

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

**Review report and interim  
condensed financial information  
for the nine-month period ended  
30 September 2021**

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

**Review report and interim condensed financial information  
for the nine-month period ended 30 September 2021**

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**REPORT ON REVIEW OF INTERIM CONDENSED FINANCIAL INFORMATION  
TO THE SHAREHOLDERS OF  
AL SEER MARINE SUPPLIES AND EQUIPMENT COMPANY PJSC  
(FORMERLY AL SEER MARINE SUPPLIES AND EQUIPMENT COMPANY LLC)**

*Introduction*

We have reviewed the accompanying condensed statement of financial position of Al Seer Marine Supplies and Equipment Company PJSC (formerly Al Seer Marine Supplies and Equipment Company LLC) (the “Company”) as at 30 September 2021 and the related condensed statements of profit or loss and other comprehensive income, changes in equity and cash flows for the nine-month period then ended. Management is responsible for the preparation and fair presentation of this interim condensed financial information in accordance with International Accounting Standard 34 ‘*Interim financial reporting*’ as issued by International Accounting Standards Board (IASB). Our responsibility is to express a conclusion on this interim condensed financial information based on our review.

*Scope of Review*

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

*Other Matter*

The comparative information presented in the condensed statement of profit or loss and other comprehensive income, condensed statement of changes in equity and condensed statement of cash flows has not been reviewed or audited.

*Conclusion*

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

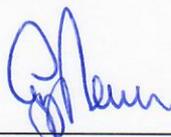
Deloitte & Touche (M.E.)



Mohammed Khamees Al Tah  
Registration No. 717  
24 October 2021  
Abu Dhabi  
United Arab Emirates

**Condensed statement of financial position  
as at 30 September 2021**

	Notes	30 September 2021 (unaudited) AED	31 December 2020 (audited) AED
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property and equipment	4	31,540,332	34,302,989
Right-of-use assets	5	6,524,473	7,063,966
Investments carried at fair value through profit or loss (FVTPL)	6	5,420,000,000	-
<b>Total non-current assets</b>		<b>5,458,064,805</b>	<b>41,366,955</b>
<b>Current assets</b>			
Inventories		1,010,125	1,029,925
Trade and other receivables	7	244,467,116	403,553,691
Contract assets	8	84,237,173	93,725,787
Due from related parties	9	19,539,969	4,099,956
Cash and bank balances	10	194,375,253	174,040,700
<b>Total current assets</b>		<b>543,629,636</b>	<b>676,450,059</b>
<b>Total assets</b>		<b>6,001,694,441</b>	<b>717,817,014</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital	11	1,000,000,000	6,000,000
Statutory reserve		3,000,000	3,000,000
Capital contribution	6	2,200,000,000	-
Retained earnings		2,531,777,137	271,258,274
<b>Total equity</b>		<b>5,734,777,137</b>	<b>280,258,274</b>
<b>Non-current liabilities</b>			
Lease liabilities	5	6,617,905	6,881,235
Provision for employees' end of service benefit	12	11,940,958	10,773,746
<b>Total non-current liabilities</b>		<b>18,558,863</b>	<b>17,654,981</b>
<b>Current liabilities</b>			
Trade and other payables	13	50,888,926	201,491,248
Lease liabilities	5	346,928	515,814
Contract liabilities	14	194,826,403	216,840,063
Due to related parties	9	2,296,184	1,056,634
<b>Total current liabilities</b>		<b>248,358,441</b>	<b>419,903,759</b>
<b>Total liabilities</b>		<b>266,917,304</b>	<b>437,558,740</b>
<b>Total equity and liabilities</b>		<b>6,001,694,441</b>	<b>717,817,014</b>



