

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2022

1 LEGAL STATUS AND ACTIVITIES

Gulf Navigation Holding PJSC ("the Company") is validly existing as a public joint stock company since 30 October 2006 as per the Resolution of the Ministry of Economy No. 425 of 2006 and in accordance with the UAE Federal Law No. 32 of 2021. The Company is listed on the Dubai Financial Market. The Company is primarily engaged in sea transport of oil and petroleum products and similar commodities, ship charter, shipping lines of freight and passenger transportation, sea freight and passenger charters, shipping services, sea shipping

lines agents, clearing and forwarding services, cargo loading and unloading services, cargo packaging, sea cargo services and ship management operations through its subsidiaries as listed below. The Company operates from the 39th Floor, API Trio Tower, Al Barsha, Dubai, United Arab Emirates ("UAE"). The Company and its following directly or indirectly owned subsidiaries are together referred to as the "Group" in these consolidated financial statements:

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

Subsidiaries	Principal activities	Country of incorporation	% equity interest	
			2022	2021
Gulf Navigation Mirdif Limited	Ship Owning	Cayman Islands	100	100
Gulf Navigation Sukuk Limited	Issuance of sukuk	Cayman Islands	100	100
Gulf Maritime Ship Management LLC	Ship Management and Operations	UAE	100	100
Gulf Ship Management Co LLC	Ship Management and Operations, etc	UAE	100	100
Gulf Navigation Mishref Limited	Ship Charter	Liberia	100	100
Gulf Navigation Mirdif Limited	Ship Charter	Liberia	100	100
Gulf Navigation Ship Owning LLC	Ship Charter, etc	UAE	100	100
Gulf Navigation Livestock Carriers Ltd., Inc	Ship Owning	Panama	100	100
Gulf Navigation Livestock Carriers 1 Ltd., Inc	Ship Owning	Panama	100	100
Gulf Navigation Livestock Carriers 2 Ltd., Inc.	Ship Owning	Panama	100	100
Kabedah S.A.	Ship Owning	Panama	100	100
Gulf Crude Carriers Co. Ltd.	Ship Charter, etc	Liberia	100	100

The Group has the following branches:

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



2 BASIS OF PREPARATION AND ACCOUNTING POLICIES

2.1 BASIS OF PREPARATION

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

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

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

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

2.2 BASIS OF CONSOLIDATION

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

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

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

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

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

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

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

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

2.3 GOING CONCERN

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

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

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

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

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

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

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

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

2.4 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

NEW AND AMENDED STANDARDS AND INTERPRETATIONS

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

Onerous Contracts – Costs of Fulfilling a Contract – Amendments to IAS 37

An onerous contract is a contract under which the unavoidable of meeting the obligations under the contract costs (i.e., the costs that the Group cannot avoid because it has the contract) exceed the economic benefits expected to be received under it.

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

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

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



Reference to the Conceptual Framework – Amendments to IFRS 3

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

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

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

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

Property, Plant and Equipment: Proceeds before Intended Use – Amendments to IAS 16 Leases

The amendment prohibits entities from deducting from the cost of an item of property, plant and equipment, any proceeds of the sale of items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the costs of producing those items, in profit or loss.

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

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

IFRS 1 First-time Adoption of International Financial Reporting Standards – Subsidiary as a first-time adopter

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

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

IFRS 9 Financial Instruments – Fees in the '10 per cent' test for derecognition of financial liabilities

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

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

IAS 41 Agriculture – Taxation in fair value measurements

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

STANDARDS, AMENDMENTS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE

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

and interpretations, if applicable, when they become applicable

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

2.5 SIGNIFICANT ACCOUNTING POLICIES

FOREIGN CURRENCY TRANSLATION

Functional and presentation currency

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

Transactions and balances

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

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

Group companies

The results and financial position of all the Group subsidiaries (none of which has the currency of a hyperinflationary economy) that have a functional currency different from

the presentation currency are translated into the presentation currency as follows:

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

BUSINESS COMBINATIONS AND GOODWILL

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

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

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

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or liability that is a financial instrument and within



the scope of IFRS 9 Financial Instruments, is measured at fair value with the changes in fair value recognised in the statement of profit or loss in accordance with IFRS 9. Other contingent consideration that is not within the scope of IFRS 9 is measured at fair value at each reporting date with changes in fair value recognised in profit or loss.

