AL SEER MARINE SUPPLIES AND EQUIPMENT COMPANY PJSC
(formerly Al Seer Marine Supplies and Equipment Company LLC)

Review report and interim condensed consolidated financial information for the three-month period ended 31 March 2022

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Deloitte.

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REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION TO THE SHAREHOLDERS OF AL SEER MARINE SUPPLIES AND EQUIPMENT COMPANY PJSC

(formerly Al Seer Marine Supplies And Equipment Company LLC)

Introduction

We have reviewed the accompanying condensed consolidated statement of financial position of Al Seer Marine Supplies and Equipment Company PJSC (formerly Al Seer Marine Supplies and Equipment Company LLC) (the "Company") and its subsidiaries (together referred to as the "Group") as at 31 March 2022 and the related condensed consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the three-month period then ended. Management is responsible for the preparation and fair presentation of this interim condensed consolidated financial information in accordance with International Accounting Standard 34 '*Interim financial reporting*' as issued by International Accounting Standards Board (IASB). Our responsibility is to express a conclusion on this interim condensed consolidated financial information based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "*Review of Interim Financial Information Performed by the Independent Auditor of the Entity*". A review of interim condensed consolidated financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial information is not prepared, in all material respects, in accordance with International Accounting Standard 34 '*Interim Financial Reporting*'.

Deloitte & Touche (M.E.)

Mohammed Khamees Al Tah
Registration No. 717
25 April 2022
Abu Dhabi
United Arab Emirates

Condensed consolidated statement of financial position as at 31 March 2022

	Notes	31 March 2022 (unaudited) AED	31 December 2021 (audited) AED
ASSETS			
Non-current assets			
Property and equipment	**4**	**135,936,988**	137,176,314
Right-of-use assets	**5**	**6,285,761**	6,405,117
Investment in a joint venture	**6**	**72,718,913**	-
Investments carried at fair value through profit or loss (FVTPL)	**7**	**6,733,016,630**	5,465,724,492
Total non-current assets		**6,947,958,292**	5,609,305,923
Current assets			
Inventories		**902,298**	815,557
Trade and other receivables	**8**	**226,449,252**	319,025,822
Contract assets	**9**	**65,159,861**	79,338,833
Due from related parties	**10**	**13,637,255**	15,310,454
Cash and bank balances	**11**	**124,310,505**	97,801,684
Total current assets		**430,459,171**	512,292,350
Total assets		**7,378,417,463**	6,121,598,273

Condensed consolidated statement of financial position as at 31 March 2022 (continued)

	Notes	31 March 2022 (unaudited) AED	31 December 2021 (audited) AED
EQUITY AND LIABILITIES			
Equity			
Share capital	12	**1,000,000,000**	1,000,000,000
Statutory reserve		**254,845,359**	254,845,359
Capital contribution		**2,200,000,000**	2,200,000,000
Retained earnings		**2,417,376,663**	2,341,743,379
Total equity		**5,872,222,022**	5,796,588,738
Liabilities			
Non-current liabilities			
Provision for employees' end of service benefit	13	**12,674,196**	12,223,221
Bank borrowings	14	**1,200,353,520**	-
Lease liabilities	5	**6,437,962**	6,530,128
Total non-current liabilities		**1,219,465,678**	18,753,349
Current liabilities			
Trade and other payables	15	**64,014,068**	71,797,623
Contract liabilities	16	**98,773,003**	111,910,507
Lease liabilities	5	**355,497**	351,108
Loan from a related party	10	**121,832,167**	121,832,167
Due to related parties	10	**1,755,028**	364,781
Total current liabilities		**286,729,763**	306,256,186
Total liabilities		**1,506,195,441**	325,009,535
Total equity and liabilities		**7,378,417,463**	6,121,598,273

Chief Executive Officer

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AL SEER MARINE SUPPLIES & EQUIPMEN COMPANY P.J.S.C.

