National Marine Dredging Company PJSC

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

NINE MONTH PERIOD ENDED 30 SEPTEMBER 2021 (UNAUDITED)

National Marine Dredging Company PJSC

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
30 September 2021 (Unaudited)

Contents

Building a better working world

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REPORT ON THE REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

TO THE BOARD OF DIRECTORS OF NATIONAL MARINE DREDGING COMPANY PJSC

Introduction

We have reviewed the accompanying interim condensed consolidated financial statements of National Marine Dredging Company (the "Company") and its subsidiaries (together referred to as the "Group"), comprising the interim condensed consolidated statement of financial position as at 30 September 2021, and the related interim condensed consolidated statements of profit or loss and comprehensive income for the three and nine month periods then ended and the interim condensed consolidated statement of changes in equity and cash flows for the nine months period then ended, and the explanatory notes. Management is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with International Accounting Standard 34, "*Interim Financial Reporting* (IAS 34)". Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

Scope of review

We conducted our review in accordance with the International Standard on Review Engagements 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing. Consequently, it 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 statements are not prepared, in all material respects, in accordance with IAS 34.

Other matter

The consolidated financial statements of the Group for the year ended 31 December 2020 were audited by another auditor who expressed an unmodified opinion on those consolidated financial statements on 10 March 2021.

The condensed consolidated interim financial statements of the Group for the period ended 30 September 2020 were reviewed by another auditor who expressed an unmodified conclusion on those condensed consolidated interim financial statements on 5 October 2021.

Signed by:
Raed Ahmad
Partner
Ernst & Young
Registration No 811

17 October 2021
Abu Dhabi

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 30 September 2021

	Notes	*30 September 2021 AED '000 (Unaudited)*	*31 December 2020 AED '000 (Audited)*
ASSETS			
Non-current assets			
Property, plant and equipment	5	**4,069,451**	2,752,080
Right-of-use assets	6	**312,366**	297,997
Goodwill	7	**5,057**	5,057
Investments in equity accounted investees	8	**53,246**	24,013
Deferred tax assets		**3,114**	-
Retentions receivable		**47,021**	-
Total non-current assets		**4,490,255**	3,079,147
Current assets			
Inventories	11	**297,646**	152,673
Trade and other receivables	12	**2,986,023**	2,261,773
Contract assets	13	**3,983,182**	1,395,528
Financial assets at fair value through profit or loss	9	**28,600**	-
Cash and bank balances	14	**953,278**	508,692
Total current assets		**8,248,729**	4,318,666
TOTAL ASSETS		**12,738,984**	7,397,813
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital	16	**825,000**	575,000
Merger reserve	17	**765,000**	(475,000)
Other reserves	18	**39,508**	37,532
Retained earnings		**3,381,207**	2,955,161
Equity attributable to the shareholders of the Company		**5,010,715**	3,092,693
Non-controlling interests		**2,754**	2,746
Total equity		**5,013,469**	3,095,439
Non-current liabilities			
Provision for employees' end of service benefits	19	**416,777**	308,776
Long term borrowings	15	**1,399,904**	1,373,590
Long term lease liabilities	6	**303,452**	300,724
Total non-current liabilities		**2,120,133**	1,983,090

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 30 September 2021

EQUITY AND LIABILITIES continued

	Note	*30 September 2021 AED '000 (Unaudited)*	*31 December 2020 AED '000 (Audited)*
Current liabilities			
Trade and other payables	20	**4,207,107**	2,048,733
Short term borrowings	15	**1,391,552**	264,434
Short term lease liabilities	6	**6,723**	6,117
Total current liabilities		**5,605,382**	2,319,284
Total liabilities		**7,725,515**	4,302,374
TOTAL EQUITY AND LIABILITIES		**12,738,984**	7,397,813

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Mohammed Thani Murshed Al Rumaithi	**Yasser Nasr Zaghloul**	**Sreemont Prasad Barua**
CHAIRMAN	GROUP CHIEF EXECUTIVE OFFICER	CHIEF FINANCIAL OFFICER

The attached notes 1 to 30 form part of these interim condensed consolidated financial statements.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the nine month period ended 30 September 2021

		3 months ended 30 Sept		*9 months ended 30 Sept*	
		2021	*2020*	***2021***	*2020*
		AED '000	*AED '000*	***AED '000***	*AED '000*
	Notes	***(unaudited)***	*(unaudited)*	***(unaudited)***	*(unaudited)*
Revenue from contracts with customers	21	**2,111,502**	1,164,442	**5,380,178**	2,786,334
Contract costs		**(1,857,307)**	(1,107,839)	**(4,895,376)**	(2,899,592)
GROSS PROFIT (LOSS)		**254,195**	56,603	**484,802**	(113,258)
Share of net results of equity accounted investees	8	**3,371**	-	**6,260**	530
General and administrative expenses		**(28,871)**	(14,752)	**(68,564)**	(43,173)
Net finance costs	23	**(8,753)**	(9,620)	**(32,462)**	(37,544)
Foreign currency exchange gain		**2,525**	70	**15,785**	6,372
Fair value (loss) gain on financial assets at fair value through profit or loss	9	**(3,020)**	-	**762**	-
Other income (expense), net	24	**16,190**	(16,994)	**70,278**	1,090
Profit (loss) before tax		**235,637**	15,307	**476,861**	(185,983)
Income tax expense (credit) on foreign operations	10	**34,303**	(14,602)	**24,193**	(45,268)
PROFIT (LOSS) FOR THE PERIOD	22	**269,940**	705	**501,054**	(231,251)
PROFIT (LOSS) ATTRIBUTABLE TO:					
Shareholders of the Company		**270,008**	740	**501,046**	(231,370)
Non-controlling interests		**(68)**	(35)	**8**	119
PROFIT (LOSS) FOR THE PERIOD		**269,940**	705	**501,054**	(231,251)
Basic and diluted earnings (loss) per share attributable to equity holders of the Company	25	**0.33**	(0.00)	**0.64**	(0.40)

The attached notes 1 to 30 form part of these interim condensed consolidated financial statements.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the nine month period ended 30 September 2021

	3 months ended 30 Sept		*9 months ended 30 Sept*	
	2021	*2020*	***2021***	*2020*
	AED '000	*AED '000*	***AED '000***	*AED '000*
	(Unaudited)	*(Unaudited)*	***(Unaudited)***	*(Unaudited)*
PROFIT (LOSS) FOR THE PERIOD	**269,940**	705	**501,054**	(231,251)
Other comprehensive (loss) income				
Items that may be subsequently reclassified to consolidated statement of profit or loss in subsequent periods				
Fair value gain (loss) arising on hedging instruments during the period	**1,127**	6,850	**1,755**	(9,930)
Exchange differences arising on translation of foreign operations	**(162)**	550	**221**	(2,955)
OTHER COMPREHENSIVE INCOME (LOSS) FOR THE PERIOD	**965**	7,400	**1,976**	(12,885)
TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE PERIOD	**270,905**	8,105	**503,030**	(244,136)
TOTAL COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO:				
Shareholders of the Company	**270,973**	8,140	**503,022**	(244,255)
Non-controlling interests	**(68)**	(35)	**8**	119
TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE PERIOD	**270,905**	8,105	**503,030**	(244,136)

The attached notes 1 to 30 form part of these interim condensed consolidated financial statements.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the nine month period ended 30 September 2021

	Share capital AED '000	*Merger reserve AED '000*	*Other reserves AED '000*	*Retained earnings AED '000*	*Equity attributable to the shareholders of the Company AED '000*	*Non-controlling interests AED '000*	*Total equity AED '000*
Balance at 1 January 2020 *(Audited)*	100,000	-	47,711	2,848,413	2,996,124	2,502	2,998,626
(Loss) profit for the period	-	-	-	(231,370)	(231,370)	119	(231,251)
Other comprehensive loss	-	-	(12,885)	-	(12,885)	-	(12,885)
Total comprehensive (loss) income for the period	-	-	(12,885)	(231,370)	(244,255)	119	(244,136)
Retroactive adjustment – acquisition (refer note 17)	475,000	(475,000)	-	-	-	-	-
Balance at 30 September 2020 *(Unaudited)*	575,000	(475,000)	34,826	2,617,043	2,751,869	2,621	2,754,490
Balance at 1 January 2021 *(Audited)*	575,000	(475,000)	37,532	2,955,161	3,092,693	2,746	3,095,439
Profit for the period	-	-	-	501,046	501,046	8	501,054
Other comprehensive income	-	-	1,976	-	1,976	-	1,976
Total comprehensive income for the period	-	-	1,976	501,046	503,022	8	503,030
Acquisition of subsidiary (refer note 4)	250,000	1,240,000	-	-	1,490,000	-	1,490,000
Dividend payable	-	-	-	(75,000)	(75,000)	-	(75,000)
Balance at 30 September 2021 *(Unaudited)*	**825,000**	**765,000**	**39,508**	**3,381,207**	**5,010,715**	**2,754**	**5,013,469**

The attached notes 1 to 30 form part of these interim condensed consolidated financial statements.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
For the nine month period ended 30 September

	Notes	*2021 AED '000 (Unaudited)*	*2020 AED '000 (Unaudited)*
OPERATING ACTIVITIES			
Profit (loss) before tax		**476,861**	(185,983)
Adjustments for:			
Depreciation of property, plant and equipment	5	**319,631**	190,365
Depreciation of right-of-use assets	6	**9,841**	7,959
Gain on disposal of property, plant and equipment		**(4,342)**	(120)
Fair value gain on financial assets at fair value through profit or loss	9	**(762)**	-
Dividend income		**(371)**	-
Provision for slow moving and obsolete inventories	11	**1,892**	5,440
Share of net results of equity accounted investees	8	**(6,260)**	(530)
Foreign exchange translation		**(9,547)**	-
Provision for expected credit losses		**76,215**	2,562
Provision for onerous contracts		**331,780**	-
Reversal of provision for liquidated damages	20.2	**(297,472)**	-
Gain on bargain purchase	4	**(49,708)**	-
Finance costs, net	23	**32,462**	37,544
Provision for employees' end of service benefits	19	**34,550**	24,822
		914,770	82,059
Income tax paid, net	10	**(25,020)**	(27,987)
Employees' end of service benefit paid	19	**(59,849)**	(33,564)
		829,901	20,508
Working capital changes:			
Change in inventories		**97,427**	(8,927)
Change in trade and other receivables		**554,802**	(87,712)
Change in contract assets		**(576,063)**	(8,878)
Change in trade and other payables		**(356,007)**	(185,690)
Net cash from (used in) operating activities		**550,060**	(270,699)
INVESTING ACTIVITIES			
Purchase of property, plant and equipment	5	**(109,817)**	(84,850)
Proceeds from disposal of property, plant and equipment		**4,895**	298
Overdraft assumed on acquisition of subsidiary, net	4	**(481,905)**	-
Dividend received		**1,836**	-
Interest received		**8,735**	-
Net cash used in investing activities		**(576,256)**	(84,552)
FINANCING ACTIVITIES			
Proceeds from term loans		-	1,836,350
Repayment of term loans and lease liabilities		**(454,204)**	(1,380,144)
Repayment of a shareholder loan		-	(293,816)
Dividends paid		**(75,268)**	-
Interest paid		**(32,117)**	(37,544)
Net cash (used in) from financing activities		**(561,589)**	124,846
NET DECREASE IN CASH AND CASH EQUIVALENTS		**(587,785)**	(230,405)
Cash and cash equivalents at 1 January		**508,692**	628,663
Foreign exchange translation adjustment		-	(2,835)
CASH AND CASH EQUIVALENTS AT 30 SEPTEMBER	14	**(79,093)**	395,423

The attached notes 1 to 30 form part of these interim condensed consolidated financial statements.