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

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

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

CURRENT VERSUS NON-CURRENT CLASSIFICATION

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

- Expected to be realised or intended to be sold or consumed in the normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period

Or

- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in the normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period

Or

- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

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

VESSELS, PROPERTY AND EQUIPMENT

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

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

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

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

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

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

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

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

CAPITAL WORK-IN-PROGRESS

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

IMPAIRMENT OF TANGIBLE AND INTANGIBLE ASSETS

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

Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable

amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

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

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

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



REVENUE RECOGNITION

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for services rendered. The Group recognises revenue from contracts with customers when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. Revenue from major service line is recognised as follows:

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

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

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

INVENTORIES

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

INCOME TAX

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

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

Deferred tax is calculated in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax is based on the expected manner of realisation or settlement

of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the reporting date.

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

FINANCIAL INSTRUMENTS

Financial assets and financial liabilities are recognised in the Group's consolidated statement of financial position when the Group becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

FINANCIAL ASSETS

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Classification of financial assets

9. Debt instruments designated at amortised cost

Debt instruments that meet the following conditions are measured subsequently at amortised cost:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

10. Debt instrument designated at other comprehensive income

Debt instruments that meet the following conditions are measured subsequently at fair value through other comprehensive income (FVTOCI):

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

By default, all other financial assets are measured subsequently at fair value through profit or loss (FVTPL).

11. Amortised cost and effective interest rate method

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance.

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

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

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

For purchased or originated credit-impaired financial assets, the Group recognises interest income by applying the credit-adjusted effective interest rate to the amortised cost of the financial asset from initial recognition. The calculation

does not revert to the gross basis even if the credit risk of the financial asset subsequently improves so that the financial asset is no longer credit-impaired.

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

12. Equity instruments designated as at FVTOCI

On initial recognition, the Group may make an irrevocable election (on an instrument-by-instrument basis) to designate investments in equity instruments as at FVTOCI. Designation at FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognised by an acquirer in a business combination.

Investments in equity instruments at FVTOCI are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the investments revaluation reserve. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments, instead, they will be transferred to retained earnings.

Dividends on these investments in equity instruments are recognised in profit or loss in accordance with IFRS 9, unless the dividends clearly represent a recovery of part of the cost of the investment. Dividends are included in the 'finance income' line item in profit or loss.

Impairment of financial assets

The Group recognises a loss allowance for expected credit losses on investments in trade and other receivables as well as on financial guarantee contracts, if any. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Group always recognises lifetime ECL for trade and other receivables. The expected credit losses on these financial assets are estimated using a provision matrix based on The Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For all other financial instruments, The Group recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, The Group measures



Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument at the reporting date with the risk of a default occurring on the financial instrument at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. Forward-looking information considered includes the future prospects of the industries in which the Group's debtors operate, obtained from economic expert reports, financial analysts, governmental bodies, relevant think-tanks and other similar organisations, as well as consideration of various external sources of actual and forecast economic information that relate to the Group's core operations

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

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

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

Objective evidence that debt instrument is impaired includes whether any payment of principal or profit is overdue by more than 90 days or there are any known difficulties in the cash

flows including the sustainability of the counterparty's business plan, credit rating downgrades, breach of original terms of the contract, its ability to improve performance once a financial difficulty has arisen, deterioration in the value of collateral etc. The Group assesses whether objective evidence of impairment exists on an individual basis for each individually significant asset and collectively for others not deemed individually significant.

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

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

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

FINANCIAL LIABILITIES

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

Financial liabilities at FVTPL

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

in the consolidated statement profit or loss incorporates any interest paid on the financial liability.

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

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

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

Financial liabilities measured subsequently at amortised cost

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

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

Derecognition of financial liabilities

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

OFFSETTING OF FINANCIAL INSTRUMENTS

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle

on a net basis, to realise the assets and settle the liabilities simultaneously.