Head of Finance

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

Condensed consolidated statement of profit or loss and other comprehensive income for the period ended 31 March 2022

	Notes	Three-month period ended 31 March 2022 (unaudited) AED	2021 (unaudited) AED
Revenue	**17**	**171,030,074**	121,618,493
Cost of sales		**(144,104,861)**	(104,281,176)
Gross profit		**26,925,213**	17,337,317
General and administrative expenses		**(11,725,133)**	(8,318,572)
Finance income		**-**	56,578
Finance costs		**(6,007,803)**	(52,560)
Change in fair value of investments carried at FVTPL	**7**	**66,938,618**	-
Share of loss from a joint venture	**6**	**(497,611)**	-
Other income		**-**	83,191
Profit for the period	**18**	**75,633,284**	9,105,954
Other comprehensive income		-	-
Total comprehensive income for the period		**75,633,284**	9,105,954

Condensed consolidated statement of changes in equity for the period ended 31 March 2022

	Share capital AED	Statutory reserve AED	Capital contribution AED	Retained earnings AED	Total equity AED
Balance at 1 January 2021 (audited)	6,000,000	3,000,000	-	271,258,274	280,258,274
Total comprehensive income for the period	-	-	-	9,105,954	9,105,954
Additional contribution to capital	-	-	194,000,000	(194,000,000)	-
Balance at 31 March 2021 (unaudited)	6,000,000	3,000,000	194,000,000	86,364,228	289,364,228
Balance at 1 January 2022 (audited)	1,000,000,000	254,845,359	2,200,000,000	2,341,743,379	5,796,588,738
Total comprehensive income for the period	-	-	-	75,633,284	75,633,284
Balance at 31 March 2022 (unaudited)	**1,000,000,000**	**254,845,359**	**2,200,000,000**	**2,417,376,663**	**5,872,222,022**

Condensed consolidated statement of cash flows for the period ended 31 March 2022

	Three-month period ended 31 March	
	2022 (unaudited) AED	2021 (unaudited) AED
Operating activities		
Profit for the period	**75,633,284**	9,105,954
Adjustments for:		
Provision for doubtful debts	**66,277**	602,524
Provision for employees' end of service benefits	**532,691**	717,858
Depreciation on property and equipment	**3,413,180**	1,899,056
Depreciation on right-of-use assets	**119,356**	300,781
Unrealized gain on investments carried at FVTPL	**(66,938,618)**	-
Share of loss from a joint venture	**497,611**	-
Interest expenses on bank borrowings	**5,008,810**	-
Profit on sale of property and equipment	**-**	(76,191)
Finance income	**-**	(56,578)
Finance costs	**239,689**	52,560
Operating cash flows before changes in operating assets and liabilities	**18,572,280**	12,545,964
Increase in inventories	**(86,741)**	(114,568)
Decrease/(increase) in trade and other receivables	**31,014,644**	(189,296,436)
Decrease/(increase) in contract assets	**14,178,972**	(7,502,678)
Decrease/(increase) in due from related parties	**1,673,199**	(5,048,833)
(Decrease)/increase in trade and other payables	**(12,792,365)**	195,396,442
(Decrease)/increase in contract liabilities	**(13,137,504)**	16,515,746
Increase/(decrease) in due to related parties	**1,390,247**	(842,596)
Cash generated from operations	**40,812,732**	21,653,041
Employees' end of service benefits paid	**(81,716)**	(150,910)
Net cash generated from operating activities	**40,731,016**	21,502,131
Investing activities		
Payment for purchase of property and equipment	**(2,173,854)**	(831,923)
Payment for purchase of investments carried at FVTPL	**(1,200,353,520)**	-
Proceeds from disposal of property and equipment	**-**	76,191
Investment in a joint venture	**(11,720,875)**	-
Interest income	**-**	56,578
Net cash used in investing activities	**(1,214,248,249)**	(699,154)

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

Condensed consolidated statement of cash flows
for the period ended 31 March 2022 (continued)

	Three-month period ended 31 March	
	2022 (unaudited) AED	2021 (unaudited) AED
Financing activities		
Proceeds from bank borrowings	**1,200,353,520**	-
Repayment of lease liabilities	**(168,820)**	(265,022)
Finance costs	**(158,646)**	(52,560)
Net cash generated from/(used in) financing activities	**1,200,026,054**	(317,582)
Net increase in cash and cash equivalents	**26,508,821**	20,485,395
Cash and cash equivalents at the beginning of the period	**97,801,684**	174,040,700
Cash and cash equivalents at the end of the period	**124,310,505**	194,526,095
Non-cash transactions		
Capital contribution	**-**	194,000,000
Investment in a joint venture	**(61,495,649)**	-

