Group entered into an agreement with the tax authorities for an amount of AED 17,749 thousand towards full and final settlement of its tax dues for prior years up to 2016. Out of AED 17,749 thousand, the Group had settled AED 11,568 thousand as of 31 December 2019. During the year ended 31 December 2021, the Group had received a waiver from the tax authorities for the remaining AED 6,181 thousand. Hence, the Group derecognise liabilities of AED 6,181 thousand which are included within 'Liabilities no longer required written back' in the consolidated statement of comprehensive income.

24(iii) OTHER INCOME

	2022 **AED'000**	*2021* *AED'000*
Gain on trading of treasury shares, net* [Note 31]	**12,036**	-
Others	**740**	794
	12,776	794

*Gain on trading of treasury shares was recognised based on liquidity provider regulations allowed by the Securities and Commodities Authority.

25 FINANCIAL INSTRUMENTS

a) Categories of financial instruments

	2022 **AED'000**	*2021* *AED'000*
Financial assets		
At amortised cost		
Trade and other receivables (excluding advance to suppliers and prepayments) (Note 9)	**12,357**	28,237
Cash and bank balances (Note 10)	**28,271**	24,675
	40,628	52,912

	2022 **AED'000**	*2021* *AED'000* *(Restated)*
Financial liabilities		
At amortised cost		
Trade and other payables (excluding advance from customers) (Note 16)	**88,187**	123,927
Borrowings (Note 13)	**233,323**	229,232
Loan from related parties (Note 17)	-	10,838
Lease liability (Note 6)	-	192
Islamic non-convertible sukuk (Note 14)	**34,983**	81,385
	356,493	445,574

b) Fair value of financial instruments

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

The fair values of financial assets and financial liabilities approximate their respective carrying values in the statement of financial position as at the end of the reporting period.

26 COMMITMENTS

Capital expenditure commitment
The capital expenditure commitment of Group amounted to AED nil (2021: AED nil thousand).

27 GUARANTEES

	2022 ***AED'000***	*2021* *AED'000*
Bank guarantees	-	105

The Group has bank guarantees arising in the ordinary course of business from which it is anticipated that no material liabilities will arise.

28 CONTINGENCIES

At 31 December 2022, the Group has a contingent liability with respect to not meeting the proposed payments towards Term loan II and III settlement, amounting to AED 5,952 thousand as further discussed in Note 13(e). (2021: Nil).

29 FINANCIAL RISK MANAGEMENT

29.1. Financial risk factors

Overview
The Group has exposure to the following risks from its use of financial instruments:

a) Market risk,
b) Credit risk, and
c) Liquidity risk.

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk and the Group's management of capital.

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework. Group's senior management are responsible for developing and monitoring the Group's risk management policies and report regularly to the Board of Directors on their activities.

The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. Risk management is carried out by the finance department under the policies approved by the Board of Directors. The Group Finance team identifies and evaluates financial risks in close co-operation with the Group's operating units. The Board of Directors provides written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, profit rate risk and credit risk and investing excess liquidity. Key financial risk management reports are produced monthly on a Group level and provided to the key management personnel of the Group.

Market risk

Foreign exchange risk
The Group is not significantly exposed to foreign exchange risk as the majority of its sales, purchases and borrowings are primarily denominated in the respective functional currencies of Group companies or in AED which is pegged to USD. Amounts in USD have been translated into AED at the rate of USD 1 = AED 3.66 as there is a constant peg between USD and AED.

Price risk
The Group is not exposed to any significant price risk.

Fair value profit rate risk
The Group is not exposed to any significant fair value profit rate risk due to changes in profit rates.

Cash flow profit rate risk
The Group's profit rate risk principally arises from long-term borrowings at variable rates. Borrowings issued at variable rates expose the Group to cash flow profit rate risk.

The Group's profit rate risk is monitored by the Group's management on a monthly basis. The profit rate risk policy is approved quarterly by the Board of Directors. Management analyses the Group's profit rate exposure on a dynamic basis. Various scenarios are simulated, taking into consideration refinancing, renewal of existing positions, alternative financing and hedging. Based on these scenarios, the Group calculates the impact on profit and loss of a defined profit rate shift. The scenarios are run only for liabilities that represent the major profit-bearing positions. The simulation is done on a monthly basis to verify that the maximum potential loss is within the limits set by management.

