

National Marine Dredging Company PJSC

INTERIM CONDENSED CONSOLIDATED
FINANCIAL STATEMENTS

THREE MONTH PERIOD ENDED 31 MARCH 2019
(UNAUDITED)

National Marine Dredging Company PJSC

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

31 March 2019 (unaudited)

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Ernst & Young
P.O. Box: 136
27th Floor, Nation Tower 2
Abu Dhabi Corniche
Abu Dhabi, United Arab Emirates

Tel: +971 2 417 4400
Fax: +971 2 627 3383
abudhabi@ae.ey.com
ey.com/mena

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”) as at 31 March 2019, comprising the interim consolidated statement of financial position as at 31 March 2019 and the related interim consolidated statements of profit or loss, comprehensive income, changes in equity and cash flows for the three month period then ended, and other explanatory notes. Management is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with IAS 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.

Basis of qualified conclusion

Trade and other receivables at 31 March 2019 include unbilled receivables relating to certain contracts with the Government of Abu Dhabi, its departments or its related parties. We were unable to obtain sufficient and appropriate evidence to support the recoverability of amounts totaling AED 814,480 thousand (verbal contracts) and AED 156,997 thousand (signed contracts) included in these balances, due to the absence of signed contracts and/or significant delays in the billing and collection. Consequently, we were unable to determine whether any adjustments to these amounts were necessary.

REPORT ON THE REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS continued

TO THE BOARD OF DIRECTORS OF NATIONAL MARINE DREDGING COMPANY PJSC
continued


Conclusion

Based on our review, except for the possible effects of the matters as described in the *Basis of Qualified Conclusion* paragraph above, 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.

Emphasis of matters

- As stated in note 4 to the accompanying interim condensed consolidated financial statements, unbilled receivables include an amount of AED 600,000 thousand recognised on the basis of claims submitted to a customer in prior periods. The final amount of the claims is still under negotiation and is subject to a review by a consultant, the finalization of which could have a significant impact on the amount of receivables recognized. Our conclusion is not qualified in respect of this matter.

- We refer to note 2.3 to the interim condensed consolidated financial statements which discloses the significant judgement made by management in relation to the recognition of revenue over time from unsigned contracts in accordance with the requirements of IFRS 15 “Revenue from Contracts with Customers”. Our conclusion is not qualified in respect of this matter.



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

13 May 2019
Abu Dhabi

National Marine Dredging Company PJSC
 INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION
 As at 31 March 2019

	Notes	31 March 2019 AED '000 (Unaudited)	31 December 2018 AED '000 (Audited)
ASSETS			
Non-current assets			
Property, plant and equipment	3	1,161,250	1,052,584
Goodwill and other intangible assets		36,276	49,805
Investment in a joint venture		17,273	16,869
Financial assets at fair value through other comprehensive income		52,292	46,645
Retentions receivable		<u>19,652</u>	<u>19,109</u>
Total non-current assets		<u>1,286,743</u>	<u>1,185,012</u>
Current assets			
Inventories		239,115	238,640
Deferred tax assets		5,571	5,410
Trade and other receivables	4	3,282,416	3,122,843
Financial assets at fair value through profit or loss		27,179	26,000
Cash and bank balances	5	<u>305,317</u>	<u>106,933</u>
		3,859,598	3,499,826
Non-current assets classified as held for sale		<u>39,716</u>	<u>56,553</u>
Total current assets		<u>3,899,314</u>	<u>3,556,379</u>
TOTAL ASSETS		<u>5,186,057</u>	<u>4,741,391</u>
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital		250,000	250,000
Share premium		341,500	341,500
Reserves		687,859	682,109
Retained earnings		2,122,878	2,105,332
Proposed dividend		<u>55,000</u>	<u>55,000</u>
Total equity		<u>3,457,237</u>	<u>3,433,941</u>
Non-current liabilities			
Provision for employees' end of service benefits		102,109	97,641
Lease liabilities	2.2	<u>9,017</u>	<u>-</u>
Total non-current liabilities		<u>111,126</u>	<u>97,641</u>
Current liabilities			
Trade and other payables	6	1,188,304	881,149
Bank overdrafts	5	<u>429,390</u>	<u>328,660</u>
Total current liabilities		<u>1,617,694</u>	<u>1,209,809</u>
Total liabilities		<u>1,728,820</u>	<u>1,307,450</u>
TOTAL EQUITY AND LIABILITIES		<u>5,186,057</u>	<u>4,741,391</u>




 Mohamed Thani Murshed Al Rumalithi
 CHAIRMAN


 Yasser Nasr Zaghoul
 CHIEF EXECUTIVE OFFICER


 Sreemont Prasad Burun
 CHIEF FINANCIAL OFFICER

The attached notes 1 to 15 form part of these interim condensed consolidated financial statements.

National Marine Dredging Company PJSC

INTERIM CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the period ended 31 March 2019

	Notes	3 months ended 31 March	
		2019 (Unaudited) AED '000	2018 (Unaudited) AED '000
Revenue from contracts with customers	7	324,333	332,884
Contract costs		<u>(296,088)</u>	<u>(303,958)</u>
GROSS PROFIT		28,245	28,926
General and administrative expenses		(18,739)	(15,268)
Foreign currency exchange gain (loss)		9,827	(234)
Fair value gain (loss) on financial assets at fair value through profit or loss		1,179	(1,509)
Finance income		2,548	2,006
Share of profit of a joint venture		404	-
Other income		2,293	1,192
Finance costs		<u>(4,728)</u>	<u>(925)</u>
Profit before tax		21,029	14,188
Income tax expense on foreign operations	8	<u>(3,483)</u>	-
PROFIT FOR THE PERIOD		<u>17,546</u>	<u>14,188</u>
Basic and diluted earnings per share (AED) attributable to equity holders of the Company	9	<u>0.07</u>	<u>0.06</u>

The attached notes 1 to 15 form part of these interim condensed consolidated financial statements.