1 GENERAL INFORMATION

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

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

During 2020, the Company's shareholders accepted an offer from Abu Dhabi Development Holding Company ("ADQ") (an existing shareholder and an entity fully owned by the Government of Abu Dhabi) and other minority shareholders of National Petroleum Construction Company PJSC ("NPCC"), to acquire 100% of the shareholding of NPCC, in exchange for the issuance of 575,000,000 equity shares in the Company to ADQ and the other shareholders of NPCC. This transaction received regulatory approvals on 11 February 2021, and consequently, the Company's share capital stands increased to AED 825,000,000 from that date. As a result of this transaction, the Government of Abu Dhabi became the majority holder of the Company's shares. Subsequently, in May 2021, out of its total shareholding of 58.48% in the Company, ADQ transferred 44.2% of the equity shares to entities in the Alpha Dhabi Holding PJSC ("Alpha") group, a subsidiary of International Holding Company. With this transaction and along with its previous equity shareholding in the Company, Alpha group become the majority shareholder of the Company (also refer to notes 4 and 16).

The Company is primarily engaged in the execution of engineering, procurement and construction contracts, dredging contracts and associated land reclamation works in the territorial waters of the UAE, principally under the directives of the Government of Abu Dhabi (the "Government"). The Group also operates in other jurisdictions in the region including Bahrain, Egypt, Saudi Arabia and India through its subsidiaries, branches and joint operations.

Name	*Country of incorporation*	*Percentage holding 2021*	*2020*	*Principal activities*
Subsidiaries of NMDC				
National Petroleum Construction Company PJSC ("NPCC")	UAE	**100%**	-	Engineering Procurement and Construction
Emarat Europe Fast Building Technology System Factory L.L.C. (Emarat Europe)	UAE	**100%**	-	Manufacturing and supply of precast concrete
National Marine Dredging Company (Industrial)	UAE	**100%**	-	Manufacturing of steel pipes and steel pipe fittings and holding 1% investment in the Group's subsidiaries to comply with local regulations
ADEC Engineering Consultancy L.L.C.	UAE	**100%**	-	Consultancy services in the fields of civil, architectural, drilling and marine engineering along with related laboratory services
Abu Dhabi Marine Dredging Co S.P.C.	Bahrain	**100%**	-	Offshore reclamation contracts, services for fixing water installation for marine facilities and excavation contracts
National Marine and Infrastructure India Private Limited	India	**100%**	-	Dredging and associated land reclamation works, civil engineering, port contracting and marine construction
Subsidiaries of NPCC				
National Petroleum Construction Co. (Saudi) LTD.	Saudi Arabia	**100%**	100%	Engineering Procurement and Construction
NPCC Engineering Limited	India	**100%**	100%	Engineering
ANEWA Engineering Pvt. Ltd.	India	**80%**	80%	Engineering

1 GENERAL INFORMATION continued

Name	*Country of incorporation*	*Percentage holding 2021*	*2020*	*Principal activities*
Branches of NMDC				
National Marine Dredging Company	Saudi Arabia	Branch	-	Dredging and associated land reclamation works, civil engineering, port contracting and marine construction
National Marine Dredging Company	Egypt	Branch	-	Dredging and associated land reclamation works, civil engineering, port contracting and marine construction
National Marine Dredging Company	Maldives	Branch	-	Dredging and associated land reclamation works, civil engineering, port contracting and marine construction
National Marine Dredging Company	Abu Dhabi	Branch	-	Dredging and associated land reclamation works, civil engineering, port contracting and marine construction
National Marine Dredging Company	Dubai	Branch	-	Dredging and associated land reclamation works, civil engineering, port contracting and marine construction
Joint Venture of NMDC				
The Challenge Egyptian Emirates Marine Dredging Company	Egypt	**49%**	-	Dredging and associated land reclamation works, civil engineering, port contracting and marine construction
Associate of NPCC				
Principia SAS	France	**33.33%**	33.33%	Engineering and consultancy
Joint Operations of NPCC				
Technip – NPCC-Satah Full Field		**50%**	50%	Engineering, Procurement and Construction
NPCC – Technip –UZ-750 (EPC-1)		**40%**	40%	Engineering, Procurement and Construction
NPCC – Technip UL -2		**50%**	50%	Engineering, Procurement and Construction
NPCC – Technip AGFA		**50%**	50%	Engineering, Procurement and Construction
NPCC – Technip JV – US GAS CAP FEED		**50%**	50%	Engineering, Procurement and Construction

2 BASIS OF PREPARATION AND CRITICAL ACCOUNTING JUDGEMENTS

2.1 Basis of preparation

The interim condensed consolidated financial statements of the Group have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting.

These interim condensed consolidated financial statements are presented in UAE Dirham (AED), which is the functional currency of the primary economic environment in which the Company operates. Each entity in the Group determines its own functional currency. All financial information presented in AED has been rounded to the nearest thousand except as otherwise stated.

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

2 BASIS OF PREPARATION AND CRITICAL ACCOUNTING JUDGEMENTS continued

2.2 Basis of consolidation

Subsidiaries are entities controlled by the Group. Control exists 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 all of the following:

- 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. When the Group has less than a majority of the voting, or similar, rights of an investee, it 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 statements of profit or loss and other comprehensive income from the date the Group gains control until the date the Group ceases to control the subsidiary. Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to align their accounting policies 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.

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

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it derecognizes the related assets (including goodwill), liabilities, non-controlling interest and other components of equity, while any resultant gain or loss is recognized in profit or loss. Any investment retained is recognized at fair value.

2.3 New And Amended International Financial Reporting Standards (IFRS) and Interpretations

In the current period, the Group has applied the amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 along with amendments with respect to Interest Rate Benchmark Reforms – Phase 2 issued by the International Accounting Standards Board ("IASB") that are mandatorily effective for an accounting period that begins on or after January 1, 2021. The application of these amendments to IFRSs has not had any material impact on the amounts reported for the current and prior periods but may affect the accounting for the Group's future transactions or arrangements.

Other than the above, there are no other significant IFRSs, amendments or interpretations that were effective for the first time for the financial year beginning on or after January 1, 2021.

2 BASIS OF PREPARATION AND CRITICAL ACCOUNTING JUDGEMENTS continued

2.3 New And Amended International Financial Reporting Standards (IFRS) and Interpretations continued

The Group has not early adopted any new and revised IFRSs that have been issued but are not yet effective.

New standards and significant amendments to standards applicable to the Group:	Effective for annual periods beginning on or after
Amendments to IFRS 3 'Business Combinations' that update an outdated reference in IFRS 3 without significantly changing its requirements.	January 1, 2022
Amendments to IAS 16 'Property, Plant and Equipment' regarding proceeds from selling items produced while bringing an asset into the location and condition necessary for it to be capable of operating in the manner intended by management.	January 1, 2022
Amendments to IAS 37 'Provisions, Contingent Liabilities and Contingent Assets' amending the standard regarding costs a company should include as the cost of fulfilling a contract when assessing whether a contract is onerous.	January 1, 2022
Annual improvements to IFRS Standards 2018–2020	January 1, 2022
Amendments to IAS 1 'Presentation of Financial Statements' to address classification of liabilities as current or non-current providing a more general approach based on the contractual arrangements in place at the reporting date.	January 1, 2023
IFRS 17 'Insurance Contracts' which requires insurance liabilities to be measured at a current fulfilment value and provides a more uniform measurement and presentation approach for all insurance contracts. These requirements are designed to achieve the goal of a consistent, principle-based accounting for insurance contracts. IFRS 17 supersedes IFRS 4 'Insurance Contracts' as of January 1, 2021.	January 1, 2023
Amendments to IFRS 17 'Insurance Contracts' to address concerns and implementation challenges that were identified after IFRS 17 was published in 2017.	January 1, 2023
Extension of the Temporary Exemption from Applying IFRS 9 (Amendments to IFRS 4). The amendment changes the fixed expiry date for the temporary exemption in IFRS 4 'Insurance Contracts' from applying IFRS 9 'Financial Instruments', so that entities would be required to apply IFRS 9 for annual periods beginning on or after 1 January 2023.	January 1, 2023
Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2) which require that an entity discloses its material accounting policies, instead of its significant accounting policies. Further amendments explain how an entity can identify a material accounting policy.	January 1, 2023
The amendments replace the definition of Accounting Estimates (Amendments to IAS 8) - The amendments replace the definition of a change in accounting estimates with a definition of accounting estimates. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty". Entities develop accounting estimates if accounting policies require items in financial statements to be measured in a way that involves measurement uncertainty. The amendments clarify that a change in accounting estimate that results from new information or new developments is not the correction of an error.	January 1, 2023
The IASB issued 'Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12)' that clarify how companies account for deferred tax on transactions such as leases and decommissioning obligations.	January 1, 2023

Management anticipates that these amendments will be adopted in the financial information in the initial period when they become mandatorily effective. The impact of these standards and amendments is currently being assessed by the management.

2 BASIS OF PREPARATION AND CRITICAL ACCOUNTING JUDGEMENTS continued

2.4 Critical accounting judgments and key sources of estimation uncertainty

The preparation of interim condensed consolidated financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income and expense. Actual results may differ from these estimates.

Judgements
In the process of applying the Group's accounting policies, management has made the following judgments, which have the most significant effect on the amounts recognised in the consolidated financial statements:

Determining whether unsigned (verbal) agreements meet the definition of contract under IFRS 15:
Certain projects for the Government of Abu Dhabi, its departments or related parties, and for customers in Egypt, are executed on the basis of verbally agreed terms (including estimates of total project cost and timelines) in line with the Group's historical business practice. Management has determined such unsigned verbal agreements meet the definition of a 'contract with customer' under IFRS 15 on the basis of external legal opinions. Based on legal opinions, management considers such unsigned verbal agreements to meet the definition of a 'contract with customer' under IFRS 15 since the Group and the customer agree upon the essential elements of a contract and any other lawful conditions, though matters of detail are left to be agreed upon at a later date, and the contract is deemed to be made and binding even in the absence of agreement on these matter of detail. In addition, under Article 132 of the UAE Civil code and under the Supreme Administrative Court Ruling in Case no. 134 of 42 Judicial Year dated 22 July 1997 a contract can be oral or written and a contract can also result from acts which demonstrate the presence of mutual consent between the relevant parties.

Joint arrangement
For assessing joint control, the Group has considered the contractual agreement of sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control. For the purpose of assessing whether a joint arrangement is a joint venture or joint operation, the Group has considered whether it has joint control on the rights to the net assets of the arrangements, in which case these are treated as joint ventures, or rights to the assets and obligations for the liabilities relating to the arrangement, in which case these are treated as joint operations.