Chief Executive Officer




Head of Finance

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

**Condensed statement of profit or loss and other comprehensive income  
 for the period ended 30 September 2021**

	Notes	Nine-month period ended 30 September		Three-month period ended 30 September	
		2021 (unaudited) AED	2020 (unaudited) AED	2021 (unaudited) AED	2020 (unaudited) AED
<b>Revenue</b>	<b>15</b>	<b>407,506,995</b>	356,096,565	<b>134,960,326</b>	133,750,738
Cost of sales		<b>(351,661,767)</b>	(312,437,214)	<b>(111,767,376)</b>	(122,079,628)
<b>Gross profit</b>		<b>55,845,228</b>	43,659,351	<b>23,192,950</b>	11,671,110
General and administrative expenses		<b>(21,477,274)</b>	(18,278,415)	<b>(8,142,824)</b>	(5,852,472)
Other income, net		<b>94,331</b>	105,300	<b>131,307</b>	9,067
Finance income		<b>56,578</b>	169,291	-	-
Finance costs		-	(250,959)	-	(92,527)
Gain on investments carried at FVTPL	<b>6</b>	<b>2,420,000,000</b>	-	<b>2,028,000,000</b>	-
<b>Profit for the period</b>	<b>16</b>	<b>2,454,518,863</b>	25,404,568	<b>2,043,181,433</b>	5,735,178
Other comprehensive income		-	-	-	-
<b>Total comprehensive income for the period</b>		<b>2,454,518,863</b>	25,404,568	<b>2,043,181,433</b>	5,735,178
<b>Basic earnings per share</b>	<b>21</b>	<b>2.455</b>	0.025	<b>2.043</b>	0.006

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

**Condensed statement of changes in equity  
 for the period ended 30 September 2021**

	<b>Share capital AED</b>	<b>Capital contribution AED</b>	<b>Statutory reserve AED</b>	<b>Retained earnings AED</b>	<b>Total equity AED</b>
Balance at 1 January 2020 (audited)	6,000,000	-	3,000,000	237,314,922	246,314,922
Total comprehensive income for the period	-	-	-	25,404,568	25,404,568
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Balance at 30 September 2020 (unaudited)	6,000,000	-	3,000,000	262,719,490	271,719,490
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Balance at 1 January 2021 (audited)	6,000,000	-	3,000,000	271,258,274	280,258,274
Total comprehensive income for the period	-	-	-	2,454,518,863	2,454,518,863
Capital contribution (note 6)	-	3,000,000,000	-	-	3,000,000,000
Additional share capital (notes 1 and 11)	994,000,000	(800,000,000)	-	(194,000,000)	-
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<b>Balance at 30 September 2021 (unaudited)</b>	<b>1,000,000,000</b>	<b>2,200,000,000</b>	<b>3,000,000</b>	<b>2,531,777,137</b>	<b>5,734,777,137</b>
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The accompanying notes form an integral part of the interim condensed financial information.