PROVISIONS

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

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

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

EMPLOYEE BENEFITS

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

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

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

LEASES

The Group as lessee

The Group assesses whether contract is or contains a lease, at inception of the contract. The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. For these leases,



the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

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

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

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

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

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

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

- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- the lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).
- a lease contract is modified and the lease modification is not accounted for as a separate lease, in which case

the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.

The Group did not make any such adjustments during the periods presented.

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

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

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

Variable rents that do not depend on an index or rate are not included in the measurement of the lease liability and the right-of-use asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs.

The Group as lessor

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

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

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

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

of the leased asset and recognised on a straight-line basis over the lease term.

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

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

BORROWING COSTS

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

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation. The other borrowing costs are recognised in profit or loss in the period in which they are incurred.

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

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

Borrowings are removed from the consolidated statement of financial position when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial

liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in the consolidated statement of profit or loss and other comprehensive income.

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

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

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

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

VALUE ADDED TAX (VAT)

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

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

CONTINGENCIES

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



3 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

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

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

CRITICAL JUDGMENTS IN APPLYING THE GROUP'S ACCOUNTING POLICIES

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

GOING CONCERN

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

TAXES

The Group has exposure to taxes primarily in the Kingdom of Saudi Arabia. Significant judgment is involved in determining the provision for tax. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for expected

tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the tax provision in the period in which such determination is made.

KEY SOURCES OF ESTIMATION UNCERTAINTY

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

IMPAIRMENT OF VESSELS AND GOODWILL

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

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

ESTIMATING USEFUL LIVES OF VESSELS, PROPERTY AND EQUIPMENT

The Group estimates the useful lives of property, vessels and equipment based on the period over which the assets are expected to be available for use. The estimated useful lives are reviewed periodically and are updated if expectations differ from previous estimates due to physical wear and tear,

technical or commercial obsolescence and legal or other limits on the use of the assets. In addition, estimation of the useful lives of property, vessels and equipment is based on collective assessment of industry practice, internal technical evaluation and on the historical experience with similar assets. It is possible, however, that future results of operations could be materially affected by changes in estimates brought about by changes in factors mentioned above. The amounts and timing of recorded expenses for any period would be affected by changes in these factors and circumstances.

CLASSIFICATION OF LEASES – GROUP AS A LESSOR

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

LEASES

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

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

ESTIMATING THE INCREMENTAL BORROWING RATE

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

PROVISION FOR EXPECTED CREDIT LOSSES OF TRADE RECEIVABLES

When measuring ECL the Group uses reasonable and supportable forward-looking information, which is based on assumptions for the future movement of different economic drivers and how these drivers will affect each other.

Loss given default is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, taking into account cash flows from collateral and integral credit enhancements.

Probability of default constitutes a key input in measuring ECL. Probability of default is an estimate of the likelihood of default over a given time horizon, the calculation of which includes historical data, assumptions and expectations of future conditions.

ALLOWANCE FOR SLOW MOVING OBSOLETE INVENTORY

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

4 OPERATING SEGMENTS

BUSINESS SEGMENTS

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

The Group comprises the following main business segments:

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

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

GEOGRAPHICAL SEGMENTS

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

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

	Vessel owning and chartering AED'000	Ship management AED'000	Marine product sales and distribution AED'000	Shipping and technical services AED'000	Other AED'000	Inter-segment elimination AED'000	Total AED'000
Operating revenue	127,110	944	-	10,119	-	(944)	137,229
Operating costs	(110,524)	-	-	(7,167)	-	944	(116,747)
Other income	425	-	-	4	13,116	(769)	12,776
Income on discounting of a financial liability to its present value	-	-	-	-	191	-	191
General and administrative expenses	(678)	(1,740)	-	(3,350)	(8,417)	769	(13,416)
Finance costs	(22,685)	-	-	-	(10,560)	-	(33,245)
Liabilities no longer required written back	10,836	-	-	-	8871	-	-
Income tax	-	-	-	-	(1,830)	-	(1,830)

	Vessel owning and chartering AED'000	Ship management AED'000	Marine product sales and distribution AED'000	Shipping and technical services AED'000	Other AED'000	Inter-segment elimination AED'000	Total AED'000
Reportable segment profit/(loss)	4,484	(796)	-	(394)	1,371	-	4,665
At 31 December 2022							
Reportable segment assets	894,198	24,105	878	20,374	1,521,307	(1,668,513)	792,349
Reportable segment liabilities	(788,166)	(29,050)	(962)	(11,079)	(719,297)	1,179,349	(369,205)