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

**Notes to the interim condensed consolidated financial information
for the period ended 31 March 2022**

1 General information

Al Seer Marine Supplies and Equipment Company LLC was a Limited Liability Company (LLC) incorporated in the Emirates of Abu Dhabi, United Arab Emirates. On 8 April 2021, the legal status of the Company was changed to a Private Joint Stock Company (PJSC) and the name was changed to Al Seer Marine Supplies and Equipment Company PJSC (the "Company"). The Company's ordinary shares were listed on the Abu Dhabi Securities Exchange (ADX) Secondary Market on 29 August 2021. The Company's registered address is P.O. Box 33639, Abu Dhabi, United Arab Emirates.

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

Federal Law No. 32 of 2021 on Commercial Companies (the "New Companies Law") was issued on 20 September 2021 and will come into effect on 2 January 2022, to entirely replace Federal Law No. 2 of 2015 on Commercial Companies, as amended (the "2015 Law"). The Group is in the process of reviewing the new provisions and will apply the requirements thereof no later than one year from the date on which the amendments came into effect.

The Company has the following subsidiaries over which it exercises effective control:

	Ownership Interest			
Name	**2022**	2021	**Country of operation**	**Principal activity**
Project Ceres One Limited*	**100%**	100%	Cayman Islands	Commercial vessel management
Project Ceres Two Limited*	**100%**	100%	Cayman Islands	Commercial vessel management
Project Ceres Three Limited*	**100%**	100%	Cayman Islands	Commercial vessel management
Al Seer Marine Boats Building - Sole Proprietorship LLC (formerly Al Seer Marine Boats Building LLC)**	**100%**	-	UAE	Onshore and offshore oil and gas fields and facilities services, building of warships, building of motor boats
Al Seer Marine Training Institute LLC**	**100%**	-	UAE	Security and safety training, computer software training, technical training on electrical and electronic devices, training and rehabilitation of marine cadres, onshore and offshore oil and gas fields and facilities services

Notes to the interim condensed consolidated financial information for the period ended 31 March 2022 (continued)

1 General information (continued)

Name	Ownership Interest 2022	Ownership Interest 2021	Country of operation	Principal activity
Al Seer Marine Services Company LLC**	**100%**	-	UAE	Sea shipping lines agents, customs clearance services, ships management and operation, onshore and offshore oil and gas fields and facilities services, yachts management and running
ASM Chartering***	**100%**	-	Cayman Islands	Commercial vessel management, cargo management, freight services

* these entities were incorporated during 2021.
** assignment given to parent company for these entities was revoked in the current period.
*** newly incorporated entity during the current period.

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

2.1 New and revised IFRSs applied with no material effect on the condensed consolidated financial statements

The following new and revised IFRSs, which became effective for annual periods beginning on or after 1 January 2022, have been adopted in these condensed consolidated financial statements. The application of these revised IFRSs has not had any material impact on the amounts reported for the current and prior years but may affect the accounting for future transactions or arrangements.

- Amendments to IFRS 3 *Business Combinations*: Reference to the Conceptual Framework.
- Amendments to IAS 16 *Property, Plant and Equipment* related to proceeds before intended use.
- Amendments to IAS 37 *Provisions, Contingent Liabilities and Contingent Assets* related to Onerous Contracts - Cost of Fulfilling a Contract.
- Annual Improvements to IFRS Standards 2018-2020: The Annual Improvements include amendments to IFRS 1 *First-time Adoption of International Financial Reporting Standards*, IFRS 9 *Financial Instruments*, IFRS 16 *Leases* and IAS 41 *Agriculture*.

2.2 New and revised IFRS in issue but not yet effective

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

- Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2) (effective from 1 January 2023)
- Definition of Accounting Estimates (Amendments to IAS 8) (effective from 1 January 2023)
- Amendments to IAS 1 *Presentation of Financial Statements*: Classification of Liabilities as Current or Non-current (effective from 1 January 2023).
- IFRS 17 *Insurance Contracts* (effective from 1 January 2023).