The Group has concluded that the Group entity *"The Challenge Egyptian Emirates Marine Dredging Company"*, is a joint venture because each party has equal representation on the Board of Directors and unanimous consent of the Board of Directors is required for any resolution to be passed and the Group has rights to the net assets of the joint arrangement established by contractual agreement.

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

Contract revenue
Revenue from construction contracts is recognised in the interim condensed consolidated statement of profit or loss when the outcome of the contract can be reliably estimated. The measurement of contract revenue is affected by a variety of uncertainties (including cost estimation and surveys of work performed) that depend on the outcome of future events.

2 BASIS OF PREPARATION AND CRITICAL ACCOUNTING JUDGEMENTS continued

2.4 Critical accounting judgments and key sources of estimation uncertainty continued

Estimates and assumptions continued

Contract revenue continued

As stated in note 3 to the interim condensed consolidated financial statements, contract revenue is recognised in the interim condensed consolidated statement of profit or loss on the basis of stage of completion of the contracts. The stage of completion can be measured by various methods. The management uses one of the following methods that measure reliably the actual work performed on the contract, depending on the nature of the contract:

- surveys of work performed; or
- the proportion that costs incurred to date bear to the estimated total costs of the contract.

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

The above estimates often need to be revised as events occur and uncertainties are resolved. Therefore, the amount of contract revenue recognised may increase or decrease from period to period.

COVID-19

On 11 March 2020, the World Health Organization made an assessment that the outbreak of a coronavirus (COVID - 19) can be characterized as a pandemic. In addition, oil prices significantly dropped in January to March 2020 due to a number of political and economic factors. As a result, businesses have subsequently seen reduced customer traffic and, where governments mandated, temporary suspension of travel and closure of recreation and public facilities.

To alleviate the negative impact of the COVID-19 pandemic, the UAE Government, Central Bank and other independent jurisdictions and regulators have taken measures and issued directives to support businesses and the UAE economy at large, including extensions of deadlines, facilitating continued business through social-distancing and easing pressure on credit and liquidity in the UAE.

The situation, including the government and public response to the challenges, continues to progress and rapidly evolve. Therefore, the extent and duration of the impact of these conditions remain uncertain and depend on future developments that cannot be accurately predicted at this stage, and a reliable estimate of such an impact cannot be made at the date of approval of these condensed interim consolidated financial statements. Notwithstanding this, these developments could impact the Group's future financial results, cash flows and financial position.

Contract variations and claims

Contract variations are recognised as revenues only to the extent that it is probable that they will result in revenue which can be reliably measured. This requires the exercise of estimating the value of variations based on management's prior experience, application of contract terms and the relationship with the customers.

Contract claims are recognised as revenue only when management believes that an advanced stage of negotiation has been reached and the revenue can be estimated with reasonable certainty. Management reviews the judgement related to these contract claims periodically and adjustments are made in the future periods, if assessments indicate that such adjustments are appropriate.

2 BASIS OF PREPARATION AND CRITICAL ACCOUNTING JUDGEMENTS continued

2.4 Critical accounting judgments and key sources of estimation uncertainty continued

Estimates and assumptions continued

Provision for expected credit losses on trade receivables

In measuring the expected credit loss allowance for financial assets measured at amortised cost, management uses the Expected Credit Loss (ECL) model and assumptions about future economic conditions and credit behaviour such as likelihood of customer defaulting. Management consider the following judgements and estimates:

- Development of ECL model, including formula and choice of inputs;
- Determining the criteria if there has been a significant increase in credit risk and so allowances for financial assets should be measured on a lifetime ECL basis and the qualitative assessments;
- The segmentation of financial assets when the ECL is assessed on a collective basis; and
- Determination of associations between macroeconomic scenarios and, economic inputs, and their effect on probability of default (PDs), exposure at default (EADs) and loss given default (LGD); and
- Selection of forward-looking macroeconomic scenarios and their probability weightings, to derive the economic inputs into ECL models.

The Group recognises lifetime expected credit loss (ECL) for trade and contract assets using the simplified approach (notes 12 and 13). As of 30 September 2021, the provision for expected credit losses on trade and retention receivables amounted to AED 19,239 thousand (31 December 2020: AED Nil).

Contract assets

Contract assets represent amounts relating to work performed which is yet to be billed to customers. Contract assets are measured by applying the minimum recoverable rates expected, to the actual quantities dredged or the related works performed. Management believes that all contract assets are collectible within twelve months from the reporting date and accordingly the balance is classified under current assets. Significant judgments are involved in management's assessment of the amounts of revenue and contract assets recognised and the recoverability of these amounts. These judgments are reviewed as events occur and accordingly any changes thereon may have an impact on the amount of revenue recognised and contract assets in these interim condensed consolidated financial statements.

The Group receives lump sum payments from certain clients in settlement of outstanding invoices and as advances for several projects. The allocation of proceeds against invoices and contract assets is determined based on management's judgment.

As of 30 September 2021, the provision for expected credit losses on contract assets amounted to AED 56,976 thousand (31 December 2020: AED Nil).

Useful life of property, plant and equipment

Management assigns useful lives and residual values to the items of property, plant and equipment based on the intended use of the assets and the expected economic lives of those assets. Subsequent changes in circumstances such as technological advances or prospective utilisation of the assets concerned could result in the actual useful lives or residual values differing from the initial estimates.

The estimated useful life of each asset is reviewed periodically and updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and other limits on the use of the asset. The revision is based on the technical assessment carried by the Group's engineers.

2 BASIS OF PREPARATION AND CRITICAL ACCOUNTING JUDGEMENTS continued

2.4 Critical accounting judgments and key sources of estimation uncertainty continued

Estimates and assumptions continued
Useful life of property, plant and equipment continued
During the period, Management has reviewed the residual values and useful lives of the major items of property, plant and equipment and changed its estimate with respect to the useful life of certain items of Barges, support vessels, plant, pipelines and vehicles included in property, plant and equipment, from 5 to 30 years to 8 to 40 years effective 1 January 2021. This change has been accounted for as a change in accounting estimate in accordance with the requirements of IAS 8 – *Accounting Policies, Changes in Accounting Estimates and Errors.* Accordingly, the effect of this change has been recognized prospectively in the interim condensed consolidated statement of profit or loss. The effect of this change on the actual and expected depreciation expense was as follows:

	30 Sept 2021 AED '000	*31 December 2021 AED '000*	*31 December 2022 AED '000*	*31 December 2023 AED '000*	*31 December 2024 AED '000*
Decrease in depreciation expense due to change in the useful life of Barges, support vessels, plant, pipelines and vehicles	17,704	23,605	23,605	23,605	23,605

Allowance for slow moving and obsolete inventory
The Group reviews the underlying costs, ageing and movements of its inventories to assess losses due to any deterioration in the market and obsolescence on a regular basis. In determining whether an allowance 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 market for the product and the net realisable value for such product. Accordingly, management has determined that allowance for slow-moving and obsolete inventories at 30 September 2021 is AED 48,309 thousand (31 December 2020: AED 46,417 thousand).

Impairment of goodwill
Determining whether goodwill is impaired requires an estimation of the higher of value-in-use or fair value less cost to sale of the cash-generating unit to which the goodwill has been allocated. The value-in-use calculation for goodwill requires the Group to calculate the net present value of the future cash flows for which certain assumptions are required, including management's expectations of:

- long term growth rates in cash flows;
- timing and quantum of future capital expenditure; and
- the selection of discount rates to reflect the risks involved.

Impairment of property, plant and equipment
The Group assesses for indicators of impairment of property, plant and equipment at each reporting period. In determining whether impairment losses should be recorded, the Group makes judgments as to whether there is any observable data indicating that there is a measurable decrease in the estimated future cash flows. Accordingly, an allowance for impairment is made where there is an identified loss event or condition which, based on previous experience, is evidence of a reduction in the recoverability of the cash flows.

2 BASIS OF PREPARATION AND CRITICAL ACCOUNTING JUDGEMENTS continued

2.4 Critical accounting judgments and key sources of estimation uncertainty continued

Estimates and assumptions continued

Uncertain tax positions

Uncertainties exist with respect to the interpretation of complex tax regulations, changes in tax laws, and the amount and timing of future taxable income. Given the wide range of international business relationships and the long term nature and complexity of existing contractual agreements, differences may arise between the actual results and adjustments to tax income and expense already recorded. Deferred tax assets are recognised for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Assessing the recoverability of deferred income tax assets requires the Group to make significant assumptions related to expectations of future taxable income. Estimates of future taxable income are based on forecast cash flows from operations and the application of existing tax laws in each jurisdiction. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the Group to realise the net deferred tax assets recorded at the reporting date could be impacted. As of 30 September 2021, the Group has recognised a balance of AED 3,114 thousand as a deferred tax asset (31 December 2020: AED Nil). The uncertain tax positions, for example tax disputes, have been accounted for by the applying the most likely amount. The most likely amount is the single most likely amount in a range of realistically possible options.

Fair value of assets classified as held for sale

Assets classified as held for sale are measured at the lower of their previous carrying amount and fair value less costs to sell. Fair value less cost to sell for these assets is generally derived from valuation assessment carried out by a third party and/or prices agreed with potential buyers less cost. For the assessment carried out by a third party or by the management, a degree of judgement is required in establishing fair values. The judgements include consideration of market demand for these assets and nature of the assets. Changes in assumptions about these factors could affect the reported fair value of the assets classified as held for sale.

Legal claims and contingencies

When assessing the possible outcomes of legal claims and contingencies, the Group rely on the opinions of the legal counsel. The opinions of the Group's legal counsel are based on their professional judgment and take into consideration the current stage of proceedings and legal experience accumulated with respect to various matters. As the results of the claims may ultimately be determined by courts or otherwise settled, they may be different from such estimates.

Discount rate used for initial measurement of lease liability

The Group, as a lessee, measures the lease liability at the present value of the unpaid lease payments at the commencement date. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Group, on initial recognition of the lease, uses its incremental borrowing rate. Incremental borrowing rate is the rate of interest that the Company would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use assets in similar economic environment.

Derivative financial instruments

The fair values of derivative financial instruments measured at fair value are generally obtained by reference to quoted market prices, discounted cash flow models and recognised pricing models as appropriate. When independent prices are not available, fair values are determined by using valuation techniques which refer to observable market data. These include comparison with similar instruments where market observable prices exist, discounted cash flow analysis, option pricing models and other valuation techniques commonly used by market participants.

Warranty provision

Management has estimated contract warranty costs expected to arise on projects, based on management's best estimates, past experience and expected future maintenance costs.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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 general and administrative expenses.

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 is recognised at fair value at the acquisition date. 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 consolidated statement of 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 consolidated statement of 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.

A contingent liability recognized in a business combination is initially measured at its fair value. Subsequently, it is measured at the higher of the amount that would be recognized in accordance with the requirements for provisions in IAS 37 *Provisions, Contingent Liabilities and Contingent Assets* or the amount initially recognized less (when appropriate) cumulative amortisation recognized in accordance with the requirements for revenue recognition.