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



5 VESSELS, PROPERTY AND EQUIPMENT

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

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

The value-in-use of these vessels has been determined by discounting the cash flow projections over a period

of 5 years including estimated terminal value based on year 5 cashflows. Cash flow projections are based on past experience and business plans approved by management and is based on the following assumptions:

- Revenue of time charter vessels have been determined based on rates as per the contracts whereas revenue for vessels on spot charter have been determined based on expected future TCE rates;

- Vessel running cost have been determined using a mix of actual expense of prior year and budgeted expense for next year with normal inflationary impact;
- Other expenses such as dry docking has been estimated using the historical trend of such cost of the vessels and expected cost to be incurred in future;
- Residual value has been determined using the steel value at the end of useful life of vessel; and

- The net cash flows have been discounted using discount rate of 10.45% per annum (2021: 9.48% per annum).

Sensitivity analysis

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

b. Depreciation expense has been allocated as follows:

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

c. Vessels with a carrying value of AED 534,153 thousand (2021: AED 569,915 thousand) as at 31 December

2022 are mortgaged as security for bank borrowings (Note 13).

6 LEASES

GROUP AS A LESSEE

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

RIGHT-OF-USE ASSET

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

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



LEASE LIABILITY

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

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

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

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

GROUP AS A LESSOR

The Group leases its marine vessels under operating leases (time charters). The lease rental is usually negotiated to reflect

market rentals upon entering into/renewal of the charter. Future minimum lease rentals receivable under the non-cancellable operating leases (excluding those owned by the joint venture) are as follows:

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

7 GOODWILL

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

- The goodwill of AED 135,999 thousand and AED 83,913 thousand that arose at the time of the initial public offer (IPO) and acquisition of livestock vessels in 2018 respectively have been allocated to the vessel owning and charter segment of the business.
- Management reviews the business performance based on the type of business. Management has identified the vessel owning and chartering division, marine products sales and distribution division and agency division as its main type of businesses. Goodwill is monitored by management at the operating segment level.
- The recoverable amount of all Cash Generating Units (CGUs) has been determined based on the higher of value-in-use or fair value less cost to sell. In order to determine the value-in-use, as mentioned in Note 5(a), its calculation uses pre-tax cash flow projections based on estimated

charter rates using currently available market information and historical trends for vessels which are not on long term time charter. Cash flows beyond the signed charter party agreement are extrapolated using the estimated growth rate. The growth rate does not exceed the long-term average growth rate for the business in which the CGU operates. Discount rate of 11.1% per annum (2021: 9.48% per annum) have been used for the discounting the cash flows. Consequently, no impairment (2021: impairment of AED Nil thousand) has been recorded.

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

8 INVENTORIES

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

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

9 TRADE AND OTHER RECEIVABLES

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

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

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

b. The credit period on trade receivables ranges from 30 to 120 days (2021: 30 to 120 days) from invoice date. Before accepting any new customer, the Group assesses

the potential customer's credit quality and assigns credit limits by customer. Credit limits and credit scoring attributed to customers are reviewed at regular intervals. Of the trade receivables balance at the end of the year, AED 9,979 thousand (2021: AED 7,088 thousand) representing 73% (2021: 52%) is due from 4 customers (2021: 4 customers). There are no other customers who represent more than 5% of the total trade receivables at the reporting date.

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



The following table details the risk profile of trade receivables based on the Group's provision matrix. As the Group's historical credit loss experience does not show significantly different loss patterns for different customer segments,

the provision for loss allowance based on past due status is not further distinguished between the Group's different customer base:

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

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

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

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

e. The Group has appointed a liquidity provider to provide liquidity for the Company's securities listed on the DFM as the regulated market by entering two-way daily quotes

into the Market trading system. The Group has placed a margin deposit of AED 5,000 thousand with the Liquidity Provider for the trading which has been classified as advance to suppliers.