National Marine Dredging Company PJSC

INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the period ended 31 March 2019

	<i>3 months ended 31 March</i>	
	<i>2019</i>	<i>2018</i>
	<i>(Unaudited)</i>	<i>(Unaudited)</i>
	<i>AED '000</i>	<i>AED '000</i>
PROFIT FOR THE PERIOD	<u>17,546</u>	<u>14,188</u>
Other comprehensive income (loss)		
<i>Items that may be subsequently reclassified to consolidated statement of profit or loss in subsequent periods:</i>		
Exchange differences arising on translation of foreign operations	<u>95</u>	<u>(1,304)</u>
<i>Items that will not be reclassified to consolidated statement of profit or loss in subsequent periods:</i>		
Net movement in valuation of investments carried at fair value through other comprehensive income	<u>5,655</u>	<u>(3,681)</u>
OTHER COMPREHENSIVE INCOME (LOSS) FOR THE PERIOD	<u>5,750</u>	<u>(4,985)</u>
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	<u>23,296</u>	<u>9,203</u>

The attached notes 1 to 15 form part of these interim condensed consolidated financial statements.

National Marine Dredging Company PJSC

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the period ended 31 March 2019

	Share capital AED '000	Share premium AED '000	Reserves AED '000	Retained earnings AED '000	Proposed dividend AED '000	Total equity AED '000
Balance at 1 January 2018 (audited)	250,000	341,500	695,062	2,044,373	50,000	3,380,935
Profit for the period	-	-	-	14,188	-	14,188
Other comprehensive loss	-	-	(4,985)	-	-	(4,985)
Total comprehensive (loss) income for the period	-	-	(4,985)	14,188	-	9,203
Balance at 31 March 2018 (unaudited)	<u>250,000</u>	<u>341,500</u>	<u>690,077</u>	<u>2,058,561</u>	<u>50,000</u>	<u>3,390,138</u>
Balance at 1 January 2019 (audited)	250,000	341,500	682,109	2,105,332	55,000	3,433,941
Profit for the period	-	-	-	17,546	-	17,546
Other comprehensive income	-	-	5,750	-	-	5,750
Total comprehensive income for the period	-	-	5,750	17,546	-	23,296
Balance at 31 March 2019 (unaudited)	<u>250,000</u>	<u>341,500</u>	<u>687,859</u>	<u>2,122,878</u>	<u>55,000</u>	<u>3,457,237</u>

The attached notes 1 to 15 form part of these interim condensed consolidated financial statements.

National Marine Dredging Company PJSC

INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

For the period ended 31 March 2019

		<i>3 months ended 31 March</i>	
		<i>2019</i>	<i>2018</i>
	<i>Note</i>	<i>(Unaudited)</i>	<i>(Unaudited)</i>
		<i>AED '000</i>	<i>AED '000</i>
OPERATING ACTIVITIES			
Profit before tax for the period		21,029	14,188
Adjustments for:			
Depreciation of property, plant and equipment		39,566	39,563
Amortisation of intangibles		-	199
Share of results of a joint venture		(404)	-
Gain on disposal of property, plant and equipment		(1,282)	(314)
Fair value (gain) loss on financial assets at fair value through profit or loss		(1,179)	1,509
Provision for employees' end of service benefits		3,143	2,832
Allowance for expected credit losses		1,361	-
Finance income		(2,548)	(2,006)
Finance costs		4,727	925
Other provisions		<u>(1,538)</u>	<u>(104)</u>
		62,876	56,792
Interest received		2,548	2,006
Employees' end of service benefit paid		<u>(998)</u>	<u>(897)</u>
		64,426	57,901
Working capital changes:			
Change in inventories		(475)	(10,774)
Change in trade and other receivables		(162,050)	(121,957)
Change in trade and other payables		<u>309,242</u>	<u>(72,516)</u>
Net cash from (used in) operating activities		<u>211,143</u>	<u>(147,346)</u>
INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(107,807)	(79,006)
Proceeds from disposal of property, plant and equipment		<u>1,358</u>	<u>2,714</u>
Net cash used in investing activities		<u>(106,449)</u>	<u>(76,292)</u>
FINANCING ACTIVITIES			
Dividends paid		(2,578)	(55)
Interest paid		<u>(4,557)</u>	<u>(925)</u>
Net cash used in financing activities		<u>(7,135)</u>	<u>(980)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		97,559	(224,618)
Cash and cash equivalents at 1 January	6	(221,727)	50,165
Foreign exchange translation adjustment		<u>95</u>	<u>(1,304)</u>
CASH AND CASH EQUIVALENTS AT 31 MARCH	6	<u>(124,073)</u>	<u>(175,757)</u>

The attached notes 1 to 15 form part of these interim condensed consolidated financial statements.

National Marine Dredging Company PJSC

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS 31 March 2019

1 GENERAL INFORMATION

National Marine Dredging Company (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.

The Company is primarily engaged in the execution of 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”), a major shareholder. The Group also operates in other jurisdictions in the region including Bahrain, Egypt, Saudi Arabia and India through its subsidiaries, branches and joint operations.