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

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

- Amendments to IAS 12 *Income Taxes* on accounting for deferred tax on transactions such as leases and decommissioning obligations (effective from 1 January 2023)
- Amendments to IFRS 10 *Consolidated Financial Statements* and IAS 28 *Investments in Associates and Joint Ventures*: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (effective date not yet decided).

Management anticipates that these new standards, interpretations and amendments will be adopted in the Group's consolidated financial statements as and when they are applicable and adoption of these new standards, interpretations and amendments, may have no material impact on the condensed consolidated financial statements of the Group in the period of initial application.

There are no other applicable new standards and amendments to published standards or IFRIC interpretations that have been issued that would be expected to have a material impact on the condensed consolidated financial statements of the Group.

3 Summary of significant accounting policies

Basis of preparation

This interim condensed consolidated financial information for the three months period ended 31 March 2022 has been prepared in accordance with IAS 34, '*Interim Financial Reporting*'.

The interim condensed consolidated financial information is prepared in UAE Dirhams, which is the Group's functional and presentation currency.

The interim condensed consolidated financial information does not include all information and disclosures required in the annual consolidated financial statements and should be read in conjunction with the Group's annual consolidated financial statements for the year ended 31 December 2021. In addition, results for the three-month period ended 31 March 2022 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2022.

Basis of measurement

This interim condensed consolidated financial information have been prepared on historical cost basis except for the fair valuation of investments carried at fair value through profit or loss at the end of each reporting period. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

The accounting policies adopted in the preparation of the interim condensed consolidated financial information are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2021, and the notes attached thereto, except for the adoption of certain new and revised standards, that became effective in the current period as set out above and the new accounting policies as mentioned below:

3 Summary of significant accounting policies (continued)

Investments in joint ventures

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

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

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

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

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

3 Summary of significant accounting policies (continued)

Investments in joint ventures (continued)

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

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

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

Borrowing costs

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

Changes in judgements and estimation uncertainty

The preparation of these interim condensed consolidated financial information, in conformity with IAS 34 requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected. The significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the Group's annual financial statements for the year ended 31 December 2021.

Joint control over a joint venture

Note 6 describes that the Group owns more than 50% of the equity interest and voting rights in a joint venture. The directors of the Company have assessed whether the Group has control, joint control or significant influence over the entity.

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

**Notes to the interim condensed consolidated financial information
for the period ended 31 March 2022 (continued)**

4 Property and equipment

	Building improvements AED	Office equipment AED	Furniture and fixtures AED	Industrial equipment AED	Vessels, motor vehicles AED	Prototype boats AED	Capital work-in-progress AED	Total AED
Cost								
At 1 January 2021 (audited)	50,961,806	1,737,590	1,370,202	3,036,377	5,051,153	11,040,000	2,210,949	75,408,077
Additions during the year	1,679,331	30,000	24,300	412,541	110,845,324	-	379,948	113,371,444
Disposals during the year	-	-	-	-	(325,200)	-	-	(325,200)
At 1 January 2022 (audited)	52,641,137	1,767,590	1,394,502	3,448,918	115,571,277	11,040,000	2,590,897	188,454,321
Additions during the period	314,500	-	53,370	108,004	-	-	1,697,980	2,173,854
At 31 March 2022 (unaudited)	**52,955,637**	**1,767,590**	**1,447,872**	**3,556,922**	**115,571,277**	**11,040,000**	**4,288,877**	**190,628,175**
Accumulated depreciation								
At 1 January 2021 (audited)	22,987,268	1,518,281	1,136,813	2,179,723	4,363,289	8,919,714	-	41,105,088
Charge for the year	4,293,644	109,307	112,132	583,645	3,372,870	2,026,521	-	10,498,119
Eliminated on disposals	-	-	-	-	(325,200)	-	-	(325,200)
At 1 January 2022 (audited)	27,280,912	1,627,588	1,248,945	2,763,368	7,410,959	10,946,235	-	51,278,007
Charge for the period	1,104,450	28,950	25,596	133,317	2,027,102	93,765	-	3,413,180
At 31 March 2022 (unaudited)	**28,385,362**	**1,656,538**	**1,274,541**	**2,896,685**	**9,438,061**	**11,040,000**	**-**	**54,691,187**
Carrying amount								
At 31 March 2022 (unaudited)	**24,570,275**	**111,052**	**173,331**	**660,237**	**106,133,216**	**-**	**4,288,877**	**135,936,988**
At 31 December 2021 (audited)	25,360,225	140,002	145,557	685,550	108,160,318	93,765	2,590,897	137,176,314