**Condensed statement of cash flows  
for the period ended 30 September 2021**

	<b>Nine-month period ended 30 September</b>	
	<b>2021 (unaudited) AED</b>	<b>2020 (unaudited) AED</b>
<b>Operating activities</b>		
Profit for the period	2,454,518,863	25,404,568
<i>Adjustments for:</i>		
(Reversal of)/allowance for doubtful receivables	(537,213)	164,314
Provision for slow moving inventories	243,084	162,973
Provision for employees' end of service benefit	1,871,685	1,534,018
Depreciation of property and equipment	5,802,032	5,946,335
Amortisation of right-of-use assets	539,493	1,431,878
Gain on sale of property and equipment	(76,191)	(100,633)
Finance income	(56,578)	(169,291)
Finance costs	255,670	573,571
Unrealised gain on investments carried at FVTPL	(2,420,000,000)	-
<b>Operating cash flows before changes in working capital</b>	<b>42,560,845</b>	<b>34,947,733</b>
Increase in inventories	(223,284)	(368,549)
Decrease/(increase) in trade and other receivables	159,623,788	(94,526,358)
Decrease/(increase) in contract assets	9,488,614	(601,703)
(Increase)/decrease in due from related parties	(15,440,013)	6,068,730
Decrease in trade and other payables	(150,602,322)	(25,766,045)
(Decrease)/increase in contract liabilities	(22,013,660)	9,819,153
(Increase)/decrease in due to related parties	1,239,550	(2,730,837)
<b>Cash generated from/(used in) operations</b>	<b>24,633,518</b>	<b>(73,157,876)</b>
Employees' end of service benefit paid	(704,473)	(418,382)
<b>Net cash generated from/(used in) operating activities</b>	<b>23,929,045</b>	<b>(73,576,258)</b>
<b>Investing activities</b>		
Payment for purchase of property and equipment	(3,039,375)	(3,361,452)
Proceeds from disposal of property and equipment	76,191	129,128
Interest income	56,578	169,291
<b>Net cash used in investing activities</b>	<b>(2,906,606)</b>	<b>(3,063,033)</b>
<b>Financing activities</b>		
Repayment of lease liabilities	(687,886)	(1,661,461)
Finance costs	-	(250,959)
<b>Net cash used in financing activities</b>	<b>(687,886)</b>	<b>(1,912,420)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>20,334,553</b>	<b>(78,551,711)</b>
Cash and cash equivalents at the beginning of the period	174,040,700	145,679,522
<b>Cash and cash equivalents at the end of the period</b>	<b>194,375,253</b>	<b>67,127,811</b>
<b>Non-cash transactions:</b>		
Capital contribution	3,000,000,000	-
Share capital	994,000,000	-

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

**Notes to the interim condensed financial information  
for the period ended 30 September 2021**

**1 General information**

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

The principal activities of the Company are importing, maintaining and trading of marine machinery and equipment, boats repairing and trading, trading in marine transportation spare parts, trading in factories preparation equipment, machinery and accessories thereof and repair and maintenance of light and heavy marine equipment, wholesale of spare parts and section trading of ships and boats, retail sale of ships and boats, retail sale of airplanes spare parts and its components, ships management and operation & yachts management and running.

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

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

The following new and revised IFRSs, which became effective for annual periods beginning on or after 1 January 2021, have been adopted in these condensed financial statements. The application of these revised IFRSs has not had any material impact on the amounts reported for the current and prior years but may affect the accounting for future transactions or arrangements.

• **Interest Rate Benchmark Reform - Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16):**

The amendments introduce a practical expedient for modifications required by the reform, clarify that hedge accounting is not discontinued solely because of the IBOR reform, and introduce disclosures that allow users to understand the nature and extent of risks arising from the IBOR reform to which the entity is exposed to and how the Company manages those risks as well as the Company’s progress in transitioning from IBORs to alternative benchmark rates, and how the Company is managing this transition.

**Notes to the interim condensed financial information  
for the period ended 30 September 2021 (continued)**

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

**2.2 New and revised IFRS in issue but not yet effective**

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

- Amendments to IFRS 3 *Business Combinations*: Reference to the Conceptual Framework (effective from 1 January 2022).
- Amendments to IAS 16 *Property, Plant and Equipment* related to proceeds before intended use (effective from 1 January 2022).
- Amendments to IAS 37 *Provisions, Contingent Liabilities and Contingent Assets* related to Onerous Contracts - Cost of Fulfilling a Contract (effective from 1 January 2022).
- Annual Improvements to IFRS Standards 2018-2020: The Annual Improvements include amendments to IFRS 1 *First-time Adoption of International Financial Reporting Standards* (effective from 1 January 2022), IFRS 9 *Financial Instruments* (effective from 1 January 2022), IFRS 16 *Leases* (effective date not yet decided) and IAS 41 *Agriculture* (effective from 1 January 2022).
- Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2) (effective from 1 January 2023)
- Definition of Accounting Estimates (Amendments to IAS 8) (effective from 1 January 2023)
- Amendments to IAS 1 *Presentation of Financial Statements*: Classification of Liabilities as Current or Non-current (effective from 1 January 2023).
- IFRS 17 *Insurance Contracts* (effective from 1 January 2023).
- Amendments to IAS 12 *Income Taxes* on accounting for deferred tax on transactions such as leases and decommissioning obligations (effective from 1 January 2023)
- Amendments to IFRS 10 *Consolidated Financial Statements* and IAS 28 *Investments in Associates and Joint Ventures*: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (effective date not yet decided).