The interim financial information of the Company as at and for the three months ended 31 March 2019 includes the financial performance and position of the Company and its below mentioned subsidiaries and branches (together referred to as the “Group”).

<i>Name</i>	<i>Country of incorporation</i>	<i>Percentage holding</i>		<i>Principal activities</i>
		<i>31 March 2019</i>	<i>31 December 2018</i>	
<i>Subsidiaries</i>				
Emarat Europe Fast Building Technology System Factory L.L.C. (Emarat Europe)	UAE	100%	100%	Manufacturing and supply of precast concrete
National Marine Dredging Company (Industrial)	UAE	100%	100%	Manufacturing of steel pipes and steel pipe fittings and holding 1% investment in the Group’s subsidiaries to comply with local regulations
ADEC Engineering Consultancy L.L.C.	UAE	100%	100%	Consultancy services in the fields of civil, architectural, drilling and marine engineering along with related laboratory services
Abu Dhabi Marine Dredging Co S.P.C.	Bahrain	100%	100%	Offshore reclamation contracts, services for fixing water installation for marine facilities and excavation contracts
National Marine and Infrastructure India Private Limited	India	100%	100%	Dredging and associated land reclamation works, civil engineering, port contracting and marine construction
<i>Branches</i>				
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
<i>Joint Venture</i>				
The Challenge Egyptian Emirates Marine Dredging Company	Egypt	49%	-	Dredging and associated land reclamation works, civil engineering, port contracting and marine construction

2 BASIS OF PREPARATION AND CHANGES TO THE GROUP'S ACCOUNTING POLICIES

2.1 Basis of preparation

The interim condensed consolidated financial statements of the Group are 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 currency of primary economic environment in which the Group 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 otherwise stated.

The interim condensed consolidated financial statements do not include all information and disclosures required in the annual consolidated financial statements and should be read in conjunction with the Group's annual consolidated financial statements for the year ended 31 March 2019. In addition, results for the three month period ended 31 March 2019 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2019.

Unbilled receivables represent 53% (2018: 55%) of the total assets of the Group and 71% (2018: 73%) of the total current assets of the Group as at 31 March 2019. The interim condensed consolidated financial statements have been prepared under the going concern assumption considering the Group is expecting the recovery of the unbilled receivables and has secured a financing facility to ensure short term and long term liquidity to meet its working capital requirements and project commitments. Management believes that all unbilled receivables are recoverable within twelve months from the reporting date and accordingly these balances are classified under current assets.

2.2 New standards, interpretations and amendments adopted by the Group

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2018, except for the adoption of following new standards and interpretations effective as of 1 January 2019.

- IFRS 16 Leases
- IFRIC Interpretation 23 Uncertainty over Income Tax Treatments
- Amendments to IFRS 9 Prepayment Features with Negative Compensation
- Amendments to IAS 19 Plan Amendment, Curtailment or Settlement
- Amendments to IAS 28 Long-term Interests in Associates and Joint Ventures

Annual improvements 2015-2017 cycle

- IFRS 3 Business Combinations
- IFRS 11 Joint Arrangements
- IAS 12 Income Taxes
- IAS 23 Borrowing Costs

The Group applies, for the first time, IFRS 16 Leases. As required by IAS 34, the nature and effect of these changes are disclosed below. The other amendments and interpretations apply for the first time in 2019, but do not have an impact on the interim condensed consolidated financial statements of the Group.

National Marine Dredging Company PJSC

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS 31 March 2019

2 BASIS OF PREPARATION AND CHANGES TO THE GROUP'S ACCOUNTING POLICIES continued

2.2 New standards, interpretations and amendments adopted by the Group continued

Impact on adoption of IFRS 16

The Group adopted IFRS 16 using the modified retrospective method of adoption with the date of initial application of 1 January 2019. Under this method, the standard is applied retrospectively with the cumulative effect of initially applying the standard recognised at the date of initial application on 1 January 2019. The Group elected to use the transition practical expedient allowing the standard to be applied only to contracts that were previously identified as leases applying IAS 17 and IFRIC 4 at the date of initial application. The Group also elected to use the recognition exemptions for lease contracts that, at the commencement date, have a lease term of 12 months or less and do not contain a purchase option ('short-term leases'), and lease contracts for which the underlying asset is of low value ('low-value assets').

The effect of adoption IFRS 16 as at 1 January 2019 is as follows:

	<i>AED'000</i>
Assets	
Recognition of right-of-use asset (land)	23,643
Derecognition of intangible asset in respect of favorable lease Prepayments	(13,529)
	<u>(420)</u>
Total assets	<u>9,694</u>
Liabilities	
Recognition of lease liabilities	<u>9,694</u>
Total liabilities	<u>9,694</u>
Total adjustment on equity:	
Retained earnings	—
	<u>—</u>

Nature of the effect of adoption of IFRS 16

The Group has lease contracts (as lessee), which prior to the adoption of IFRS 16, the Group had classified at the inception date as operating leases. The leased assets were not capitalised and the lease payments were recognised as rent expense in the profit or loss on a straight-line basis over the lease term. Any prepaid rent and accrued rent were recognised under 'trade and other receivables' and 'trade and other payables' respectively. Upon adoption of IFRS 16, the Group applied a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The standard provides specific transition requirements and practical expedients, which has been applied by the Group.

The Group recognised right-of-use assets and lease liabilities for those leases previously classified as operating leases, except for short-term leases and leases of low-value assets. The right-of-use assets were recognised based on the amount equal to the lease liabilities, adjusted for any related intangibles in respect of favorable lease of AED 13,529 thousand, prepaid and accrued lease payments previously recognised. Lease liabilities were recognised based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at the date of initial application.