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

Notes to the interim condensed consolidated financial information for the period ended 31 March 2022 (continued)

4 Property and equipment (continued)

Allocation of depreciation charge for the period/year is as follows:

	31 March 2022 AED (unaudited)	31 December 2021 AED (audited)
Cost of sales	**3,098,455**	9,273,143
General and administrative expenses	**314,725**	1,224,976
	3,413,180	10,498,119

5 Leases

Right-of-use assets

The recognised right-of-use assets comprise of:

i. A plot of land leased from Abu Dhabi Zone Corporation for a period of 30 years starting 30 May 2005 and expiring on 29 May 2035 in Musaffah Abu Dhabi; and
ii. Labour accommodation in Musaffah Abu Dhabi, for a period of 3 years starting 13 February 2018.

	Land AED	**Labour accommodation AED**	**Total AED**
Cost			
1 January 2021 and 31 December 2021 (audited)	7,837,389	3,044,917	10,882,306
Additions	-	-	-
At 31 March 2022 (unaudited)	**7,837,389**	**3,044,917**	**10,882,306**
Accumulated depreciation			
At 1 January 2021 (audited)	954,848	2,863,492	3,818,340
Charge for the year	477,424	181,425	658,849
At 1 January 2022 (audited)	1,432,272	3,044,917	4,477,189
Charge for the period	119,356	-	119,356
At 31 March 2022 (unaudited)	**1,551,628**	**3,044,917**	**4,596,545**
Carrying value			
At 31 March 2022 (unaudited)	**6,285,761**	**-**	**6,285,761**
At 31 December 2021 (audited)	6,405,117	-	6,405,117

5 Leases (continued)

<u>Lease liabilities</u>

Movement of lease liabilities during the period ended 31 March 2022 and year ended 31 December 2021 is as follows:

	31 March 2022 AED (unaudited)	31 December 2021 AED (audited)
At the beginning of the period/year (audited)	**6,881,236**	7,397,049
Add: accretion of finance costs	**81,043**	340,893
Less: repayments during the period/year	**(168,820)**	(856,706)
At the end of the period/year	**6,793,459**	6,881,236

Lease liabilities as of the period ended 31 March 2022 and 31 December 2021 are presented in the condensed consolidated statement of financial position as follows:

	31 March 2022 AED (unaudited)	31 December 2021 AED (audited)
Amounts due for settlement within 12 months	**355,497**	351,108
Amounts due for settlement after 12 months	**6,437,962**	6,530,128
Lease liabilities	**6,793,459**	6,881,236

6 Investment in a joint venture

Movement in the investment in joint venture is as follows:

	31 March 2022 AED (unaudited)	31 December 2021 AED (audited)
At 1 January (audited)	**-**	-
Transfers during the period/year (note 8)	**61,495,649**	-
Contribution made during the period/year	**11,720,875**	-
Share of loss for the period/year	**(497,611)**	-
Balance at the end of the period/year	**72,718,913**	**-**

6 Investment in a joint venture (continued)

Investment in joint venture represents investment in ABGC DMCC in which the Group holds 51% share. The joint venture entity has been incorporated during the current period in UAE to carry out the activities related to shipping lines of freight and passengers transportation, ship charter, sea freight and passengers charters, sea cargo services, ship management and operation and freight broker. The Group's joint arrangement provides the Group and the parties to the arrangements with rights to the net assets. The joint venture is yet to start its operations as of 31 March 2022.

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

	31 March 2022 AED (unaudited)	31 December 2021 AED (audited)
Total assets	**167,129,957**	-
Total liabilities	**26,287,934**	-
Net assets	**140,842,023**	-
Group's share of net assets of the joint venture	**72,718,913**	-
Net loss for the period/year	**(975,708)**	-
Share of net loss for the period/year	**(497,611)**	

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

	31 March 2022 AED (unaudited)	31 December 2021 AED (audited)
At the beginning of the period/year	**5,465,724,492**	-
Addition during the period/year (a)	**1,200,353,520**	3,004,147,004
Net change in fair value during the period/year	**66,938,618**	2,461,577,488
At the end of the period/year	**6,733,016,630**	5,465,724,492

(a) Additions during 2021 include investments in quoted equity shares amounting to AED 3,000,000,000 transferred to the Group based on a resolution of the shareholders and have been accounted for as capital contribution.