29 FINANCIAL RISK MANAGEMENT (continued)

29.1. Financial risk factors (continued)

Credit risk
Credit risk mainly arises from trade receivables, cash and bank balances and due from related parties. Only banks and financial institutions which are independently rated or with high reputation are accepted. Other receivables and due from related parties, except provided for, are fully recoverable at the reporting date.

The credit quality of the financial assets held with banks can be assessed by reference to external credit ratings as follows:

	Rating (Moody's)			
	2022	*2021*	***2022 AED'000***	*2021 AED'000*
Counterparty				
Banks				
A	**Aa1**	Aa1	**16,386**	13,183
B	**Aa3**	Aa3	**10,468**	10,543
C	**A2**	A2	**163**	577
D	**A1**	A1	**14**	3
E	**A2**	A2	**636**	148
F	**A1**	A1	**2**	14
G	**Aa3**	Aa3	**438**	4
H	**Baa1**	Baa1	**28**	42
Cash at banks (Note 10)			**28,135**	24,514

The credit risk related to trade and other receivables is disclosed in Note 9.

Liquidity risk
Cash flow forecasting is performed in the operating entities of the Group and aggregated by Group Finance. Group Finance monitors the rolling forecast of the Group's liquidity requirements to ensure that it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities at all times so that the Group does not breach borrowing limits or covenants (where applicable) on any of its borrowing facilities and also to cover the future capital requirements. Such forecasting takes into consideration the Group's debt financing plans, covenant compliance and compliance with internal consolidated statement of financial position ratio targets.

The following are the contractual maturities of financial liabilities, including estimated finance cost payments and including the impact of netting agreements:

	Carrying amount AED'000	***Contractual cash flows AED'000***	***Less than 1 year AED'000***	***One to five years AED'000***
At 31 December 2022				
Trade and other payables (excluding advance from customers and dividend payable)	**27,928**	**27,928**	**16,982**	**10,946**
Borrowings (Note 13)	**232,492**	**304,335**	**93,905**	**210,430**
Islamic non-convertible sukuk (Note 14)	**32,683**	**59,250**	**59,250**	**-**
	293,103	**391,513**	**170,137**	**221,376**

29 FINANCIAL RISK MANAGEMENT (continued)

29.1. Financial risk factors (continued)

Liquidity risk (continued)

	Carrying amount AED'000	*Contractual cash flows AED'000*	*Less than 1 year AED'000*	*One to five years AED'000*
At 31 December 2021				
Trade and other payables (excluding advance from customers and dividend payable)	110,749	110,749	99,803	10,946
Borrowings (Note 13)	229,232	255,050	77,380	177,670
Lease liability (Note 6)	192	192	192	-
Islamic non-convertible sukuk (Note 14)	81,385	140,114	20,380	119,734
Loan from related parties (Note 17)	10,838	10,838	10,838	-
	432,396	516,943	208,593	308,350

The future finance cost in respect of bank borrowings amounts to AED 71,843 thousand (2020: AED 20,529 thousand). The payment profile of this finance cost is as follows:

	2022 AED'000	*2021 AED'000*
Not later than one year	**19,302**	16,418
Between one year and five years	**52,541**	4,111
	71,843	20,529

30 CAPITAL RISK MANAGEMENT

The primary objective of the Group's capital management is to maintain an optimal capital structure in order to support its business thereby increasing shareholder's value and benefits for other stakeholders. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, or issue new shares to reduce debt.

The Group monitors capital on the basis of gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt represents 'finance lease', 'bank borrowings' and 'other loans' (part of 'trade and other payables') as shown in the consolidated statement of financial position less 'cash and cash equivalents' as shown in the consolidated statement of cash flows. Total capital is calculated as 'total equity' as shown in consolidated statement of financial position plus net debt.

	2022 AED'000	*2021 AED'000 (Restated)*
Total borrowings (Note 6, 13, 14 and 17)	**268,306**	321,647
Cash and cash equivalents (Note 10)	**(17,802)**	(9,740)
Net debt	**250,504**	311,907
Total equity (restated)	**423,144**	374,837
Total capital (restated)	**673,648**	686,744
	37.19%	45.42%

31 TREASURY SHARES

On 28 April 2022, during the annual general assembly, the shareholders of the Group approved the recommendation of the Board of Directors to buy back the Company's shares, not exceeding 10% of its total shares, for the purpose of disposing them in accordance with the decision issued by the Securities & Commodities Authority ("SCA") in this regard, while authorising the Group's Board of Directors to:

- Implement the decision of the general assembly during the period approved by SCA.
- Reduce the capital of the Company in the event of not meeting the period specified by SCA to dispose of the purchased shares by cancelling those shares with the amendment of the Company's capital in the Articles of Association.