Investments in associates and joint ventures (equity accounted investees)
An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

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

The considerations made in determining significant influence or joint control are similar to those necessary to determine control over subsidiaries. The Group's investment in its associate and joint venture are accounted for using the equity method.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

Investments in associates and joint ventures (equity accounted investees) continued
Under the equity method, the investment in an associate or a joint venture is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the associate or joint venture since the acquisition date. Goodwill relating to the associate or joint ventures included in the carrying amount of the investment and is not tested for impairment separately.

The consolidated statement of profit or loss reflects the Group's share of the results of operations of the associate or joint venture. Any change in OCI of those investees is presented as part of the Group's OCI. In addition, when there has been a change recognised directly in the equity of the associate or joint venture, the Group recognises its share of any changes, when applicable, in the consolidated statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the associate or joint venture are eliminated to the extent of the interest in the associate or joint venture.

The aggregate of the Group's share of profit or loss of an associate and a joint venture is shown on the face of the consolidated statement of profit or loss outside operating profit and represents profit or loss after tax and non-controlling interests in the subsidiaries of the associate or joint venture.

The financial statements of the associate or joint venture are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in its associate or joint venture. At each reporting date, the Group determines whether there is objective evidence that the investment in the associate or joint venture is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate or joint venture and its carrying value, and then recognises the loss within 'Share of net results of equity accounted investees' in the consolidated statement of profit or loss.

Upon loss of significant influence over the associate or joint control over the joint venture, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognised in consolidated statement of profit or loss.

Interest in joint operations
A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

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

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

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

Interest in joint operations continued
The Group accounts for the assets, liabilities, revenue and expenses relating to its interest in a joint operation in accordance with the IFRS Standards applicable to the particular assets, liabilities, revenue and expenses.

When a Group entity transacts with a joint operation in which a Group entity is a joint operator (such as a sale or contribution of assets), the Group is considered to be conducting the transaction with the other parties to the joint operation, and gains and losses resulting from the transactions are recognised in the Group's interim condensed consolidated financial statements only to the extent of other parties' interests in the joint operation.

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

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

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

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

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

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

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

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

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

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

Revenue from contracts with customers continued

Contract revenue continued

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

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

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

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

Warranty Obligations

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

Significant financing component

For lump sum engineering, construction and procurement projects, if there is a difference in the timing of when the Group receives the advance and progress payments and when it recognises the contract revenue, the Group implies the existence of implicit significant financing component and adjusts transaction price to include the effects of time of value of money. The Group records interest on the delayed payments as interest income.

For other contracts generally, the Group receives short-term advances from its customers. Using the practical expedient in IFRS 15, the Group does not adjust the promised amount of consideration for the effects of a significant financing component if it expects, at contract inception, that the period between the transfer of the promised good or service to the customer and when the customer pays for that good or service will be one year or less.

Cost to obtain and costs to fulfil a contract

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

Finance income

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

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

Finance costs
Finance costs comprise interest expense on borrowings. Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in the interim condensed consolidated statement of profit or loss using the effective interest method.

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.

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

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

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

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

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

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

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

3 **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** continued

Taxation
Income tax (expense) / benefit comprises current and deferred tax. Current and deferred taxes are recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income.

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

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

Deferred tax
Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss, and differences relating to investments in subsidiaries and joint venture to the extent that it is probable that they will not reverse in the foreseeable future.

In addition, deferred tax is not recognised for taxable temporary differences arising on the initial recognition of goodwill. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised for unused tax losses, unused tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Value added tax (VAT)
Expenses and assets are recognised net of the amount of VAT, except:

- When VAT incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, VAT is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable
- When receivables and payables are stated with the amount of VAT included

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

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

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

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

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

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

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

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

Depreciation methods, useful lives and residual values are reviewed at each financial year end, with the effect of any changes in estimate accounted for on a prospective basis.

During the period, the Group has made a reassessment of the estimated useful life of certain major items of property, plant and equipment (refer note 2.4).

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

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

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

Property, plant and equipment continued

Derecognition

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

Impairment of non-financial assets

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

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

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

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

Inventories

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

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

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

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

Leases
At inception of a contract, the Group assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

For a contract that is, or contains, a lease, the Group accounts for each lease component within the contract as a lease separately from non-lease components of the contract.

The Group determines the lease term as the non-cancellable period of a lease, together with both:

a) periods covered by an option to extend the lease if the lessee is reasonably certain to exercise that option; and
b) periods covered by an option to terminate the lease if the lessee is reasonably certain not to exercise that option.

In assessing whether a lessee is reasonably certain to exercise an option to extend a lease, or not to exercise an option to terminate a lease, the Group considers all relevant facts and circumstances that create an economic incentive for the lessee to exercise the option to extend the lease, or not to exercise the option to terminate the lease. The Group revises the lease term if there is a change in the non-cancellable period of a lease.

Group as a lessor
Leases where the Group does not transfer substantially all the risks and benefits of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same bases as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

Group as a lessee
For a contract that contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

The relative stand-alone price of lease and non-lease components is determined on the basis of the price the lessor, or a similar supplier, would charge an entity for that component, or a similar component, separately. If an observable stand-alone price is not readily available, the Group estimates the stand-alone price, maximising the use of observable information.

For determination of the lease term, the Company reassesses whether it is reasonably certain to exercise an extension option, or not to exercise a termination option, upon the occurrence of either a significant event or a significant change in circumstances that:

a) is within the control of the Group; and
b) affects whether the Group is reasonably certain to exercise an option not previously included in its determination of the lease term, or not to exercise an option previously included in its determination of the lease term.

At the commencement date, the Group recognises a right-of-use asset and a lease liability classified separately on the interim condensed consolidated statement of financial position.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

Leases continued

Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. 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 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 'Impairment of non-financial assets' policy.

Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognised as expense in the period on which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered of low value. Lease payments on short- term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

Financial instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instruments.

Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), or fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. The Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

Financial instruments continued
Financial assets continued
Initial recognition and measurement continued
In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Subsequent measurement
For purposes of subsequent measurement, financial assets are classified in four categories:

a) Financial assets at amortised cost (debt instruments, cash and cash equivalents and trade receivables)
b) Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)
c) Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
d) Financial assets at fair value through profit or loss

The Group has the following financial assets:

Cash and cash equivalents
Cash and cash equivalents which include cash on hand, cash at banks, bank overdrafts and deposits held at call with banks with original maturities of three months or less, are classified as financial assets at amortised cost.

Financial assets at amortised cost (trade receivables, cash and bank balances and amounts due from related parties)
The Group measures financial assets at amortised cost if both of the following conditions are met:

a) The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
b) 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.

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

Cash and cash equivalents include cash on hand and deposits held with banks with original maturities of three months or less, net of overdraft balances.

Financial assets at fair value through profit or loss
Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term.

Financial assets at fair value through profit or loss are carried in the interim condensed consolidated statement of financial position at fair value with net changes in fair value recognised in the interim condensed consolidated statement of profit or loss.

This category includes listed equity investments which the Group had not irrevocably elected to classify at fair value through OCI. Dividends on listed equity investments are also recognised as other income in the interim condensed consolidated statement of profit or loss when the right of payment has been established.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

Financial instruments continued
Financial assets continued
Impairment of financial assets
The Group recognises a loss allowance for expected credit losses on financial assets measured at amortised cost, lease receivables, trade receivables, as well as on loan commitments and financial guarantee contracts. No impairment loss is recognised for investments in equity instruments. The amount of expected credit losses is updated at the end of each reporting period to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Group always recognises lifetime ECL for trade receivables, contract assets and retention receivables, using the simplified approach. 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. If, on the other hand, 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 months ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition instead of on evidence of a financial asset being credit-impaired at the end of the reporting period or an actual default occurring

i) Significant increase in credit risk
In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the end of the reporting period with the risk of a default occurring on the financial instrument as 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. Irrespective of the outcome of the above assessment, the Group presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

Despite the foregoing, the Group assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if i) the financial instrument has a low risk of default, ii) the borrower has a strong capacity to meet its contractual cash flow obligations in the near term and iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations. The Group considers a financial asset to have low credit risk when it has an internal or external credit rating of 'investment grade' as per globally understood definition.

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

ii) Definition of Default
The Group employs statistical models to analyse the data collected and generate estimates of probability of default ("PD") of exposures with the passage of time. This analysis includes the identification for any changes in default rates and changes in key macro-economic factors across various geographies of the Group.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

Financial instruments continued
Financial assets continued
Impairment of financial assets continued
iii) Credit – impaired financial assets
A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

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

iv) Write off policy
The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery.

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

For financial assets, the expected credit loss is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the original effective interest rate.

Where lifetime ECL is measured on a collective basis to cater for cases where evidence of significant increases in credit risk at the individual instrument level may not yet be available, the financial instruments are grouped on the following basis:

- Nature of financial instruments (i.e. the Group's trade and other receivables, finance lease receivables and amounts due from customers are each assessed as a separate group.
- Past-due status;
- Nature, size and industry of debtors; and
- External credit ratings where available.

The grouping is regularly reviewed by management to ensure the constituents of each group continue to share similar credit risk characteristics.

The Group recognises an impairment gain or loss in the interim condensed consolidated statement of profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

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

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

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

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

Financial guarantee contracts
Financial guarantee contracts issued by the Group are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. Financial guarantee contracts are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequently, the liability is measured at the higher of the best estimate of the expenditure required to settle the present obligation at the reporting date and the amount recognised less cumulative amortisation.

Derivative financial instruments
The Group enters into a variety of derivative financial instruments to manage its exposure to interest rate and foreign exchange rate risks, including foreign exchange forward contracts, options and interest rate swaps.

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

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

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

Hedge accounting
The Group designates certain derivatives as hedging instruments in respect of foreign currency risk and interest rate risk in fair value hedges. Hedges of foreign exchange risk on firm commitments are accounted for as cash flow hedges.

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

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

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

The Group designates the full change in the fair value of a forward contract (i.e. including the forward elements) as the hedging instrument for all of its hedging relationships involving forward contracts.

Furthermore, if the Group expects that some or all of the loss accumulated in cost of hedging reserve will not be recovered in the future, that amount is immediately reclassified to profit or loss.

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

Amounts previously recognised in other comprehensive income and accumulated in equity are reclassified to profit or loss in the periods when the hedged item affects profit or loss, in the same line as the recognised hedged item. However, when the hedged forecast transaction results in the recognition of a non-financial asset or a non-financial liability, the gains and losses previously recognised in other comprehensive income and accumulated in equity are removed from equity and included in the initial measurement of the cost of the non-financial asset or non-financial liability. This transfer does not affect other comprehensive income.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

Derivative financial instruments continued

Cash flow hedges

Furthermore, if the Group expects that some or all of the loss accumulated in the cash flow hedging reserve will not be recovered in the future, that amount is immediately reclassified to profit or loss.

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

Employee benefits

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

A provision is also made for the full amount of end of service benefits due to employees in accordance with the Group's policy, which is at least equal to the benefits payable in accordance with UAE Labour Law, for their period of service up to the end of each reporting period. The accrual relating to annual leave and leave passage is disclosed as a current liability, while the provision relating to end of service benefits is disclosed as a non-current liability.