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

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

**Notes to the interim condensed financial information  
for the period ended 30 September 2021 (continued)**

**3 Summary of significant accounting policies**

**Basis of preparation**

This interim condensed financial information for the nine months period ended 30 September 2021 has been prepared in accordance with IAS 34, '*Interim Financial Reporting*'.

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

The interim condensed financial information does not include all information and disclosures required in the annual financial statements and should be read in conjunction with the Company's annual financial statements for the year ended 31 December 2020. In addition, results for the nine-month period ended 30 September 2021 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2021.

**Basis of measurement**

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

The accounting policies adopted in the preparation of the interim condensed financial information are consistent with those followed in the preparation of the Company's annual financial statements for the year ended 31 December 2020, and the notes attached thereto, except for the adoption of certain new and revised standards, that became effective in the current period as set out above.

**Changes in judgements and estimation uncertainty**

The preparation of these interim condensed financial information, in conformity with IAS 34 requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected. The significant judgments made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the Company's annual financial statements for the year ended 31 December 2020.

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

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**Notes to the interim condensed financial information  
for the period ended 30 September 2021 (continued)**

**4 Property and equipment**

	Building improvements AED	Office equipment AED	Furniture and fixtures AED	Industrial equipment AED	Motor vehicles AED	Prototype boats AED	Capital work in progress AED	Total AED
<b>Cost</b>								
At 1 January 2020 (audited)	48,432,558	1,455,990	1,184,399	2,479,929	6,241,253	11,040,000	-	70,834,129
Additions	2,529,248	281,600	185,803	556,448	-	-	2,210,949	5,764,048
Disposals	-	-	-	-	(1,190,100)	-	-	(1,190,100)
At 1 January 2021 (audited)	50,961,806	1,737,590	1,370,202	3,036,377	5,051,153	11,040,000	2,210,949	75,408,077
Additions	1,051,492	30,000	24,300	412,541	595,324	-	925,718	3,039,375
Disposals	-	-	-	-	(325,200)	-	-	(325,200)
<b>At 30 September 2021 (unaudited)</b>	<b>52,013,298</b>	<b>1,767,590</b>	<b>1,394,502</b>	<b>3,448,918</b>	<b>5,321,277</b>	<b>11,040,000</b>	<b>3,136,667</b>	<b>78,122,252</b>
<b>Accumulated depreciation</b>								
At 1 January 2020 (audited)	18,807,624	1,455,990	1,046,400	1,682,621	4,654,788	6,711,714	-	34,359,137
Charge for the year	4,179,644	62,291	90,413	497,102	870,106	2,208,000	-	7,907,556
Eliminated on disposals	-	-	-	-	(1,161,605)	-	-	(1,161,605)
At 1 January 2021 (audited)	22,987,268	1,518,281	1,136,813	2,179,723	4,363,289	8,919,714	-	41,105,088
Charge for the period	3,197,716	80,357	88,522	441,313	338,124	1,656,000	-	5,802,032
Eliminated on disposals	-	-	-	-	(325,200)	-	-	(325,200)
<b>At 30 September 2021 (unaudited)</b>	<b>26,184,984</b>	<b>1,598,638</b>	<b>1,225,335</b>	<b>2,621,036</b>	<b>4,376,213</b>	<b>10,575,714</b>	<b>-</b>	<b>46,581,920</b>
<b>Carrying amount</b>								
<b>At 30 September 2021 (unaudited)</b>	<b>25,828,314</b>	<b>168,952</b>	<b>169,167</b>	<b>827,882</b>	<b>945,064</b>	<b>464,286</b>	<b>3,136,667</b>	<b>31,540,332</b>
At 31 December 2020 (audited)	27,974,538	219,309	233,389	856,654	687,864	2,120,286	2,210,949	34,302,989