10 CASH AND CASH EQUIVALENTS

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

- a. Restricted cash represents cash held in certain bank accounts for payment of dividends and minimum liquidity requirements.
- b. Balances with banks are assessed to have low credit risk of default since these banks are highly regulated by the central banks of the United Arab Emirates. Accordingly, the management of the Group estimates the loss allowance on balances with banks at the end

of the reporting period at an amount equal to 12-month ECL. None of the balances with banks at the end of the reporting period are past due and taking into account the historical default experience and the current credit ratings of the banks, the management of the Group have assessed that the impairment amount is immaterial, and hence have not recorded any loss allowances on these balances.

11 SHARE CAPITAL

	2022 AED'000	2021 AED'000
AUTHORISED:		
1,275,391,249 shares (2021: 1,019,209,250 shares) of AED 1 each	1,275,391	1,019,209
ISSUED AND FULLY PAID UP:		
1,275,391,249 shares (2021: 1,019,209,250 shares) of AED 1 each	1,275,391	1,019,209

12 STATUTORY RESERVE

In accordance with the UAE Federal Law (No. 32) of 2021 and the Company's Articles of Association, 5% (2021: 10%) of the net profit for the year is required to be transferred to a statutory reserve until such time that the reserve equals 50% of the paid-up share capital. The Company has

resolved not to make any further transfers to statutory reserve as the reserve is equal to 50% of the paid-up share capital. The reserve is not available for distribution except in the circumstances as stipulated by the law. During the year, no amount has been transferred to the statutory reserve.

13 BORROWINGS

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

- a. The movement of borrowings is summarised as below:

	Term-loan I AED'000	Term-loan II AED'000	Term-loan III AED'000	Term-loan IV AED'000	Term-loan V AED'000	Term-loan VI AED'000	Term-loan VII AED'000	Total AED'000
Balance at 1 January 2022	-	22,109	10,563	-	148,760	46,969	-	228,401
Add: amortisation of arrangement fee	-	-	-	-	899	1,622	289	2,810
Add: amortisation of discounted value	-	1,038	487	-	-	-	-	1,525
Add: availed during the year [Note 13(e)]	-	-	-	-	-	-	226,920	226,920
Less: repaid during the period	-	-	-	-	(149,659)	(48,591)	(24,742)	(222,992)
Less: arrangement fee paid	-	-	-	-	-	-	(4,172)	(4,172)
Balance at 31 December 2022	-	23,147	11,050	-	-	-	198,295	232,492
Less: current portion	-	(23,147)	(11,050)	-	-	-	(40,406)	(74,603)
Non-current portion	-	-	-	-	-	-	157,889	157,889
Balance at 1 January 2021	-	57,789	27,411	45,994	193,786	-	-	324,980
Less: arrangement fee paid	-	-	-	-	(1,350)	(1,951)	-	(3,301)



	Term-loan I AED'000	Term-loan II AED'000	Term-loan III AED'000	Term-loan IV AED'000	Term-loan V AED'000	Term-loan VI AED'000	Term-loan VII AED'000	Total AED'000
Add: amortisation of arrangement fee	-	238	-	326	4,957	329	-	5,850
Add: availed during the year	-	-	-	-	-	52,155	-	52,155
Less: repaid during the year	-	(34,035)	(15,965)	(46,320)	(48,633)	(3,564)	-	(148,517)
Less: discounting of a financial liability to its present value	-	(2,222)	(1,042)	-	-	-	-	(3,264)
Add: amortisation of discounted value	-	339	159	-	-	-	-	498
Balance at 31 December 2021	-	22,109	10,563	-	148,760	46,969	-	228,401
Less: current portion	-	(4,748)	(2,227)	-	(40,441)	(9,299)	-	(56,715)
Non-current portion	-	17,361	8,336	-	108,319	37,670	-	171,686

b. Term loan I

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

c. Term loan II

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

d. Term loan III

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

e. Restructuring of Term loan II and III

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

- The Group is now required to pay a total value of AED 75,000 thousand (subsequently amended to AED 76,000 thousand) against the existing outstanding amount

of AED 96,385 thousand for settlement of Term loans II and III.