As stated in note 9, the Group appointed a liquidity provider. During the year ended 31 December 2022, the Group, through the liquidity provider, purchased its own shares costing AED 24,045 thousand. The Group has a payable of AED 20,710 thousand to the liquidity provider against the share purchased which is partially offset by a receivable of AED 12,036 thousand from the liquidity provider towards gain on trading of these share. The net payable of AED 8,674 thousand is recorded under payables (note 16). Further, the difference between the cost of treasury shares (AED 24,045 thousand) and the gross liability to the liquidity provider (AED 20,710 thousand) amounting to AED 3,335 thousand is disclosed under cash used in investing activities in the consolidated statement of cash flows for the year ended 31 December 2022.

As of the date of authorisation of this consolidated financial statement, these shares are not yet cancelled.

32 OTHER RESERVES

The change in other reserves was due to:

(i) Conversion of Islamic non-convertible sukuk, accrued interest and creditors to equity

On 31 January 2022 in the General Assembly Meeting, the Group approved the issuance of mandatory convertible bond ("New Bond") amounting to AED 150,000 thousand for capital increase purposes to restructure existing Islamic non-convertible sukuk and liability with creditors.

Subsequently, the Group obtained the approval from the Securities and Commodities Authority for the issuance of the New Bond. In June 2022, the Group agreed for the conversion to New Bond with the following parties:

(a) Liability holders of Islamic non-convertible sukuk amounting to AED 50,540 thousand along with accrued interest until 31 March 2022 of AED 11,565 thousand;

(b) Creditors amounting to AED 12,450 thousand and;

(c) Short-term loans from related parties amounting to AED 10,838 thousand.

Out of the approved AED 150,000 thousand, the Group has issued AED 85,394 thousand of New Bond to the abovementioned parties. The New Bond was then converted into 256,182 thousand shares at a price of AED 0.33 per share. All the new shares are subject to the lockup period of one year.

The Company has completed the requirement for capital increase effective from 29 September 2022 with an increase from AED 1,019,209,250 to AED 1,275,391,250.

Unamortised arrangement fees related to Conversion of Islamic non-convertible sukuk to Mandatory convertible bonds as at the date of conversion amounting to AED 2,300 thousand was recognised as expense during the year ended 31 December 2022 [Note 14]

32 OTHER RESERVES (continued)

(ii) Purchase of 40% investment in Gulf Navigation Polimar Maritime LLC

On 19 September 2022, the Group entered into a settlement agreement to purchase balance 40% investment in Gulf Navigation Polimar Maritime LLC from Polimar Holdings BV ("Polimar"). The terms were as below:

(a) settlement of Polimar payables, receivables and non-controlling interest balances amounting to AED 2,745 thousand, AED 16,604 thousand and AED 9,960 thousand respectively,

(b) purchase consideration of AED 3,660 thousand for 40% share has been agreed out of which AED 915 thousand was paid in September 2022 for 10% share. The balance of the consideration of AED 2,745 thousand will be payable in the form of mandatory convertible bond which have the lock up period of 1 year. As of 31 December 2022, the remaining consideration has been recorded as a payable (note 16). Further, the Group has discounted AED 2,745 thousand to its present value and recorded AED 191 thousand as an income on discounting in the Group's condensed consolidated financial statements for the year ended 31 December 2022.

(c) The remaining shares of Polimar will be transferred to the Group upon the settlement of the remaining consideration.

The Group has been given the power of attorney to act on behalf of Polimar as a shareholder in the Company with full powers, except those related to the disposal of the shares of Polimar. After the lapse of the first year and by the powers granted pursuant to the said power of attorney, the attorney can sell or transfer the title and ownership of Polimar shares. With that, the Group has recognised 40% of the acquisition as of year ended 31 December 2022 having beneficial control on Polimar's shares.

An amount of AED 7,559 thousand has been booked included within other reserves representing the excess of purchase consideration over the net carrying value of non-controlling interest as at the date of acquisition.

33 NON-CONTROLLING INTERESTS

Summarised financial information in respect of the Gulf Navigation Polimar Maritime LLC, UAE that has material non-controlling interests is set out below. The summarised financial information below represents amounts before intragroup eliminations. Refer note 32 (ii) for purchase of 40% investment in Gulf Navigation Polimar Maritime LLC as at 31 December 2022. Accordingly, no non-controlling interest has been recognised as at 31 December 2022.