National Marine Dredging Company PJSC

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS 31 March 2019

2 BASIS OF PREPARATION AND CHANGES TO THE GROUP'S ACCOUNTING POLICIES continued

2.2 New standards, interpretations and amendments adopted by the Group continued

Impact on adoption of IFRS 16 continued

Nature of the effect of adoption of IFRS 16 continued

The Group also applied the available practical expedients wherein it:

- Relied on its assessment of whether leases are onerous immediately before the date of initial application;
- Applied the short-term leases exemptions to leases with lease term that ends within 12 months at the date of initial application;
- Excluded the initial direct costs from the measurement of the right-of-use asset at the date of initial application; and
- Used hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

The lease liabilities as at 1 January 2019 can be reconciled to the operating lease commitments as of 31 December 2018 as follows:

Operating lease commitments as at 31 December 2018 (AED'000)	13,554
Incremental borrowing rate as at 1 January 2019	4.5%
Discounted operating lease commitments at 1 January 2019 (AED'000)	9,694
Adjustment of commitments relating to leases of low value assets (AED'000)	<u> -</u>
Lease liabilities as at 1 January 2019 (AED'000)	<u> 9,694</u>

Summary of new accounting policies

Set out below are the new accounting policies of the Group upon adoption of IFRS 16, which have been applied from the date of initial application:

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. As a result, ROU recognised as at 31 March 2019 is depreciated over period of 16 years representing the remaining lease term. Right-of-use assets are subject to impairment.

National Marine Dredging Company PJSC

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS 31 March 2019

2 BASIS OF PREPARATION AND CHANGES TO THE GROUP'S ACCOUNTING POLICIES continued

2.2 New standards, interpretations and amendments adopted by the Group continued

Impact on adoption of IFRS 16 continued

Summary of new accounting policies continued

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.

Amounts recognised in the interim consolidated statement of financial position and profit or loss

Set out below, are the carrying amounts of the Group's right-of-use asset and lease liabilities and the movements during the period:

	<i>Right-of-use (land) AED'000</i>	<i>Lease liabilities AED'000</i>
As at 1 January 2019	23,643	9,694
Depreciation expense	(307)	-
Interest expense	-	170
Payments	-	-
As at 31 March 2019	<u>23,336</u>	<u>9,864</u>

The Group recognised rent expense from short-term leases of AED 2,838 thousand for the three months ended 31 March 2019.

2 BASIS OF PREPARATION AND CHANGES TO THE GROUP'S ACCOUNTING POLICIES continued

2.2 New standards, interpretations and amendments adopted by the Group continued

Impact on adoption of IFRS 16 continued

Amounts recognised in the interim consolidated statement of financial position and profit or loss continued

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

	<i>31 March</i> 2019 <i>AED'000</i> <i>(Unaudited)</i>	<i>31 December</i> 2018 <i>AED'000</i> <i>(Audited)</i>
Current liabilities	847	-
Non-current liabilities	<u>9,017</u>	-
Total	<u>9,864</u>	-

Current portion of lease liabilities is included other payables.

2.3 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.

In preparing these interim condensed consolidated financial statements, the significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those applied in the consolidated financial statements for the year ended 31 December 2018, except for IFRS 16 leases, effect of which has already been explained in note 2.2.

Determining whether unsigned (verbal) agreements meet the definition of contract under IFRS 15:

Certain projects for the Government of Abu Dhabi, its department or related parties, are executed on the basis of verbally agreed terms (including an estimate of total project cost and timelines) in line with the Group's historical business practice. Management considers such unsigned (verbal) agreements to meet the definition of a 'contract with customer' under IFRS 15.

National Marine Dredging Company PJSC

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS 31 March 2019

3 PROPERTY, PLANT AND EQUIPMENT

	<i>AED'000</i>
Cost	
At 1 January 2018 (audited)	3,275,915
Additions	81,123
Disposals	(15,887)
Transfers from assets 'classified as held for sale'	<u>56,828</u>
At 31 March 2018 (unaudited)	<u>3,397,979</u>
At 1 January 2019 (audited)	3,260,737
Effect of change in accounting policy (note 2.2) (i)	23,643
Additions	107,732
Disposals	(22,247)
Transfers from assets 'classified as held for sale'	25,075
Exchange difference	<u>160</u>
At 31 March 2019 (unaudited)	<u>3,395,100</u>
Accumulated depreciation	
At 1 January 2018 (audited)	2,206,288
Charge for the period	39,563
Disposals	(13,487)
Transfers from assets 'classified as held for sale'	<u>33,426</u>
At 31 March 2018 (unaudited)	<u>2,265,790</u>
At 1 January 2019 (audited)	2,208,153
Charge for the period	39,566
Disposals	(22,151)
Transfers from assets 'classified as held for sale'	8,237
Exchange difference	<u>45</u>
At 31 March 2019 (unaudited)	<u>2,233,850</u>
Carrying amount	
At 31 March 2019 (unaudited)	<u>1,161,250</u>
At 31 December 2018 (audited)	<u>1,052,584</u>

Additions include construction work in progress of two new dredgers amounting to AED 82.40 million commenced during the period for a new project.

- (i) This represents right-to-use asset (land) amounting to AED 23,643 thousand relating to a land on which the factory buildings are constructed (refer note 2.2).