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

Investments carried at FVTPL amounting to AED 2,441,760,026 are provided as security for the bank borrowings (note 14) obtained to finance the purchase of quoted shares.

**Notes to the interim condensed consolidated financial information
for the period ended 31 March 2022 (continued)**

8 Trade and other receivables

	31 March 2022 AED (unaudited)	31 December 2021 AED (audited)
Trade receivables	**165,704,838**	211,183,364
Less: allowance for doubtful receivables	**(963,801)**	(897,524)
	164,741,037	210,285,840
Advances to suppliers	**56,079,913**	41,990,031
Advance for investment (note a)	**-**	61,495,649
Prepayments	**3,365,680**	2,898,487
Labour deposits	**2,148,626**	2,148,626
Other receivables	**113,996**	207,189
	226,449,252	319,025,822

The average credit period of trade receivables is 60 days (31 December 2021: 60 days). No interest is charged on trade and other receivables. The Group has adopted a policy of dealing with only creditworthy counterparties. Adequate credit assessment is made before accepting a new customer. Of the trade receivables balance at the end of the reporting period, AED 131.9 million (31 December 2021: AED 182.2 million) representing 80% (31 December 2021: 86.6%) of the total trade receivables due from 5 (31 December 2021: 5) major customers of the Group.

The Group measures the provision for impairment for trade receivables at an amount equal to lifetime expected credit losses (ECL). ECL on trade receivables are estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date.

For risk profiling purpose, the Group has segregated its trade receivable portfolio into two sub groups namely ‘receivables from government related entities’ and ‘receivables from corporates’ based on the historical credit loss and recovery patterns from the customers.

(a) as of 31 December 2021, advance for investment represented partial payment made by the Group towards its commitment in accordance with the Shareholders’ Agreement dated 27 May 2021 (“the Agreement”) entered into with BGN INT DMCC (“the joint venturer”) to form a joint venture vehicle. As of 31 March 2022, the same has been transferred to investment in a joint venture upon incorporation of the joint venture entity (note 6).

8 Trade and other receivables (continued)

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

	Collectively assessed AED	**Individually assessed AED**	**Total AED**
Balance as at 1 January 2021 (audited)	1,061,980	881,905	1,943,885
Written-off during the year	-	(846,205)	(846,205)
Net re-measurement of loss allowance	(200,156)	-	(200,156)
Balance as at 1 January 2022 (audited)	861,824	35,700	897,524
Net re-measurement of loss allowance	66,277	-	66,277
Balance as at 31 March 2022 (unaudited)	**928,101**	**35,700**	**963,801**

9 Contract assets

	31 March 2022 AED (unaudited)	31 December 2021 AED (audited)
Contract assets		
- *construction contracts*	**40,685,093**	56,309,507
- *rendering of services*	**9,818,405**	8,940,219
Contract costs	**14,656,363**	14,089,107
	65,159,861	79,338,833

Contract assets

Amounts relating to contract assets are balances due from customers under construction contracts that arise when the Group receives payments from customers in line with a series of performance related milestones. The Group will previously have recognised a contract asset for any work performed. Any amount previously recognised as a contract asset is reclassified to trade receivables at the point at which it is invoiced to the customer.

All of the contract assets are current as on 31 March 2022 and 31 December 2021.

9 Contract assets (continued)

Management of the Group always measure the loss allowance on amounts due from customers at an amount equal to lifetime ECL, taking into account the historical default experience and the future prospects of the construction industry. None of the amounts due from customers at the end of the reporting period is past due.

There has been no change in the estimation techniques or significant assumptions made during the current reporting period in assessing the loss allowance for the amounts due from customers under construction contracts. As per management's impairment assessment using ECL, no impairment loss is required against contract assets as on 31 March 2022 and 31 December 2021.