- Repayment schedule of AED 76,000 thousand is as follows:
 - AED 55,000 thousand payable on 15 July 2021 (subsequently amended to AED 50,000 thousand payable on 25 August 2021);
 - AED 7,500 thousand each payable on 1 June 2022 and 1 June 2023 respectively (subsequently amended to AED 8,500 thousand); and
 - AED 5,000 thousand payable on 1 June 2024 (subsequently amended to AED 9,000 thousand).
- Mortgage and assignment of earnings on vessels Gulf Mishref and Allianz Warrior towards these loans is to be released.
- In case of any default in the future, the bank has a right to claim all the outstanding liability plus all contractual interest and charges as per the original terms and conditions of Term Loans II and III.
- Accordingly, once all the payments are made as per the settlement agreement, the Group will derecognise the liability of AED 20,385 thousand (AED 9,439 thousand towards principal and AED 10,946 thousand towards accrued interest).

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

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

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

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

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

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

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

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

f. Term loan IV

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

g. Term loan V

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

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



The significant covenant for the above financing arrangement is maintaining the leverage ratio on quarterly basis on the payment date starting three (3) months after the first

drawdown and also prior to the exercise of a purchase option as depicted below:

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

In addition to above, following covenants are also applicable:

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

previous liabilities have been settled and new liabilities have been recognised.

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

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

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

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

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

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

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

i. Term loan VII

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

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

h. Term loan VI

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

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

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

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

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

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

j. Short term loans

- On 7 January 2019, the Group obtained a short term Murabaha facility of AED 7,346 thousand carrying fixed profit rate. During the year ended 31 December 2020, the Group repaid the principal outstanding of AED 7,346 thousand. The remaining amount of AED 831 thousand represents profit payable on this facility.
- On 20 January 2022, the Group secured a working capital loan from a third party for an amount of USD 2.75 million (equivalent AED 10.07 million). The loan carries an interest of 12% p.a. and is repayable after one year. This loan is secured by the mortgage of one livestock vessel with a net book value of AED 51,340 thousand. The Group paid AED 453 thousand of arrangement fee which is adjusted from the principal amount and is being unwound over the period of the loan. This loan was fully repaid in August 2022 and mortgage on the livestock vessel was released.

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

14 ISLAMIC NON-CONVERTIBLE SUKUK

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

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

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

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



On 14 February 2023, the representative of Sukuk holders (the 'Representative') has sent an event of default notice to the Company in relation to default in payment of periodic distribution amount as per the terms of the underlying agreements related to issuance of Islamic non-convertible sukuk (the "Terms"). Accordingly, the Representative has demanded and claims the dissolution distribution amount and the delegate liabilities sum, being USD 14,804 thousand (equivalent AED 54,183 thousand). Further, the Securities and Commodities Authority (SCA) through their letter dated 24 March 2023 has requested clarification from the Group in relation to such default. Management of the Group

has assessed that the claim made by the Representative as not valid and is of the view that the liability recorded in the consolidated financial statements of the Group is in accordance with the Terms and will be settled when due as per the Terms. This assessment was communicated by the management to the SCA through a letter dated 24 March 2023. Notwithstanding, the entire amount of the Sukuk liability (net of unamortised arrangement fees) has been classified as current liability, and accrued interest is included under trade and other payables [Note 16] in the consolidated financial statements.

15 PROVISION FOR EMPLOYEES' END OF SERVICE BENEFITS

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

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

16 TRADE AND OTHER PAYABLES

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

a. During 2018, the Group obtained control of Gulf Navigation Livestock Carrier Ltd. Inc, a wholly owned subsidiary of Aksab Investments LLC, which is registered in the Republic of Panama, for a purchase consideration of AED 420,000 thousand. Out of AED 420,000 thousand, an amount of AED 12,000 thousand payable (31 December 2021: AED 20,000 thousand) was converted into equity of the Group which was part of the creditors conversion into equity as further explained in Note 32(i). The Group

had previously received a waiver of AED 8,000 thousand from Aksab Investment LLC which is included within 'Liabilities no longer required written back' in the consolidated statement of comprehensive income for year ended 31 December 2022.