4 TRADE AND OTHER RECEIVABLES

	<i>31 March 2019 (Unaudited) AED'000</i>	<i>31 December 2018 (Audited) AED'000</i>
Trade receivables, net of allowance for expected credit loss	209,028	206,067
Retention receivables – current portion	15,070	14,312
Unbilled receivables, net of allowance for expected credit loss	2,750,486	2,602,448
Deposits and prepayments	24,844	15,080
Other receivables	<u>282,988</u>	<u>284,936</u>
	<u>3,282,416</u>	<u>3,122,843</u>

National Marine Dredging Company PJSC

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS 31 March 2019

4 TRADE AND OTHER RECEIVABLES continued

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

In 2018, the Group terminated its operations under a contract with a customer due to an ongoing dispute in relation to the scope of work and the Group's performance obligations under the contract. The Group had previously issued a performance guarantee in relation to the contract and has certain outstanding receivable balances from the customer in relation to work performed under the contract. Final settlement with the customer for the recovery of the outstanding balances is agreed on an instalment basis. The Group has received due installment in a timely manner.

Unbilled receivables, net of provision for impairment, are analysed as follows:

	<i>31 March 2019 (Unaudited) AED'000</i>	<i>31 December 2018 (Audited) AED'000</i>
<i>Unsigned contracts</i>		
- Government of Abu Dhabi and its related entities	1,002,379	975,278
- Joint venture	<u>14,718</u>	<u>12,578</u>
	<u>1,017,097</u>	<u>987,856</u>
<i>Signed contracts</i>		
- Government of Abu Dhabi and its related entities	1,111,469	1,057,218
- Joint venture	579,995	509,089
- Other entities	<u>41,925</u>	<u>48,285</u>
	<u>1,733,389</u>	<u>1,614,592</u>
	<u>2,750,486</u>	<u>2,602,448</u>

Unbilled receivables include AED 814,480 thousand (31 December 2018: AED 769,313 thousand) and AED 891,651 thousand (31 December 2018: AED 904,247 thousand), outstanding for a period exceeding one year, from unsigned and signed contracts respectively.

Unbilled receivables include AED 29,894 thousand and AED 258,758 thousand recognised as revenue during the period from unsigned and signed contracts respectively.

Unbilled receivables include an amount of AED 600,000 thousand (AED 2018: AED 600,000 thousand) recognized on the basis of claims submitted to a customer in prior periods. The final amount of the claims is still under negotiation and is subject to a review by a consultant, the finalization of which could have a significant impact on the amount of receivables recognized. Our conclusion is not qualified in respect of this matter. While the final amount of the claims is still under negotiation and is subject to a review by the customer, management confirms that the final amount expected to be realized upon settlement of the claim will be in excess of the amounts of receivables recognized in the books.

National Marine Dredging Company PJSC

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS 31 March 2019

4 TRADE AND OTHER RECEIVABLES continued

Allowance for expected credit loss

The Group recognises lifetime expected credit loss (ECL) for trade and unbilled receivables using the simplified approach. To determine the expected credit losses all debtors were classified into four categories:

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

These were 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.

Trade and retention receivables as at 31 March 2019 (unaudited)

	Categories				Total AED'000
	I AED'000	II AED'000	III AED'000	IV AED'000	
Expected Credit Loss rate	0 to 1%	1 to 20%	20 to 99%	100%	
Estimated total gross carrying amount	159,977	77,934	93,307	43,914	375,132
Lifetime Expected Credit Loss	(480)	(1,559)	(85,429)	(43,914)	(131,382)
Net trade and retention receivables	159,497	76,375	7,878	-	243,750

Trade and retention receivables as at 31 December 2018 (audited)

	Categories				Total AED'000
	I AED'000	II AED'000	III AED'000	IV AED'000	
Expected credit loss rate	0 to 1%	1 to 20%	20 to 99%	100%	
Estimated total gross carrying amount	139,760	93,375	93,160	43,921	370,216
Lifetime expected credit loss	(418)	(1,868)	(84,521)	(43,921)	(130,728)
Net trade and retention receivables	139,342	91,507	8,639	-	239,488

Unbilled receivables as at 31 March 2019 (unaudited)

	Categories				Total AED'000
	I AED'000	II AED'000	III AED'000	IV AED'000	
Expected Credit Loss rate	0 to 1%	1 to 20%	20 to 99%	100%	
Estimated total gross carrying amount	2,741,136	14,665	17,629	26,997	2,800,427
Lifetime expected credit loss	(8,220)	(293)	(14,431)	(26,997)	(49,941)
Net unbilled receivables	2,732,916	14,372	3,198	-	2,750,486

Unbilled receivables as at 31 December 2018 (audited)

	Categories				Total AED'000
	I AED'000	II AED'000	III AED'000	IV AED'000	
Expected credit loss rate	0 to 1%	1 to 20%	20 to 99%	100%	
Estimated total gross carrying amount	2,598,188	9,024	17,484	26,997	2,651,693
Lifetime expected credit loss	(7,791)	(180)	(14,277)	(26,997)	(49,245)
Net unbilled receivables	2,590,397	8,844	3,207	-	2,602,448

National Marine Dredging Company PJSC

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS 31 March 2019

4 TRADE AND OTHER RECEIVABLES continued

In determining the recoverability of a trade receivable, the Group considers any change in the credit quality of the trade receivable from the date 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 these are expected to be recovered in short term and therefore no discounting adjustment is required.