10 Related parties

The Group enters into transactions with companies and entities that fall within the definition of a related party as contained in International Accounting Standard 24 *Related Party Disclosures*. Related parties comprise Shareholders, Directors, Key management and entities under common ownership and/or common management and control. The Shareholders and management decide on the terms and conditions of the transactions and services received/rendered from/to related parties as well as on other charges.

The Group maintains balances with these related parties as follows:

	31 March 2022 AED (unaudited)	31 December 2021 AED (audited)
Due from related parties (ultimate parent)	**13,637,255**	15,310,454
Due to related parties (under common control)	**1,755,028**	364,781
Loan from a related party		
RG Procurement RSC LTD (a)	**121,832,167**	121,832,167

The Group has determined that the amounts due from related parties do not carry a credit risk and hence no expected or specific loss allowance is required on these balances.

(a) the loan is repayable in 2022 and carries no interest.

Refer to notes 11 and 14 for details of the Group's cash at bank and borrowing with a bank which is a related party.

Notes to the interim condensed consolidated financial information for the period ended 31 March 2022 (continued)

10 Related parties (continued)

Significant transactions with related parties are as follows:

	Three-month period ended	
	31 March 2022 AED (unaudited)	31 March 2021 AED (unaudited)
Revenue	**5,914,798**	6,025,966
Purchases of goods and services	**2,424,513**	88,452
Management fees	**-**	1,396,267

11 Cash and bank balances

	31 March 2022 AED (unaudited)	31 December 2021 AED (audited)
Cash on hand	**300,000**	300,000
Cash at bank:		
Current accounts	**16,126,803**	94,415,200
Fixed deposits	**3,086,484**	3,086,484
Margin deposit	**104,797,218**	-
	124,310,505	97,801,684

Fixed deposits comprise short-term deposits placed with commercial banks bearing interest rates ranging from 0.17% per annum to 0.20% per annum (31 December 2021: from 0.17% per annum to 0.20% per annum).

Balances with banks are assessed to have low credit risk of default since these banks are highly regulated by the central banks of the respective countries. Accordingly, management of the Group estimates the loss allowance on balances with banks at the end of the reporting period at an amount equal to 12-month ECL. None of the balances with banks at the end of the reporting period are past due, and taking into account the historical default experience and the current credit ratings of the bank, the management of the Company have assessed that there is no impairment, and hence have not recorded any loss allowances on these balances.

Margin deposit represents deposit against a standby letter of credit which has expired as of 31 March 2022.

Cash at bank are held with a bank which is a related party (note 10).

12 Share capital

The Company's ordinary shares were listed on the Abu Dhabi Securities Exchange (ADX) Secondary Market on 29 August 2021. As at 31 March 2022 and 31 December 2021, the shareholding interest was as follows:

	31 March 2022 and 31 December 2021		
	% of Holding	**No. of Shares**	**Value AED**
IHC Industrial Holding LLC	44.90%	449,000,000	449,000,000
Infinity Wave Holding LLC	36.00%	360,000,000	360,000,000
Others	19.10%	191,000,000	191,000,000
	100.00%	**1,000,000,000**	**1,000,000,000**

During 2021, the Shareholders resolved to increase the capital from AED 6 million (par value per share AED 6) to AED 1 billion (par value per share AED 1) by transferring from retained earnings and capital contribution and resolved to convert the Company from Limited Liability Company (LLC) to a Private Joint Stock Company (PJSC).

13 Provision for employees' end of service benefit

	31 March 2022 AED (unaudited)	31 December 2021 AED (audited)
At the beginning of the period/year	**12,223,221**	10,773,746
Charge for the period/year	**532,691**	2,346,314
Paid during the period/year	**(81,716)**	(896,839)
At the end of the period/year	**12,674,196**	12,223,221

14 Bank borrowings

The Group has obtained loan from a local bank (a related party) to finance the acquisition of certain investments carried at FVTPL (notes 7 and 10).

The loan is repayable in two equal instalments in the year 2025 and 2027 and carries an interest rate of 2.85% per annum. The loan is secured against certain investments carried at FVTPL and assignment of related dividend income. The Group has complied with the applicable loan covenants as of 31 March 2022.