Pension contributions are made in respect of UAE national employees to the UAE General Pension and Social Security Agency in accordance with the Abu Dhabi Retirement Pensions and the Benefit Funds and covered by Pension and Leaving Benefits Law No. 2/2000 for Pension and Social Security. Such contributions are charged to the statement of financial performance during the employees' period of service.

Dividend

Dividend is recognised as a liability in the period in which the dividends are approved by the Company's shareholders and are recognised as distributions within equity.

Provisions

Provisions are recognised if, as a result of past events, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Where the effect of time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects the current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

The provisions are reviewed and adjusted at each reporting date, and if outflow is no longer probable, the provision is reversed to income.

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 the receivable can be measured reliably.

Onerous contracts

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

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

Contingent liabilities

Unless the possibility of any outflow in settlement is remote, the Group discloses each class of contingent liability at the end of the reporting period and a brief description of the nature of the contingent liability. Where practicable, the Group discloses an estimate of its financial effect; an indication of the uncertainties relating to the amount or timing of any outflow; and the possibility of any reimbursement.

Contingent liabilities are assessed continually to determine whether an outflow of resources embodying economic benefits has become probable. If it becomes probable that an outflow of future economic benefits will be required for an item previously dealt with as a contingent liability, a provision is recognised in the interim condensed consolidated financial statements in the period in which the change in probability occurs (except in the extremely rare circumstances where no reliable estimate can be made).

Segment information

The Group's operating segments information is in accordance with IFRS 8 Operating Segments. IFRS 8 requires operating segments to be identified on the basis of internal reports that are regularly reviewed by the Group's chief operating decision maker and used to allocate resources to the segments and to assess their performance.

Current versus non-current classification

The Group presents assets and liabilities in the interim condensed consolidated 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.

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 Group classifies all other liabilities as non-current.

Fair value measurement

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. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

Fair value measurement continued
The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

All assets and liabilities for which fair value is measured or disclosed in the interim condensed consolidated financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the interim condensed consolidated financial statements at fair value on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy, as explained above.

Fair-value related disclosures for financial instruments and non-financial assets that are measured at fair value or where fair values are disclosed, are summarised in note 28.

4 ACQUISITION OF NATIONAL PETROLEUM CONSTRUCTION COMPANY PJSC

As stated in note 1, in 2020, the Company received and approved an offer from the shareholders of NPCC to transfer 100% of the shareholding of NPCC to NMDC (the "Transaction"). On 11 February 2021 (the "Acquisition Date") all regulatory approvals related to the Transaction were received, and the entire issued share capital of NPCC was transferred to NMDC in consideration for the issuance of a convertible instrument by NMDC to NPCC's shareholders on the Acquisition Date. This convertible instrument was converted upon issuance into 575,000,000 ordinary shares at a par value of AED 1 each representing 69.70% of the issued share capital of the post-merger combined entity.

In accordance with IFRS 3 *Business Combinations,* the Transaction is accounted for as a reverse acquisition with NPCC being deemed to be the Accounting Acquirer and NMDC deemed to be the Accounting Acquiree for accounting purposes. NPCC was determined to be the Accounting Acquirer based on the following facts and circumstances: (i) the transaction is effected by the way of an exchange of equity instruments (ii) as a result of this merger, ADQ, the majority shareholder of NPCC and 32% shareholder of NMDC immediately prior to the merger, holds a majority shareholding of 58.48% of the share capital of the Company, post-acquisition (iii) ADQ has the ability to elect the majority of the Board members of the Company; and (iv) NPCC's consolidated financial performance and position are greater than NMDC as indicated by the parameters in the following table:

	NPCC			NMDC		
AED'000	***2018***	***2019***	***2020***	***2018***	***2019***	***2020***
Revenue	5,341,014	6,064,094	4,424,373	1,532,069	2,810,733	3,776,232
Profit after tax	543,092	471,272	106,992	120,959	180,844	351,756
Total assets	6,994,340	6,961,691	7,397,813	4,741,391	5,766,705	7,231,363

4 ACQUISITION OF NATIONAL PETROLEUM CONSTRUCTION COMPANY PJSC continued

Based on the principles of reverse acquisition, (i) the information presented in these interim condensed consolidated financial statements for the comparative period are those of the Accounting Acquirer; (ii) the share capital is adjusted to reflect the share capital of the Accounting Acquiree and therefore share capital presented in the statement of changes in equity is of NMDC (refer note 16) ; (iii) the assets acquired and liabilities assumed of NMDC are reported at their fair values as of the Acquisition Date; (iv) NMDC remains the continuing registrant and the reporting company (also referred as the Company as defined above); and (vi) a merger reserve of AED 765,000 thousand has been created (refer note 17) and earnings per share for the comparative period has been adjusted (refer note 25). A complete set of significant accounting policies and critical accounting judgements have also been presented in these interim condensed consolidated financial statements.

Purchase consideration
In a business combination in which the acquirer and the acquiree (or its former owners) exchange only equity interests, the fair value of the acquiree's equity interests may be more reliably measurable than the fair value of the acquirer's equity interests. If so, the acquirer should determine the amount of goodwill by using the fair value of the acquiree's equity interests rather than the fair value of the equity interests transferred.

Since the transaction is deemed to be a reverse acquisition, purchase consideration would be an equivalent of the equity interests that would have had to be issued by NPCC to give NMDC shareholders the same proportionate shareholding. At the date of merger NPCC had 100,000,000 outstanding issued shares AED 1 each. It represented 69.7% of the value of the combined entity. NPCC, as the accounting acquirer, issued hypothetical shares to the shareholders of NMDC that represented 30.3% of the value of the combined entity. To this end, NPCC issued 43,478,261 hypothetical shares as the purchase consideration for the acquisition of NMDC. According to the deal, NMDC would issue 575,000,000 shares in exchange for 100,000,000 shares in NPCC, which implies that the exchange ratio is 5.75 NMDC shares for 1 NPCC share. The market price of NMDC shares on 10 February 2021 ("the Transaction Date") was AED 5.96 per share. Considering that the fair value of NPCC shares at the Transaction Date was AED 34.27 per share, consequently, the purchase consideration is considered to be AED 1,490,000 thousand.

The following table summarizes the acquisition date fair value of the consideration transferred:

Post-Merger capital structure (from the perspective of NPCC - the accounting acquirer)	**Shares**	**% Ownership**
NPCC outstanding shares pre-transaction	100,000,000	69.7%
Shares to be issued to NMDC to achieve post-merger capital structure	43,478,261	30.3%
Post-merger capital structure (Reverse acquisition)	**143,478,261**	**100.0%**

Purchase consideration calculation	
Number of new shares NMDC will issue to obtain 100% of NPCC	575,000,000
Number of NPCC outstanding shares pre-transaction	100,000,000
Exchange ratio: number of NMDC shares per 1 NPCC share	5.75
NMDC quoted share price at the Transaction Date, AED	5.96
Fair Value of 1 share in NPCC at the Transaction Date, AED	34.27
Shares to be issued to NMDC to achieve post-merger capital structure	43,478,261
Consideration transferred for the reverse acquisition (43,478,261 new shares issued at AED 34.27 per share), AED'000	**1,490,000**

4 ACQUISITION OF NATIONAL PETROLEUM CONSTRUCTION COMPANY PJSC continued

Identifiable assets acquired and liabilities assumed
The following table summarises the recognised fair values of assets acquired and liabilities assumed:

	AED'000
Assets	
Property, plant and equipment	**1,527,764**
Right-of-use assets	**24,210**
Investment in equity accounted investee	**24,438**
Financial assets at fair value through profit or loss	**27,838**
Inventories	**244,292**
Trade and other receivables	**1,345,312**
Contract assets	**2,400,347**
Deferred tax asset	**4,142**
Total assets	**5,598,343**
Liabilities	
Terms loans	**(566,897)**
Overdraft (net of cash and bank balance)	**(481,905)**
Lease liabilities	**(12,416)**
Employees end of service benefits	**(133,300)**
Trade and other payables	**(2,864,117)**
	(4,058,635)
Net assets acquired	**1,539,708**
Purchase consideration	**(1,490,000)**
Gain on bargain purchase (note 24)	**49,708**

Gain on bargain purchase
The acquisition resulted in a bargain purchase transaction because the fair value of the net assets acquired exceeded the purchase consideration. The bargain purchase gain of AED 49,708 is recognised and presented under "Other income, net" in the interim condensed consolidated income statement.

Acquisition related costs
The Group has incurred acquisition-related costs amounting to AED 4,567 thousand.

Revenue and profit before tax contributed by the Accounting Acquiree
For the period from 11 February 2021 to 30 September 2021, the Accounting Acquiree contributed revenue of AED 2,385,550 thousand and net profit before tax of AED 437,610 thousand to the Group's results. If the Transaction had occurred on 1 January 2021, management estimates that consolidated pro-forma revenue would have been AED 5,739,243 thousand, and consolidated pro-forma net profit before tax for the period would have been AED 476,348 thousand.

Trade and retention receivables contributed by the Accounting Acquiree
On 11 February 2021 the acquired business includes trade and retention receivables with a fair value of AED 896,463 thousand and a gross contractual value of AED 1,100,820 thousand.

5 PROPERTY, PLANT AND EQUIPMENT

	Building and base facilities AED'000	*Dredgers AED'000*	*Barges support vessels, plant pipelines and vehicles AED'000*	*Office equipment and furniture AED'000*	*Capital work in progress AED'000*	*Total AED'000*
2021						
Cost:						
At 1 January 2021 *(Audited)*	537,705	-	5,791,855	113,017	18,526	6,461,103
Acquisition of a subsidiary (Note 4)	53,416	924,079	511,402	10,927	27,940	1,527,764
Additions	13,823	3,665	46,486	1,637	44,206	109,817
Transfers	-	9,504	12,094	128	(21,726)	-
Disposals	(57)	(15)	(45,375)	(137)	-	(45,584)
Exchange differences	-	-	-	(160)	-	(160)
At 30 September 2021 *(Unaudited)*	**604,887**	**937,233**	**6,316,462**	**125,412**	**68,946**	**8,052,940**
Accumulated depreciation:						
1 January 2021 *(Audited)*	356,564	-	3,262,292	90,167	-	3,709,023
Charge for the period	12,943	52,801	245,785	8,102	-	319,631
Disposals	-	-	(45,018)	(13)	-	(45,031)
Exchange differences	-	-	-	(134)	-	(134)
At 30 September 2021 *(Unaudited)*	**369,507**	**52,801**	**3,463,059**	**98,122**	**-**	**3,983,489**
Net carrying amount:						
At 30 September 2021 *(Unaudited)*	**235,380**	**884,432**	**2,853,403**	**27,290**	**68,946**	**4,069,451**