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

17 RELATED PARTY TRANSACTIONS AND BALANCES

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

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



2. The outstanding balances from related parties are given below:

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

The loan obtained from the major shareholders was utilised to finance dry docking of chemical tankers. During the year ended 31 December 2022, shareholder loan to the extent

of AED 10,838 thousand was converted into equity [Note 32(i)].

3. Key management remuneration

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

18 OPERATING REVENUE

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

This is consistent with the revenue information that is disclosed for each reportable segment under IFRS 8 (Note 4).

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

19 OPERATING COSTS

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

20 GENERAL AND ADMINISTRATIVE EXPENSES

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

a. Provision for claims for 2021 includes provision for costs payable to the Port of Fujairah towards charges relating to third-party vessel to which the Group was providing certain services. The vessel was arrested by the Port authorities in the year 2017 and auctioned off in March 2019. The sale proceeds from the vessel were received by the Port authorities in February 2021 and were not adequate to cover the charges payable by the vessel

to the Port authorities. Further, the vessel owner declared bankruptcy, and as such, the charges are required to be borne by the Group. Consequently, a provision of AED 1,507 thousand was recognised during the year ended 31 December 2021 to bear such costs. This provision was utilised during the year.

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

21 STAFF COSTS

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

22 EARNINGS PER SHARE

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

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

23 FINANCE COSTS

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



24 (I) INCOME FROM INSURANCE CLAIM

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

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

On 20 November 2019, one of the livestock vessels (Gulf Livestock 1) of the Group suffered damage to main engine due to overheating whilst manoeuvring after leaving Panjang

port. The Group filed an insurance claim for the repairs cost and received confirmation during the current period amounting to AED 2,821 thousand. During the year ended 31 December 2021, the Group received the full amount of AED 2,821 thousand from the insurance provider.

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

24 (II) LIABILITIES NO LONGER REQUIRED WRITTEN BACK

	2022 AED'000	2021 AED'000
Tax liabilities ¹	-	6,181
Other [Note 16 (a) and (b)]	19,707	480
	19,707	6,661

24 (III) OTHER INCOME

	2022 AED'000	2021 AED'000
Gain on trading of treasury shares, net ² [Note 31]	12,036	-
Others	740	794
	12,776	794

¹ During the year ended 31 December 2018, a branch of the Group received a letter from the tax authorities noting that the branch's returns for the financial years from 2010 to 2016 did not comply with the tax regulations. In 2018, the Group entered into an agreement with the tax authorities for an amount of AED 17,749 thousand towards full and final settlement of its tax dues for prior years up to 2016. Out of AED 17,749 thousand, the Group had settled AED 11,568 thousand as of 31 December 2019. During the year ended 31 December 2021, the Group had received a waiver from the tax authorities for the remaining AED 6,181 thousand. Hence, the Group derecognise liabilities of AED 6,181 thousand which are included within 'Liabilities no longer required written back' in the consolidated statement of comprehensive income.

² Gain on trading of treasury shares was recognised based on liquidity provider regulations allowed by the Securities and Commodities Authority.



25 FINANCIAL INSTRUMENTS

a. Categories of financial instruments

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

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

a. Fair value of financial instruments

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

the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

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

26 COMMITMENTS

Capital expenditure commitment

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

27 GUARANTEES

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

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

28 CONTINGENCIES

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

29 FINANCIAL RISK MANAGEMENT

29.1 FINANCIAL RISK FACTORS

OVERVIEW

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

1. Market risk,
2. Credit risk, and
3. Liquidity risk.

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

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

The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. Risk management is carried out by the finance department under the policies approved by the Board

of Directors. The Group Finance team identifies and evaluates financial risks in close co-operation with the Group's operating units. The Board of Directors provides written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, profit rate risk and credit risk and investing excess liquidity. Key financial risk management reports are produced monthly on a Group level and provided to the key management personnel of the Group.

MARKET RISK

Foreign exchange risk

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

Price risk

The Group is not exposed to any significant price risk.

Fair value profit rate risk

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

Cash flow profit rate risk

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

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

the major profit-bearing positions. The simulation is done on a monthly basis to verify that the maximum potential loss is within the limits set by management.