5 CASH AND CASH EQUIVALENTS

	<i>31 March 2019 (Unaudited) AED'000</i>	<i>31 December 2018 (Audited) AED'000</i>	<i>31 March 2018 (Unaudited) AED'000</i>
Cash in hand	2,014	1,765	1,833
Cash at banks			
- Current accounts	71,578	53,847	41,130
- Short term deposits	<u>231,725</u>	<u>51,321</u>	<u>10,481</u>
	305,317	106,933	53,444
Less: bank overdraft	(429,390)	(328,660)	(227,540)
Less: cash margin	<u>-</u>	<u>-</u>	<u>(1,661)</u>
	(124,073)	(221,727)	(175,757)

Bank overdraft facility carries interest at prevailing market interest rate per annum. Short term deposits have maturities less than three months and carry interest at prevailing market interest rate per annum.

6 TRADE AND OTHER PAYABLES

	<i>31 March 2019 (Unaudited) AED'000</i>	<i>31 December 2018 (Audited) AED'000</i>
Trade payables	221,376	191,960
Accrued liabilities	316,476	304,075
Advances from customers	389,449	166,383
Provisions	51,385	52,922
Dividends payable	25,428	28,006
Gross amount due to customers on construction contracts	23,070	1,771
Retentions payable	12,496	12,384
Other payables	<u>148,624</u>	<u>123,648</u>
	1,188,304	881,149

Other payables include current portion of lease liabilities amounting to AED 847 thousand (2018: nil), refer note 2.2.

National Marine Dredging Company PJSC

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS 31 March 2019

7 REVENUE FROM CONTRACTS WITH CUSTOMERS

7.1 REVENUE BY PROJECT TYPE

	<i>Three months ended 31 March (unaudited)</i>		
	<i>31 March</i>	<i>31 March</i>	<i>31 March</i>
	<i>2019</i>	<i>2019</i>	<i>2019</i>
	<i>UAE</i>	<i>International</i>	<i>Group</i>
	<i>AED'000</i>	<i>AED'000</i>	<i>AED'000</i>
Energy	5,839	-	5,839
Environment	16,156	44,883	61,039
Seaborne trade	159,272	32,163	191,435
Tourism	15,369	8,285	23,654
Urban development	24,292	981	25,273
Other	<u>17,093</u>	<u>-</u>	<u>17,093</u>
Total	<u>238,021</u>	<u>86,312</u>	<u>324,333</u>

	<i>Three months ended 31 March (unaudited)</i>		
	<i>31 March</i>	<i>31 March</i>	<i>31 March</i>
	<i>2018</i>	<i>2018</i>	<i>2018</i>
	<i>UAE</i>	<i>International</i>	<i>Group</i>
	<i>AED'000</i>	<i>AED'000</i>	<i>AED'000</i>
Energy	2,000	61,646	63,646
Environment	24,642	7,758	32,400
Seaborne trade	122,591	35,742	158,333
Tourism	-	10,524	10,524
Urban development	39,582	11,857	51,439
Other	<u>16,542</u>	<u>-</u>	<u>16,542</u>
Total	<u>205,357</u>	<u>127,527</u>	<u>332,884</u>

7.2 REVENUE BY ACTIVITY

	<i>Three months ended 31 March (unaudited)</i>		
	<i>31 March</i>	<i>31 March</i>	<i>31 March</i>
	<i>2019</i>	<i>2019</i>	<i>2019</i>
	<i>UAE</i>	<i>International</i>	<i>Group</i>
	<i>AED'000</i>	<i>AED'000</i>	<i>AED'000</i>
Dredging and reclamation	137,360	75,826	213,186
Marine construction	77,725	10,273	87,998
Other	<u>23,149</u>	<u>-</u>	<u>23,149</u>
Total	<u>238,234</u>	<u>86,099</u>	<u>324,333</u>

	<i>Three months ended 31 March (unaudited)</i>		
	<i>31 March</i>	<i>31 March</i>	<i>31 March</i>
	<i>2018</i>	<i>2018</i>	<i>2018</i>
	<i>UAE</i>	<i>International</i>	<i>Group</i>
	<i>AED'000</i>	<i>AED'000</i>	<i>AED'000</i>
Dredging and reclamation	86,575	105,090	191,665
Marine construction	99,097	22,381	121,478
Other	<u>19,685</u>	<u>56</u>	<u>19,741</u>
Total	<u>205,357</u>	<u>127,527</u>	<u>332,884</u>

National Marine Dredging Company PJSC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 March 2019

7 REVENUE FROM CONTRACTS WITH CUSTOMERS continued

7.3 TIMING OF REVENUE RECOGNITION

	<i>Three month period ended 31 March 2019 AED'000 (Unaudited)</i>	<i>Three month period ended 31 March 2018 AED'000 (Audited)</i>
Services transferred at a point in time	-	-
Services transferred over time	<u>324,333</u>	<u>332,884</u>
Total revenue from contracts with customers	<u>324,333</u>	<u>332,884</u>

8 TAXATION

	<i>Three month period ended 2019 AED'000 (Unaudited)</i>	<i>Three month period ended 2018 AED'000 (Audited)</i>
Current income tax expense	3,322	-
Relating to origination and reversal of temporary differences	<u>161</u>	<u>-</u>
Income tax expense	<u>3,483</u>	<u>-</u>

9 EARNINGS PER SHARE

Basic earnings per share amounts are calculated by dividing profit for the period attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the period.

The weighted average number of ordinary shares outstanding at the end of the reporting period was 250,000,000 shares (31 March 2018: 250,000,000 shares). There are no potentially dilutive instruments therefore the basic and diluted earnings per share are the same.