	2022 AED'000	*2021 AED'000*
Non-current assets	-	5,555
Current assets	-	28,320
Current liabilities	-	(8,023)
Non-current liabilities	-	(482)
Net Assets	-	25,370
Equity attributable to the owner of the Company	-	15,222
Equity attributable to non-controlling interest	-	10,148
Revenue	-	12,162
Total expenses	-	(15,232)

	2022 AED'000	*2021 AED'000*
Net loss and total comprehensive income for the year	-	(3,070)
Total comprehensive loss attributable to the owners of the Company	-	(1,842)
Total comprehensive loss attributable to non-controlling interest	-	(1,228)
Net cash generated from operating activities	-	283
Net cash used in investing activities	-	-
Net cash used in financing activities	-	-

34 RESTATEMENT OF COMPARATIVE BALANCES

During the current year, management has restated the following previously reported balances:

(i) Under-accrual for underperformance claims relating to the year ended 31 December 2021.

Consolidated statement of comprehensive income for the period ended 31 December 2021:

	As previously reported AED'000	*Adjustments AED'000*	*As restated AED'000*
Operating Revenue (i)	121,980	(2,634)	119,346
Profit for the year (i)	59,522	(2,634)	56,888

Consolidated statement of financial position for the year ended 31 December 2021:

	As previously reported AED'000	*Adjustments AED'000*	*As restated AED'000*
Accumulated losses (i)	(668,909)	(2,634)	(671,543)
Trade and other payables (i)	123,196	2,634	125,830

35 SUBSEQUENT EVENTS

The Company in its General Assembly of its shareholders held on 22 March 2023, through special resolutions approved the following:

a. A capital reduction by 50% of the total issued share capital of the Company through the cancellation of 637,695,625 shares in the Company with the nominal valued of AED 1 (the " capital reduction") on a pro rata basis to absorb the accumulated losses amounting to AED 637,695,625 so that the Company's capital becomes AED 637,695,625 instead of AED 1,275,391,250 noting that the company will fully use the legal or optional reserves to absorb part of the losses, then the remaining losses will be absorbed from the share capital and approved granting the Board the full authority to take all actions required to implement and execute the capital reduction pursuant to the provisions of the Decree by Law number 32 of 2021 concerning Commercial Companies and the executive regulations of the Securities and Commodities Authority ("SCA").

b. The private issuance of 220 million mandatory convertible bonds ("MCBs") to new investors which will be converted to 200 million shares at a conversion price of AED 1.10 and the increase in the share capital of the Company to become AED 837,695,625 as contrary to AED 637,695,625 after the completion of the capital reduction procedures subject to obtaining necessary approvals from the regulators, and approved granting the Board the full authority to take all actions required to implement and execute the capital increase pursuant to the provisions of the CCL and the executive regulations of SCA and to sign on all documents related to the MCBs.

Subsequent to the year end the Group has received a notice from the SCA related to the event of default event of default notice to the Company in relation to periodic distribution amount as per the terms of the underlying agreements related to issuance of Islamic non-convertible sukuk [Note 14].

36 CORPORATE TAX

On 9 December 2022, the UAE Ministry of Finance released Federal Decree-Law No. 47 of 2022 on the Taxation of Corporations and Businesses (Corporate Tax Law or the Law) to enact a Federal corporate tax (CT) regime in the UAE. The CT regime will become effective for accounting periods beginning on or after 1 June 2023.

Generally, UAE businesses will be subject to a 9% CT rate. A rate of 0% will apply to taxable income not exceeding a particular threshold to be prescribed by way of a Cabinet Decision (expected to be AED 375,000 based on information released by the Ministry of Finance). In addition, there are several other decisions that are yet to be finalised by way of a Cabinet Decision that are significant in order for entities to determine their tax status and the taxable income. Therefore, pending such important decisions by the Cabinet as at 31 December 2022, the Group has considered that the Law is not substantively enacted from IAS 12 – Income Taxes perspective as at 31 December 2022. The Group shall continue to monitor the timing of the issuance of these critical cabinet decisions to determine their tax status and the application of IAS 12 – Income Taxes.

The Group is currently in the process of assessing the possible impact on the separate financial statements, both from current and deferred tax perspective, once these critical cabinet decisions are issued.