5 PROPERTY, PLANT AND EQUIPMENT continued

	Building and base facilities AED'000	*Barges support vessels, plant pipelines and vehicles AED'000*	*Office equipment and furniture AED'000*	*Capital work in progress AED'000*	*Total AED'000*
2020					
Cost:					
At 1 January 2020 *(Audited)*	533,668	5,357,175	103,311	366,929	6,361,083
Additions	19	36,826	7,520	67,427	111,792
Transfers	4,018	409,297	2,515	(415,830)	-
Disposals/write offs	-	(11,443)	(35)	-	(11,478)
Exchange differences	-	-	(294)	-	(294)
At 31 December 2020 *(Audited)*	537,705	5,791,855	113,017	18,526	6,461,103
Accumulated depreciation:					
1 January 2020 *(Audited)*	342,117	3,038,050	82,906	-	3,463,073
Charge for the year	14,447	235,507	7,505	-	257,459
Disposals/write offs	-	(11,265)	(28)	-	(11,293)
Exchange differences	-	-	(216)	-	(216)
At 31 December 2020 *(Audited)*	356,564	3,262,292	90,167	-	3,709,023
Net carrying amount:					
At 31 December 2020 *(Audited)*	181,141	2,529,563	22,850	18,526	2,752,080

6 RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

	Right-of-use assets (land) *AED'000*	*Lease liabilities* *AED'000*
As at 1 January 2020 *(Audited)*	308,608	312,265
Depreciation expense	(10,612)	-
Other movement	1	-
Interest expense	-	11,862
Payments	-	(17,286)
As at 31 December 2020 *(Audited)*	297,997	306,841
As at 1 January 2021 *(Audited)*	**297,997**	**306,841**
Acquisition during the period (note 4)	**24,210**	**12,416**
Depreciation expense	**(9,841)**	**-**
Interest expense	**-**	**9,080**
Payments	**-**	**(18,162)**
As at 30 September 2021 *(Unaudited)*	**312,366**	**310,175**

Lease liabilities is analysed in the interim condensed consolidated statement of financial position as follows:

	30 September 2021 ***AED'000*** ***(Unaudited)***	*31 December 2020* *AED'000* *(Audited)*
Current liabilities	**6,723**	6,117
Non-current liabilities	**303,452**	300,724
Total	**310,175**	306,841

Following are the amounts recognised in the interim condensed consolidated statement of profit or loss:

	30 September 2021 ***AED'000*** ***(Unaudited)***	*30 September 2020* *AED'000* *(Unaudited)*
Depreciation on right-of-use assets	**9,841**	7,959
Interest expense on lease liabilities	**9,080**	8,897

7 GOODWILL

Acquisition of subsidiaries
During the year 2015, the Group acquired 80% stake in ANEWA Engineering Pvt LTD through one of its subsidiaries NPCC Engineering Limited, India.

Acquisition date fair values of the identifiable assets and liabilities of the subsidiaries were determined as follows:

	Total AED'000
Fair value of net assets acquired	12,749
Consideration paid	7,692
Goodwill on acquisition	5,057

8 INVESTMENTS IN EQUITY ACCOUNTED INVESTEES

The movement in investment in equity accounted investees are as follows:

	30 September 2021 AED'000 (Unaudited)	*31 December 2020 AED'000 (Audited)*
At 1 January	**24,013**	22,722
Acquisition during the period (note 4)	**24,438**	-
Dividend received during the period	**(1,465)**	-
Share of profit for the period/year	**6,260**	1,291
At reporting date	**53,246**	24,013

The value of investments at reporting date is as follow:

Principia SAS	**23,271**	24,013
The Challenge Egyptian Emirates Marine Dredging Company	**29,975**	-
	53,246	24,013

9 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	30 September 2021 AED'000 (Unaudited)	*31 December 2020 AED'000 (Audited)*
At 1 January	**-**	-
Acquisition during the period (note 4)	**27,838**	-
Change in fair value	**762**	-
At reporting date	**28,600**	-

9 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS continued

The financial assets at fair value through profit or loss (FVTPL) at the end of reporting date are detailed below.

	30 September 2021 AED'000 (Unaudited)	*31 December 2020 AED'000 (Audited)*
Investment in quoted UAE equity securities	**28,600**	-

The fair value of the quoted UAE equity securities at the reporting date is based on quoted market prices at 30 September 2021 respectively as per Level 1 valuation.

10 INCOME TAX PAYABLE

	30 September 2021 AED'000 (Unaudited)	*31 December 2020 AED'000 (Audited)*
The movement in income tax payable is as follows:		
Opening balance	**86,606**	70,826
Assumed on acquisition	**15,265**	-
(Credit)/charge for the period/year	**(24,193)**	54,135
Refund received during the period/year	**1,020**	16,254
Movement in deferred tax asset	**(1,028)**	-
Exchange difference	**27**	-
Payments during the period/ year	**(26,040)**	(54,609)
At reporting date	**51,657**	86,606

11 INVENTORIES

	30 September 2021 AED'000 (Unaudited)	*31 December 2020 AED'000 (Audited)*
Spare parts, fuel and consumables	**345,955**	199,090
Less: allowance for slow moving and obsolete inventories	**(48,309)**	(46,417)
	297,646	152,673

11 INVENTORIES continued

During the nine month period ended 30 September 2021, an additional amount of AED 1,892 thousand (30 September 2020: AED 5,440 thousand) was recognised against the allowance for slow moving and obsolete inventories.

	30 September 2021 AED'000 (Unaudited)	*31 December 2020 AED'000 (Audited)*
At 1 January	**46,417**	51,659
Charge (reversal) during the period / year	**1,892**	(5,242)
At reporting date	**48,309**	46,417

12 TRADE AND OTHER RECEIVABLES

	30 September 2021 AED'000 (Unaudited)	*31 December 2020 AED'000 (Audited)*
Trade receivables, net of allowance for expected credit loss	**1,923,656**	1,576,460
Retention receivables – current portion	**51,234**	1,107
Deposits and prepayments	**263,468**	144,328
Advances paid to suppliers	**519,613**	269,994
Derivative financial asset	**-**	7,174
VAT and GST receivables	**37,259**	62,060
VAT paid on behalf of a customer	**17,069**	115,489
Advances paid to employees	**35,986**	32,300
Other receivables	**137,738**	52,861
	2,986,023	2,261,773

Receivables, net are expected, on the basis of past experience, to be fully recoverable. It is not the practice of the Group to obtain collateral over receivables and the vast majority are, therefore, unsecured.

As at 31 December 2020, included in trade receivables is an amount of AED 374 million due from Government of Abu Dhabi and its related entities, as disclosed in note 26 to the interim condensed consolidated financial statements. Revenue generated from those related parties during the nine month period ended 30 September 2020 amounting to AED 838 million.

Allowance for expected credit losses

The Group recognises lifetime expected credit loss (ECL) for trade receivables, retention receivables and contract assets (refer note 13) using the simplified approach. To determine the expected credit losses all debtors are classified into four categories:

- Category I – billed receivables and unbilled receivables from governments and related companies;
- Category II – private companies with low credit risk;
- Category III – private companies with high credit risk; and
- Category IV – debtors at default.

12 TRADE AND OTHER RECEIVABLES continued

Allowance for expected credit losses continued
These are adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money, where appropriate.

In determining the recoverability of a trade receivable, the Group considers any change in the credit quality of the trade receivable from the date the credit was initially granted up to the reporting date. Trade receivables are considered past due once they have passed their contracted due date. Management has not recognised an expected credit loss in respect of delays in recovery of receivables expected to be recovered in full in the future as these are expected to be recovered in the short term and therefore no discounting adjustment is required.

	30 September 2021 AED'000 (Unaudited)	*31 December 2020 AED'000 (Audited)*
Trade and retention receivables	**1,994,129**	1,577,567
Less: provision for expected credit losses	**(19,239)**	-
At reporting date	**1,974,890**	1,577,567

Ageing of trade and retention receivables
The ageing of non-impaired trade and retention receivables is as follows:

	30 September 2021 AED'000 (Unaudited)	*31 December 2020 AED'000 (Audited)*
Not past due	**899,126**	1,107
Past due (1 day-90 days)	**510,402**	1,435,780
Past due (91 days–180 days)	**102,489**	140,680
Past due (above 180 days)	**462,873**	-
	1,974,890	1,577,567

Movement in the provision for expected credit losses on trade and retention receivables is as follows:

	30 September 2021 AED'000 (Unaudited)	*31 December 2020 AED'000 (Audited)*
At 1 January	-	-
Charge during the period / year	**19,239**	-
At reporting date	**19,239**	-

13 CONTRACT ASSETS

	30 September 2021 AED'000 (Unaudited)	31 December 2020 AED'000 (Audited)
Construction contracts, net of allowance for expected credit loss (note 13.1)	3,272,870	1,395,528
Work in progress (note 13.2)	710,312	-
	3,983,182	1,395,528

13.1 Construction contracts, net of allowance for expected credit loss

	30 September 2021 AED'000 (Unaudited)	31 December 2020 AED'000 (Audited)
Changes in contract assets during the period/year		
At 1 January	1,395,528	1,311,431
Add: Acquisition during the period	1,595,194	-
Add: Revenue recognised during the period / year	5,380,178	4,424,373
Less: Movement in expected credit loss provision	(56,976)	-
Less: Progress billings	(5,041,054)	(4,340,276)
	3,272,870	1,395,528

Contract assets, net of allowance for expected credit loss, are analysed as follows:

	30 September 2021 AED'000 (Unaudited)	31 December 2020 AED'000 (Audited)
Unsigned contracts		
- Government of Abu Dhabi and its related entities	351,477	-
- Equity accounted investees	23,011	-
	374,488	-
Signed contracts		
- Government of Abu Dhabi and its related entities	1,537,285	553,801
- Equity accounted investees	129,831	-
- Other entities	1,231,266	841,727
	2,898,382	1,395,528
	3,272,870	1,395,528

As at 31 December 2020, included in contract assets is an amount of AED 377 million due from Abu Dhabi Government and its related entities, as disclosed in note 26 to these interim condensed consolidated financial statements.

13 CONTRACT ASSETS continued

13.1 Construction contracts, net of allowance for expected credit loss continued

Movement in the provision for expected credit losses on contract assets is as follows:

	30 September 2021 AED'000 (Unaudited)	*31 December 2020 AED'000 (Audited)*
At 1 January	-	-
Charge during the period / year	56,976	-
At reporting date	56,976	-

13.2 Work in progress

Work in progress represents costs incurred on certain elements of one of the Group's major projects, on which the Group is not contractually entitled to earn revenue until the various work packages are completed and handed over. While none of the work packages have been handed over till date, commencing in the current year, a significant number of packages are scheduled to be completed and handed over, which will result in a winding down of the balance throughout the remainder of the year 2021, and in the following years.

14 CASH AND CASH EQUIVALENTS

	30 September 2021 AED'000 (Unaudited)	*31 December 2020 AED'000 (Audited)*
Cash in hand	2,055	867
Cash at banks		
- Current accounts	657,975	507,825
- Short term deposits	293,248	-
Cash and bank balances	953,278	508,692
Less: bank overdraft *(note 15)*	(1,032,371)	-
Cash and cash equivalents	(79,093)	508,692

Short-term deposits have original maturities of three months or less. These deposits, and the bank overdraft facilities, carry interest at prevailing market interest rates.