14 Bank borrowings (continued)

	31 March 2022 AED (unaudited)	31 December 2021 AED (audited)
Term loan	**1,200,353,520**	-

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

	31 March 2022 AED (unaudited)	31 December 2021 AED (audited)
Non-current	**1,200,353,520**	-
Current	**-**	-
At the end of the period/year	**1,200,353,520**	-

During the period, the Group incurred finance costs of AED 5,008,810 (31 March 2021: AED Nil) towards the bank borrowings.

15 Trade and other payables

	31 March 2022 AED (unaudited)	31 December 2021 AED (audited)
Trade payables	**38,134,066**	44,803,663
Accrued and other payables	**20,871,192**	26,993,960
Accrued interest	**5,008,810**	-
	64,014,068	71,797,623

The average credit period on the purchase of goods is 90 days (31 December 2021: 90 days). The Group has financial risk management policies in place to ensure that all payables are paid within credit time frame. No interest is charged on trade and other payables.

Accrued and other payables include accrual of staff bonus, management fees and value added tax payable.

Notes to the interim condensed consolidated financial information for the period ended 31 March 2022 (continued)

16 Contract liabilities

	31 March 2022 AED (unaudited)	31 December 2021 AED (audited)
Amounts received in advances from customers	**98,773,003**	111,910,507

Revenue is recognised when control of the goods has transferred to the customer, being at the point the goods are delivered to the customer. When the customer paid for the goods before the promised goods and service provided to the customer, the transaction price received by the Group is recognised as contract liability until the control of promised goods and services transferred to the customer.

17 Revenue

The Group derives its revenue from contracts with customers for the transfer of goods and services over time and at a point in time in the following major product lines.

	Three-month ended 31 March	
	2022 AED (unaudited)	2021 AED (unaudited)
Disaggregation of revenue - at a point in time		
Rendering of services	**168,137,541**	119,046,510
Disaggregation of revenue - over time		
Construction income	**2,892,533**	2,571,983
	171,030,074	121,618,493

The transaction price allocated to (partially) unsatisfied performance obligations at 31 March 2022 and 31 March 2021 are set out below:

	31 March 2022 AED (unaudited)	31 March 2021 AED (unaudited)
Unsatisfied performance obligation		
Remaining construction revenue	**13,731,969**	141,450

18 Profit for the period

Profit for the period is stated after charging:

	Three-month ended 31 March	
	2022	2021
	AED	AED
Staff costs	**21,211,005**	19,572,059
Depreciation of property and equipment (note 4)	**3,413,180**	1,899,056
Depreciation of right-of-use assets (note 5)	**119,356**	300,781

19 Contingent liabilities

	31 March 2022 (unaudited) AED	31 December 2021 (audited) AED
Letter of guarantees	**132,658,334**	39,086,702
Capital commitments	**9,769,217**	**-**

Above letters of guarantees were issued in the normal course of business on which the bank charges a fee of 1% per annum (31 December 2021: 1% per annum).

The Group has a commitment to invest additional AED 245 million (31 December 2021: AED 257 million) in the joint venture entity.

20 Fair value of financial instruments

Management considers that the carrying amount of financial assets and financial liabilities in the interim condensed consolidated financial information approximate their fair value.

21 Seasonality of results

There is no material impact of seasonality on the Group's operating results.

Notes to the interim condensed consolidated financial information
for the period ended 31 March 2022 (continued)

22 Basic and diluted earnings per share

Basic earnings per share is calculated by dividing earnings for the period by the weighted average number of ordinary shares outstanding during the period.

Diluted earnings per share is calculated by dividing the earnings for the period by the weighted average number of ordinary shares outstanding during the period, adjusted for the effects of dilutive instruments.

The following reflects the profit and share data used in the basic earnings per share computations:

	Three-month period ended 31 March	
	2022	2021
	(unaudited)	(unaudited)
Profit for the period (AED)*	**75,633,284**	9,105,954
Weighted average number of ordinary shares issued	**1,000,000,000**	200,000,000
Basic earnings per share (AED)	**0.08**	0.05

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

*Profit for the current period includes change in fair value of investments carried at FVTPL amounting to AED 66,938,618.

23 Approval of interim condensed consolidated financial information

The interim condensed consolidated financial information was approved by management and authorised for issue on 25 April 2022.