10 RELATED PARTY TRANSACTIONS AND BALANCES

Related parties include the Government of Abu Dhabi, Directors and key management personnel, management entities engaged by the Group and those enterprises over which the Government of Abu Dhabi, 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 Group derives significant portion of its UAE revenue from the Government of Abu Dhabi, its departments and related entities.

National Marine Dredging Company PJSC

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS 31 March 2019

10 RELATED PARTY TRANSACTIONS AND BALANCES continued

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

	31 March 2019 (Unaudited) AED'000	31 December 2018 (Audited) AED'000
<i>Balances with Government of Abu Dhabi and related entities:</i>		
Trade and other receivables	<u>2,247,339</u>	<u>2,171,840</u>
<i>Balance with shareholders (excluding Government of Abu Dhabi and related entities):</i>		
Trade and other receivables	1,626	13,452
Trade and other payables	1,000	1,000
<i>Due from joint venture for project related work:</i>		
Trade and other receivables	596,502	554,090

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

	Three months ended 31 March 2019 (Unaudited) AED'000	2018 (Unaudited) AED'000
<i>Government and related entities</i>		
Revenue earned during the period	<u>220,179</u>	<u>168,745</u>
<i>Joint venture</i>		
Revenue earned during the period	<u>57,042</u>	<u>-</u>

Transactions with key management personnel

	Three months ended 31 March 2019 (Unaudited) AED'000	2018 (Unaudited) AED'000
Key management compensation	<u>1,152</u>	<u>1,177</u>

Other related party transactions

Abu Dhabi Municipality (the "Municipality") had granted the Company the right to use the land at the Company's base facilities in Musaffah free of charge. Subsequently, starting 2005 the Municipality charges an amount of AED 240 thousand per annum for the use of this land. The charge had been revised to AED 1,799 thousand per annum during 2017 for a period of 30 years ending 25 July 2035. On adoption of IFRS 16 on 1 January 2019, the Group has recognised right-of-use asset of AED 23,643 thousand related to this lease (refer note 2.2).

National Marine Dredging Company PJSC

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS 31 March 2019

11 CONTINGENCIES AND COMMITMENTS

	<i>31 March 2019 (Unaudited) AED'000</i>	<i>31 December 2018 (Audited) AED'000</i>
Bank guarantees	<u>1,832,686</u>	<u>1,034,801</u>
Letters of credit	<u>337,203</u>	<u>17,332</u>
Capital commitments	<u>333,460</u>	<u>3,792</u>

Capital commitments comprise mainly of capital expenditure which has been contractually agreed with suppliers for future periods for new build vessels or the refurbishment of existing vessels.

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

12 FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value measurement recognized in the interim consolidated statement of financial position

The fair values of the Group's financial assets and liabilities as at 31 March 2019 are not materially different from their carrying values at the same date.

The following table provides the fair value measurement hierarchy of the Group's financial assets which are measured at fair value as at 31 March 2019 and 31 December 2018:

	<i>Fair value measurement</i>			
	<i>Total AED'000</i>	<i>Quoted prices in Active markets (Level 1) AED'000</i>	<i>Significant observable inputs (Level 2) AED'000</i>	<i>Significant unobservable inputs (Level 3) AED'000</i>
<i>As at 31 March 2019 (unaudited)</i>				
Financial assets at fair value through other comprehensive income (FVTOCI)	52,292	52,292	-	-
Financial assets at fair value through profit or loss (FVTPL)	27,179	26,236	-	943
<i>As at 31 December 2018 (audited)</i>				
Financial assets at fair value through other comprehensive income (FVTOCI)	46,645	46,645	-	-
Financial assets at fair value through profit or loss (FVTPL)	26,000	25,057	-	943

There were no transfers between Level 1 and Level 2 fair value measurements during the period, and no transfers into or out of Level 3 fair value measurements.

National Marine Dredging Company PJSC

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS 31 March 2019

13 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, Bahrain, India, Maldives and East Africa.

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

	<i>3 months ended 31 March 2019 (Unaudited)</i>		
	<i>UAE</i> <i>AED'000</i>	<i>International</i> <i>AED'000</i>	<i>Group</i> <i>AED'000</i>
Segment revenue	217,099	164,112	381,211
Intersegment revenue	-	-	(56,878)
Revenue			<u>324,333</u>
Segment gross profit	<u>15,021</u>	<u>13,224</u>	<u>28,245</u>
General and administrative expenses			(18,739)
Foreign currency exchange gain			9,827
Fair value gain on financial assets at fair value through profit or loss			1,179
Finance income			2,548
Share in profit of joint venture			404
Other income			2,293
Finance costs			<u>(4,728)</u>
Profit before tax for the period			<u>21,029</u>
	<i>At 31 March 2019 (Unaudited)</i>		
	<i>UAE</i> <i>AED'000</i>	<i>International</i> <i>AED'000</i>	<i>Group</i> <i>AED'000</i>
Total assets	<u>3,828,367</u>	<u>1,357,690</u>	<u>5,186,057</u>
Total liabilities	<u>417,972</u>	<u>1,310,848</u>	<u>1,728,820</u>
	<i>3 months ended 31 March 2018 (Unaudited)</i>		
	<i>UAE</i> <i>AED'000</i>	<i>International</i> <i>AED'000</i>	<i>Group</i> <i>AED'000</i>
Segment revenue	205,770	142,443	348,213
Intersegment revenue	(14,819)	(510)	(15,329)
Revenue	<u>190,951</u>	<u>141,933</u>	<u>332,884</u>
Segment gross profit	<u>19,795</u>	<u>9,131</u>	<u>28,926</u>
General and administrative expenses			(15,268)
Foreign currency exchange loss			(234)
Fair value loss on financial assets at fair value through profit or loss			(1,509)
Finance income			2,006
Other income			1,192
Finance costs			<u>(925)</u>
Profit for the period			<u>14,188</u>
	<i>At 31 December 2018 (Audited)</i>		
	<i>UAE</i> <i>AED'000</i>	<i>International</i> <i>AED'000</i>	<i>Group</i> <i>AED'000</i>
Total assets	<u>3,709,393</u>	<u>1,031,998</u>	<u>4,741,391</u>
Total liabilities	<u>323,987</u>	<u>983,463</u>	<u>1,307,450</u>