CREDIT RISK

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

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

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

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

LIQUIDITY RISK

Cash flow forecasting is performed in the operating entities of the Group and aggregated by Group Finance. Group Finance monitors the rolling forecast of the Group's liquidity requirements to ensure that it has sufficient cash to meet operational needs while maintaining sufficient headroom

on its undrawn committed borrowing facilities at all times so that the Group does not breach borrowing limits or covenants (where applicable) on any of its borrowing facilities and also to cover the future capital requirements. Such forecasting takes into consideration the Group's debt financing plans, covenant compliance and compliance with internal consolidated statement of financial position ratio targets.



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

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

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

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

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



30 CAPITAL RISK MANAGEMENT

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

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

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

31 TREASURY SHARES

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

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

As stated in note 9, the Group appointed a liquidity provider. During the year ended 31 December 2022, the Group,

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

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

32 OTHER RESERVES

The change in other reserves was due to:

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

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

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

- Liability holders of Islamic non-convertible sukuk amounting to AED 50,540 thousand along with accrued interest until 31 March 2022 of AED 11,565 thousand;
- Creditors amounting to AED 12,450 thousand and;
- Short-term loans from related parties amounting to AED 10,838 thousand.

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

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

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

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

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

- settlement of Polimar payables, receivables and non-controlling interest balances amounting to AED 2,745 thousand, AED 16,604 thousand and AED 9,960 thousand respectively,
- purchase consideration of AED 3,660 thousand for 40% share has been agreed out of which AED 915 thousand was paid in September 2022 for 10% share. The balance of the consideration of AED 2,745 thousand will be payable in the form of mandatory convertible bond which have the lock up period of 1 year. As of 31 December 2022, the remaining consideration has been recorded as a payable (note 16). Further, the Group has discounted AED 2,745 thousand to its present value and recorded AED 191 thousand as an income on discounting in the Group's condensed consolidated financial statements for the year ended 31 December 2022.
- The remaining shares of Polimar will be transferred to the Group upon the settlement of the remaining consideration.

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

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



33 NON-CONTROLLING INTERESTS

Summarised financial information in respect of the Gulf Navigation Polimar Maritime LLC, UAE that has material non-controlling interests is set out below. The summarised financial information below represents amounts before

intragroup eliminations. Refer note 32 (ii) for purchase of 40% investment in Gulf Navigation Polimar Maritime LLC as at 31 December 2022. Accordingly, no non-controlling interest has been recognised as at 31 December 2022.

	2022 AED'000	2021 AED'000
Non-current assets	-	5,555
Current assets	-	28,320
Current liabilities	-	(8,023)
Non-current liabilities	-	(482)
Net Assets	-	25,370
Equity attributable to the owner of the Company	-	15,222
Equity attributable to non-controlling interest	-	10,148
Revenue	-	12,162
Total expenses	-	(15,232)
	2022 AED'000	2021 AED'000
Net loss and total comprehensive income for the year	-	(3,070)
Total comprehensive loss attributable to the owners of the Company	-	(1,842)
Total comprehensive loss attributable to non-controlling interest	-	(1,228)
Net cash generated from operating activities	-	283
Net cash used in investing activities	-	-
Net cash used in financing activities	-	-

34 RESTATEMENT OF COMPARATIVE BALANCES

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

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

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

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

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

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

35 SUBSEQUENT EVENTS

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

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

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

Subsequent to the year end the Group has received a notice from the SCA related to the event of default event of default notice to the Company in relation to periodic distribution amount as per the terms of the underlying agreements related to issuance of Islamic non-convertible sukuk [Note 18].

36 CORPORATE TAX

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

Generally, UAE businesses will be subject to a 9% CT rate. A rate of 0% will apply to taxable income not exceeding a particular threshold to be prescribed by way of a Cabinet Decision (expected to be AED 375,000 based on information released by the Ministry of Finance). In addition, there are several other decisions that are yet to be finalised by way of a Cabinet Decision that are significant in order for entities

to determine their tax status and the taxable income. Therefore, pending such important decisions by the Cabinet as at 31 December 2022, the Group has considered that the Law is not substantively enacted from IAS 12 – Income Taxes perspective as at 31 December 2022. The Group shall continue to monitor the timing of the issuance of these critical cabinet decisions to determine their tax status and the application of IAS 12 – Income Taxes.

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