15 BORROWINGS

	30 September 2021 AED'000 (Unaudited)	*31 December 2020 AED'000 (Audited)*
Long term borrowings		
Non-current portion of term loans	**1,399,904**	1,373,590
Long term borrowings	**1,399,904**	1,373,590
Short term borrowings		
Bank overdrafts *(note 14)*	**1,032,371**	-
Current portion of term loans	**359,181**	264,434
Short term borrowings	**1,391,552**	264,434

Term loans include:

EUR 65.67 million loan obtained for financing the construction of a new Hopper Dredger with a 10 year tenor which carries an interest rate of EURIBOR +1.3%. The loan is repayable on a semi-annual basis which commenced from February 2021 and is expected to be repaid by August 2030.

A drawdown from a syndicated loan agreement amounting to USD 500 million carrying an effective interest rate of LIBOR + 0.90%. The total syndicated loan agreement consists of two portions; Conventional amounting to USD 167 million, and Islamic amounting to USD 333 million. In accordance with the terms of the agreement, the loan is repayable in quarterly installments which commenced from June 2020 and is expected to be fully repaid by February 2027. The loan is secured against mortgage of five (5) vessels.

A short term loan of AED 75,000 thousand with a total tenor of 12 months which carries an interest rate of 6 months EIBOR + 1.25% per annum. The loan is payable in two (2) semi-annual installments which commenced from March 2021. This loan was fully repaid in September 2021.

A short term loan amounting to AED 200,000 thousand with a total tenor of 12 months which carries an interest rate of 1 month EIBOR + 1.3% per annum. The loan is payable in twelve (12) monthly instalments which commenced from February 2021.

The contractual repayment schedule of the term loans is as follows:

	30 September 2021 AED'000 (Unaudited)	*31 December 2020 AED'000 (Audited)*
Less than one year	**359,181**	264,434
1 to 3 years	**585,030**	528,869
3 to 5 years	**585,030**	528,869
5 years and above	**229,844**	315,852
At reporting date	**1,759,085**	1,638,024

15 BORROWINGS continued

Movement in the term loans:

	30 September 2021 AED'000 (Unaudited)	*31 December 2020 AED'000 (Audited)*
Balance at 1 January	**1,638,024**	1,239,537
Liabilities assumed on acquisition (note 4)	**566,897**	-
Loan obtained during the period/year	-	1,836,349
Foreign exchange fluctuation	**(9,794)**	-
Loan repayments	**(436,042)**	(1,437,862)
At reporting date	**1,759,085**	1,638,024

16 SHARE CAPITAL

	30 September 2021 AED'000 (Unaudited)	*31 December 2020 AED'000 (Audited)*
Authorised, issued and fully paid		
825,000,000 (31 December 2020: 575,000,000) ordinary shares of AED 1 each	**825,000**	575,000

As described in note 4 to these interim condensed consolidated financial statements, the merger between NMDC and NPCC is recognised as reverse acquisition as per IFRS 3 *Business combination.* Accordingly, the share capital at 31 December 2020 is adjusted retroactively to reflect the number of shares (575,000,000 shares) issued to the shareholders of NPCC in the Company.

The Company's shareholders received 250,000,000 shares in the Company as purchase consideration and accordingly the issued share capital of the Company increased to 825,000,000 shares.

17 MERGER RESERVE

In accordance with IFRS 3 and per the principles of reverse acquisition, the equity structure appearing in these interim condensed consolidated financial statements reflects the capital structure (number of shares) of the Accounting Acquiree (NMDC), including the shares issued by NMDC to NPCC to effect the business combination (note 4). This results in the creation of a 'Merger reserve'. The Merger reserve of AED 765,000 thousand is calculated as the difference between:

(a) Sum of purchase consideration AED 1,490,000 thousand (note 4) and the share capital of NPCC prior to the merger of AED 100,000 thousand; and

(b) Post-merger share capital of the Company of AED 825,000 thousand (825,000,000 shares at par value of AED 1) as described in note 16.

18 OTHER RESERVES

	Legal reserve AED'000	*Restricted reserve AED'000*	*Hedging reserve AED'000*	*Foreign currency translation reserve AED'000*	*Total AED'000*
At 1 January 2020 *(Audited)*	50,000	1,291	3,118	(6,698)	47,711
Fair value loss on revaluation of hedging instruments	-	-	(9,930)	-	(9,930)
Cumulative translation adjustment on foreign operations	-	-	-	(2,955)	(2,955)
At 30 September 2020 *(Unaudited)*	50,000	1,291	(6,812)	(9,653)	34,826
At 1 January 2021 *(Audited)*	**50,000**	**1,291**	**(4,361)**	**(9,398)**	**37,532**
Fair value gain on revaluation of hedging instruments	**-**	**-**	**1,755**	**-**	**1,755**
Cumulative translation adjustment on foreign operations	**-**	**-**	**-**	**221**	**221**
At 30 September 2021 *(Unaudited)*	**50,000**	**1,291**	**(2,606)**	**(9,177)**	**39,508**

18 OTHER RESERVES continued

Legal reserve
In accordance with UAE Federal Law No. (2) of 2015, 10% of the annual profit of the Group is transferred to a non-distributable legal reserve. Transfers to this reserve are required to be made until such time as it equals 50% of the paid up share capital of the Company.

Restricted reserve
The statutory reserves of the subsidiaries have been transferred to the restricted reserve as these amounts are not available for distribution.

19 PROVISION FOR EMPLOYEES' END OF SERVICE BENEFITS

	30 September 2021 AED'000 (Unaudited)	*31 December 2020 AED'000 (Audited)*
At 1 January	**308,776**	333,567
Assumed on acquisition (note 4)	**133,300**	-
Charge for the period/year	**34,550**	35,821
Paid during the period/year	**(59,849)**	(60,612)
At reporting date	**416,777**	308,776

During the period, the Group has contributed a total amount of AED 21,226 thousand (31 December 2020: AED 23,083 thousand) towards the Abu Dhabi Pension and Retirement Benefits Fund.

20 TRADE AND OTHER PAYABLES

	30 September 2021 AED'000 (Unaudited)	*31 December 2020 AED'000 (Audited)*
Trade payables	**1,271,541**	445,063
Project and other accruals	**1,518,078**	1,016,363
Advances from customers (note 20.1)	**532,970**	208,317
Provisions (note 20.2)	**340,456**	170,602
Dividends payable (note 20.3)	**22,344**	-
Contract liabilities (note 20.4)	**179,535**	71,084
Retentions payable	**60,526**	7,926
Income tax payable (note 10)	**51,657**	86,606
Derivative financial liability	**2,606**	11,534
VAT payables	**24,786**	26,971
Other payables	**202,608**	4,267
	4,207,107	2,048,733

20 TRADE AND OTHER PAYABLES continued

The Group has financial risk management policies in place to ensure that all payables are paid within the credit timeframe. No interest is payable on the outstanding balances.

As at 31 December 2020, included in trade and other payables (excluding contract liabilities) are amounts of AED 12.5 million due to Government of Abu Dhabi and its related entities as disclosed in note 26 to these interim condensed consolidated financial statements.

20.1 ADVANCES FROM CUSTOMERS

These represent amounts received in advance from customers for certain projects which will be adjusted against future billing during the course of the projects as per contractual terms

20.2 PROVISIONS

	30 September 2021 AED'000 (Unaudited)	*31 December 2020 AED'000 (Audited)*
Provision for liquidated damages (i)	**19,782**	-
Provision for Board remuneration and employee bonus	**32,520**	32,667
Provision for future losses	**67,925**	18,100
Provision for unused vacations	**58,412**	47,007
Provision for warranty	**45,010**	60,188
Other provisions	**116,807**	12,640
	340,456	170,602

(i) During the period, the Group has reversed provisions for liquidated damages in connection with certain ongoing projects amounting to AED 297 million as these were assessed to be no longer required as at 30 September 2021.

20.3 DIVIDENDS PAYABLE

	30 September 2021 AED'000 (Unaudited)	*31 December 2020 AED'000 (Audited)*
At 1 January	-	-
Liabilities assumed on acquisition	**22,612**	-
Dividend approved for payment during the period	**75,000**	-
Payments during the period	**(75,268)**	-
	22,344	-

At the annual general meeting held on 28 March 2021, the Shareholders approved a dividend of AED 0.30 per share for the total amounting to AED 75,000 thousand for the year ended 31 December 2020.

20 TRADE AND OTHER PAYABLES continued

20.4 CONTRACT LIABILITIES

	30 September 2021 AED'000 (Unaudited)	*31 December 2020 AED'000 (Audited)*
Contracts in progress at end of the reporting date		
Amount due to contract customers included in trade and other payables (note 20)	**179,535**	71,084

The above amount represents deferred revenue arising from construction contracts. These contracts have performance obligations (unsatisfied or partially unsatisfied) which is expected to be recognised as revenue over the remaining tenor of these contracts.

As at 31 December 2020, included in contract liabilities are amounts of AED 13 million due to Government of Abu Dhabi and its related entities, as disclosed in note 26 to these interim condensed consolidated financial statements.

21 REVENUE FROM CONTRACTS WITH CUSTOMERS

21.1 REVENUE BY ACTIVITY

Nine months period ended 30 September 2021 (Unaudited)

	UAE AED'000	*International AED'000*	*Group AED'000*
Dredging and reclamation	**1,011,469**	**218,263**	**1,229,732**
Marine construction	**1,053,319**	**2,405**	**1,055,724**
Other engineering, procurement and construction	**1,044,957**	**2,049,765**	**3,094,722**
Total	**3,109,745**	**2,270,433**	**5,380,178**

Nine months period ended 30 September 2020 - (Unaudited)	*UAE AED'000*	*International AED'000*	*Group AED'000*
Other engineering, procurement and construction	1,015,645	1,770,689	2,786,334
Total	1,015,645	1,770,689	2,786,334

Three months period ended 30 September 2021 (Unaudited)

	UAE AED'000	*International AED'000*	*Group AED'000*
Dredging and reclamation	**543,209**	**97,774**	**640,983**
Marine construction	**225,212**	**314**	**225,526**
Other engineering, procurement and construction	**418,371**	**826,622**	**1,244,993**
Total	**1,186,792**	**924,710**	**2,111,502**

21 REVENUE FROM CONTRACTS WITH CUSTOMERS continued

21.1 REVENUE BY ACTIVITY continued

Three months period ended 30 September 2020 (Unaudited)	*UAE AED'000*	*International AED'000*	*Group AED'000*
Other engineering, procurement and construction	473,888	690,554	1,164,442
Total	473,888	690,554	1,164,442

21.2 TIMING OF REVENUE RECOGNITION

	3 months ended 30 September		***9 months ended 30 September***	
	2021	*2020*	***2021***	*2020*
	AED'000	*AED'000*	***AED'000***	*AED'000*
	(Unaudited)	*(Unaudited)*	***(Unaudited)***	*(Unaudited)*
Services transferred over time	**2,111,502**	1,164,442	**5,380,178**	2,786,334

21.3 OTHER INFORMATION

The following table provides information relating to the Group's major customers who individually contribute more than 10% of Group revenue:

	Dredging & Reclamation AED'000	***Marine Construction AED'000***	***Other Engineering Procurement & Construction AED'000***	***Total AED'000***
Nine months period ended 30 September 2021 (Unaudited)				
Customer 1	-	-	**1,619,648**	**1,619,648**
Customer 2	**168,508**	**627,321**	**708,171**	**1,504,000**
	168,508	**627,321**	**2,327,819**	**3,123,648**