National Marine Dredging Company PJSC

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS 31 March 2019

14 SUBSEQUENT EVENT

The shareholders approved a dividend of AED 0.25 per share (2018: AED 0.22 per share) amounting to AED 62.5 million (2018: AED 55 million) and remuneration of the Board of Directors amounting to AED 11 million (2018: AED 10.1 million relating to year ended 31 December 2017), relating to year ended 31 December 2018, in the Annual General Meeting held on 21 April 2019.

15 APPROVAL OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The interim condensed consolidated financial statements were approved by Board of Directors and authorised for issue on 13 May 2019.



شركة الحفريات
البحرية الوطنية
NATIONAL MARINE
DREDGING COMPANY

NATIONAL MARINE DREDGING COMPANY PJSC RESULTS FOR THE THREE MONTHS ENDED 31 March 2019

Abu Dhabi, UAE – 14 MAY 2019: National Marine Dredging Company PJSC ("NMDC" or the "Group"), a leading contractor for dredging, land reclamation and marine civil construction, published its consolidated results for the period ended 31 March 2019, as set out below:

SUMMARY FINANCIAL RESULTS (In AED Millions)

	Three months ended 31 March		
	2019	2018	Variance
Revenue	324	333	-9
Gross profit	28	29	-1
Net profit	18	14	+4

HIGHLIGHTS

- Q1 2019 revenue of AED 324 million is in line with that for the corresponding prior period, AED 333 million.
- Net profit at AED 18 million showed an improvement from AED 14 million in the corresponding prior period.
- In Q1 2019, the Group was awarded the high-profile Hail and Ghasha Artificial Islands project by Abu Dhabi National Oil Company, in addition to 2 projects by Abu Dhabi Ports Company (Mugharraq Port Marine Development and Refurbishment of Al Sila Port), and 2 projects for development activities on Al Yasat Island and Jubail Island.
- NMDC signed agreements for the construction of a new hopper dredger with capacity of 8000m³, and a backhoe dredger, which are expected to be delivered in April/May 2020.

In Q1 2019, the Group commenced start-up (planning, procurement and recruitment) activities on the Hail and Ghasha Artificial Islands Project, while continuing to make progress on the Khalifa Port South Quay Development and Foreshore Works for Abu Dhabi Ports Company, which was started at the end of Q4 2018. Other ongoing government-related infrastructure projects made significant progress in the period or were completed - Deepening of Existing Channels in East of Abu Dhabi, Ras Al Ghurab South Island Development, Umm Al Nar Mangrove Dredging, Ruwais Resort Island and Delma Port Marine Works. Other notable non-government projects in the UAE included preparatory dredging works for Tristar for the new highway that will connect Reem Island to Eastern Mangroves.

In terms of International projects, the activity is focused on Egypt with 3 projects in progress in the period; Manzalah Lake Development, Adabiya Port Dredging and Damietta Port where we are utilizing NMDC's hopper dredger Arzana. Additional projects are in the pipeline.

A total amount of AED 106 million was invested in property, plant and equipment during the three months ended 31 March 2019, which mostly comprised the first instalments paid for the hopper dredger and the backhoe dredger. Following the recent award of Hail and Ghasha project, the Group reactivated two rock barges that were previously classified as 'held for sale', to be utilized on the project. The vessels that are still laid up are planned to be divested and continue to be classified as 'held for sale'.

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شركة الجرافات
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NATIONAL MARINE
DREDGING COMPANY

MANAGEMENT EXPLANATION ON THE AUDITOR'S REVIEW CONCLUSION

With reference to the Auditor's Report on the interim financial information – "Qualified Conclusion" & "Emphasis of Matter" – Management would like to highlight that the Group is executing strategic projects for the Government of Abu Dhabi and/or Government related entities. The Group is involved in the projects from concept design to final construction and the nature of these projects is such that they require time from conceptualization to finalization with the clients. Discussions and negotiations with clients for finalization of the billing arrangements are continuing and the billings for a significant amount of the unbilled receivables is currently at an advanced stage of approval. Management expects that progress will be made on securing approvals for billing, in the coming periods.

For and on behalf of
National Marine Dredging Company


Yasser Nasr Zaghloul
Chief Executive Officer



About National Marine Dredging Company:

NMDC is a leading contractor in the field of dredging and marine civil construction. The Group delivers a range of services including the construction of port infrastructure, land reclamation, coastal defense and deepening and maintenance of waterways. The Group owns and operates a modern fleet of dredgers supported by a wide range of auxiliary equipment including tugs, workboats, barges and survey vessels. NMDC employs 2100 professionals.

For more information, please visit www.nmdc.com, or contact:

Khaled Shalati
Investor Relations Officer
ir@nmdc.ae
+971 (0) 2 513 0000