	Dredging & Reclamation AED'000	*Marine Construction AED'000*	*Other Engineering Procurement & Construction AED'000*	*Total AED'000*
Nine months period ended 30 September 2020 (Unaudited)				
Customer 1	-	-	1,621,383	1,621,383
Customer 2	-	-	949,241	949,241
	-	-	2,570,624	2,570,624

	Dredging & Reclamation AED'000	***Marine Construction AED'000***	***Other Engineering Procurement & Construction AED'000***	***Total AED'000***
Three months period ended 30 September 2021 (Unaudited)				
Customer 1	-	-	**727,030**	**727,030**
Customer 2	**98,563**	**111,476**	**178,329**	**388,368**
	98,563	**111,476**	**905,359**	**1,115,398**

21 REVENUE FROM CONTRACTS WITH CUSTOMERS continued

21.3 OTHER INFORMATION

	Dredging & Reclamation AED'000	*Marine Construction AED'000*	*Other Engineering Procurement & Construction AED'000*	*Total AED'000*
Three months period ended 30 September 2020 (Unaudited)				
Customer 1	-	-	602,344	602,344
Customer 2	-	-	456,767	456,767
	-	-	1,059,111	1,059,111

21.4 UNSATISFIED PERFORMANCE OBLIGATION

The transaction price allocated to (partially) unsatisfied performance obligations at 30 September 2021 and 30 September 2020 are as set out below:

	30 September 2021 AED'000 (Unaudited)	*30 September 2020 AED'000 (Audited)*
Within one year	**3,763,503**	4,721,437
More than one year	**5,136,650**	225,514
	8,900,153	4,946,951

22 PROFIT (LOSS) FOR THE PERIOD

Profit (loss) for the period is stated after:

	3 months ended 30 September		***9 months ended 30 September***	
	2021 (AED'000) (Unaudited)	*2020 (AED'000) (Unaudited)*	***2021 (AED'000) (Unaudited)***	*2020 (AED'000) (Unaudited)*
Salaries	**374,415**	283,119	**1,111,943**	874,941
Depreciation on property, plant and equipment	**115,413**	64,268	**319,631**	190,365

23 NET FINANCE COSTS

	3 months ended 30 September		*9 months ended 30 September*	
	2021	*2020*	***2021***	*2020*
	(AED'000)	*(AED'000)*	***(AED'000)***	*(AED'000)*
	(Unaudited)	*(Unaudited)*	***(Unaudited)***	*(Unaudited)*
Finance costs				
Interest expense on bank overdraft and term loans	**(11,185)**	(8,763)	**(32,117)**	(30,756)
Interest expense on lease liabilities (note 6)	**(3,036)**	(2,966)	**(9,080)**	(8,897)
	(14,221)	(11,729)	**(41,197)**	(39,653)
Finance income				
Interest income	**5,468**	2,109	**8,735**	2,109
	5,468	2,109	**8,735**	2,109
Net finance costs	**(8,753)**	(9,620)	**(32,462)**	(37,544)

Finance costs
Finance costs mainly include bank interest on overdraft facilities, term loans, lease liabilities and other bank transaction charges. Overdraft facilities carry interest at prevailing market rates.

Finance income
Finance income comprises income from short term deposits, which carry interest at variable market rates plus a spread.

24 OTHER INCOME (EXPENSE), NET

	3 months ended 30 September		*9 months ended 30 September*	
	2021	*2020*	***2021***	*2020*
	(AED'000)	*(AED'000)*	***(AED'000)***	*(AED'000)*
	(Unaudited)	*(Unaudited)*	***(Unaudited)***	*(Unaudited)*
Gain on bargain purchase	**-**	-	**49,708**	-
Others	**16,190**	(16,994)	**20,570**	1,090
	16,190	(16,994)	**70,278**	1,090

25 EARNINGS PER SHARE

Basic earnings per share has been computed by dividing the profit (loss) for the period attributable to the ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period.

	3 months ended 30 September		*9 months ended 30 September*	
	2021	*2020*	***2021***	*2020*
	(Unaudited)	*(Unaudited)*	***(Unaudited)***	*(Unaudited)*
Profit (loss) attributable to the shareholders of the Company (AED'000)	**270,008**	740	**501,046**	(231,370)
Weighted average number of ordinary shares ('000)	**825,000**	575,000	**786,538**	575,000
Earnings (loss) per share attributable to the shareholders of the Company (AED)	**0.33**	(0.00)	**0.64**	(0.40)

25 EARNINGS PER SHARE continued

In accordance with the requirements of IFRS 3, the basic earnings per share in these interim condensed consolidated financial statements, following a reverse acquisition, for the comparative period have been restated. The basic earnings per share for the comparative period was calculated by dividing NPCC's loss attributable to ordinary shareholders for the comparative period by NPCC's historical weighted average number of ordinary shares that were outstanding, multiplied by the exchange ratio established by the business combination agreement.

Diluted earnings per share as of 30 September 2021 and 30 September 2020 are equivalent to basic earnings per share.

26 RELATED PARTY TRANSACTIONS AND BALANCES

Related parties include majority Shareholders, equity accounted investees, Directors and key management personnel, management entities engaged by the Group and those enterprises over which majority Shareholders, Directors, the Group or its affiliates can exercise significant influence, or which can exercise significant influence over the Group. In the ordinary course of business, the Group provides services to, and receives services from, such enterprises on terms agreed by management.

The Government of Abu Dhabi is not considered as a related party in view of the exemption from disclosure requirements set out in IFRS in relation to related party transactions and outstanding balances with a Government that has control or joint control of, or significant influence over the Group and an entity that is a related party of the same Government. The Group has applied exemptions related to Government entities and only disclosed certain information to meet the disclosure requirements as per IAS 24 Related Party Disclosures.

The Group in its normal of course of business and through arm's length transactions executes work for entities that are subject to ultimate control and joint control by Government of Abu Dhabi. As stated in note 1, ADQ has transferred its majority shareholding to Alpha as a result of which Government of Abu Dhabi is no longer a majority shareholder and hence is not a related party. Accordingly, related balances and transactions as disclosed in notes 12, 13 and 20 to these interim condensed consolidated financial statements are for the comparative period only.

Balances with related parties included in the interim condensed consolidated statement of financial position are as follows:

	30 September 2021 AED'000 (Unaudited)	*31 December 2020 AED'000 (Audited)*
Due from equity accounted investee for project related work:		
Trade and other receivables	**323,716**	-
Contract assets	**152,842**	-
Due from/to other related parties:		
Trade and other receivables	**46,535**	-
Contract assets	**19,462**	-
Trade and other payables	**63,642**	-
Net overdraft balance	**354,295**	-
Term loan	**66,667**	-

26 RELATED PARTY TRANSACTIONS AND BALANCES continued

Transactions with related parties included in the interim condensed consolidated statement of profit or loss are as follows:

	3 months ended 30 September		*9 months ended 30 September*	
	2021	*2020*	***2021***	*2020*
	AED'000	*AED'000*	***AED'000***	*AED'000*
	(Unaudited)	*(Unaudited)*	***(Unaudited)***	*(Unaudited)*
Other related parties				
Revenue earned during the period	**137,937**	-	**278,485**	-
Material and services purchased / received	**9,050**	28,597	**9,050**	31,840
Equity accounted investee				
Revenue earned during the period	**94,847**	-	**218,363**	-
Shareholder				
Loan repaid during the period	**-**	-	**-**	293,816

27 CONTINGENCIES AND COMMITMENTS

	30 September 2021	*31 December 2020*
	AED'000	*AED'000*
	(Unaudited)	*(Audited)*
Bank guarantees	**6,922,379**	5,344,727
Letters of credit	**246,584**	38,597
Capital commitments	**39,886**	28,924
Purchase commitments	**1,542,614**	1,462,476

The above letters of credit and bank guarantees issued in the normal course of business.

28 FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value measurement recognized in the interim condensed consolidated statement of financial position
The fair values of the Group's financial assets and liabilities as at 30 September 2021 and 31 December 2020 are not materially different from their carrying values at that reporting date.

The following table provides the fair value measurement hierarchy of the Group's financial assets and liabilities which are measured at fair value as at 30 September 2021 and 31 December 2020:

		Fair value measurement		
	Total AED'000	*Quoted prices in active markets (Level 1) AED'000*	*Significant observable inputs (Level 2) AED'000*	*Significant unobservable inputs (Level 3) AED'000*
As at 30 September 2021 (Unaudited)				
Derivative financial liability	**(2,606)**	**-**	**(2,606)**	**-**
Financial assets at fair value through profit or loss (FVTPL)	**28,600**	**28,600**	**-**	**-**
As at 31 December 2020 (Audited)				
Derivative financial asset	7,174	-	7,174	-
Derivative financial liability	(11,534)	-	(11,534)	-

29 SEGMENT INFORMATION

Geographical segment information

The Group has aggregated its geographical segments into UAE and International. UAE segment includes projects in the UAE, while International segment includes operations in Egypt, Kingdom of Saudi Arabia, Bahrain, India, Kuwait, Maldives and East Africa.

The following table shows the Group's geographical segment analysis:

		30 September 2021 (Unaudited)	
	UAE	***International***	***Group***
	AED'000	***AED'000***	***AED'000***
Segment revenue	**3,237,963**	**2,270,433**	**5,508,396**
Intersegment revenue	**-**	**-**	**(128,218)**
Revenue			**5,380,178**
Segment gross profit	**526,165**	**(41,363)**	**484,802**
Share of net results of equity accounted investees	**-**	**-**	**6,260**
General and administrative expenses	**-**	**-**	**(68,564)**
Foreign currency exchange gain	**-**	**-**	**15,785**
Fair value gain on financial assets at fair value through profit or loss	**-**	**-**	**762**
Net finance costs	**-**	**-**	**(32,462)**
Other income, net	**-**	**-**	**70,278**
Profit before tax for the period	**-**	**-**	**476,861**
Income tax credit on foreign operations	**-**	**-**	**24,193**
Profit after tax			**501,054**
Total assets	**9,347,950**	**3,391,034**	**12,738,984**
Total liabilities	**5,096,024**	**2,629,491**	**7,725,515**

		30 September2020 (Unaudited)	
	UAE	*International*	*Group*
	AED'000	*AED'000*	*AED'000*
Segment revenue	1,015,645	1,770,689	2,786,334
Intersegment revenue	-	-	-
Revenue			2,786,334
Segment gross profit (loss)	144,384	(257,642)	(113,258)
Share of net results of equity accounted investees	-	-	530
General and administrative expenses	-	-	(43,173)
Foreign currency exchange gain	-	-	6,372
Net finance costs	-	-	(37,544)
Other income, net	-	-	1,090
Loss before tax for the period	-	-	(185,983)
Income tax expense on foreign operations			(45,268)
Loss after tax			(231,251)

		31 December 2020 (Audited)	
	UAE	*International*	*Group*
	AED'000	*AED'000*	*AED'000*
Total assets	4,891,529	2,506,284	7,397,813
Total liabilities	2,117,009	2,185,365	4,302,374

30 APPROVAL OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The interim condensed consolidated financial statements were approved by the Board of Directors and authorised for issue on 17 October 2021.