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

**Notes to the interim condensed financial information  
for the period ended 30 September 2021 (continued)**

**4 Property and equipment (continued)**

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

	<b>30 September 2021 AED (unaudited)</b>	31 December 2020 AED (audited)
Cost of sales	<b>4,889,617</b>	6,410,057
General and administrative expenses	<b>912,415</b>	1,497,499
	<b>5,802,032</b>	7,907,556

**5 Leases**

Right-of-use assets

The recognised right-of-use assets comprise of:

- i. A plot of land leased from Abu Dhabi Zone Corporation (“the lessor”) for a period of 30 years starting 30 May 2005 and expiring on 29 May 2035 in Musaffah Abu Dhabi; and
- ii. Labour accommodation in Musaffah Abu Dhabi, for a period of 3 years starting 13 February 2018 expiring 12 February 2021.

	<b>Land AED</b>	<b>Labour accommodation AED</b>	<b>Total AED</b>
<b>Cost</b>			
At 1 January 2020 and 31 December 2020 (audited)	7,837,389	3,044,917	10,882,306
Additions	-	-	-
<b>At 30 September 2021 (unaudited)</b>	<b>7,837,389</b>	<b>3,044,917</b>	<b>10,882,306</b>
<b>Accumulated amortization</b>			
1 January 2020 (audited)	477,424	1,431,746	1,909,170
Charge for the year	477,424	1,431,746	1,909,170
At 31 December 2020 (audited)	954,848	2,863,492	3,818,340
Charge for the period	358,068	181,425	539,493
<b>At 30 September 2021 (unaudited)</b>	<b>1,312,916</b>	<b>3,044,917</b>	<b>4,357,833</b>
<b>Carrying value</b>			
<b>At 30 September 2021 (unaudited)</b>	<b>6,524,473</b>	-	<b>6,524,473</b>
At 31 December 2020 (audited)	6,882,541	181,425	7,063,966

**Notes to the interim condensed financial information  
for the period ended 30 September 2021 (continued)**

**5 Leases (continued)**

Lease liabilities

Movement of lease liabilities during the period ended 30 September 2021 and 31 December 2020 is as follows:

	<b>30 September 2021 AED (unaudited)</b>	31 December 2020 AED (audited)
At the beginning of the period/year	7,397,049	9,182,181
Add: accretion of finance costs	255,670	430,149
Less: repayments during the period/year	(687,886)	(2,215,281)
<b>At the end of the period/year</b>	<b>6,964,833</b>	<b>7,397,049</b>

Lease liabilities as of the period ended 30 September 2021 and 31 December 2020 are presented in the statement of financial position as follows:

	<b>30 September 2021 AED (unaudited)</b>	31 December 2020 AED (audited)
Amounts due for settlement within 12 months	346,928	515,814
Amounts due for settlement after 12 months	6,617,905	6,881,235
<b>Lease liabilities</b>	<b>6,964,833</b>	<b>7,397,049</b>

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

	<b>30 September 2021 AED</b>	31 December 2020 AED
At the beginning of the period/year	-	-
Addition during the period/year (a)	3,000,000,000	-
Net change in fair value during the period/year	2,420,000,000	-
<b>At the end of the period/year</b>	<b>5,420,000,000</b>	<b>-</b>

(a) During the period, the shareholders resolved to transfer investments in quoted equity shares amounting to AED 3 billion to the Company and have been accounted for as capital contribution.

**Notes to the interim condensed financial information  
for the period ended 30 September 2021 (continued)**

**6 Investments carried at fair value through profit or loss (FVTPL) (continued)**

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

**7 Trade and other receivables**

	<b>30 September 2021 AED (unaudited)</b>	31 December 2020 AED (audited)
Trade receivables	<b>106,231,834</b>	303,427,911
Less: allowance for doubtful receivables	<b>(1,406,672)</b>	(1,943,885)
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	<b>104,825,162</b>	301,484,026
Advances to suppliers	<b>105,058,022</b>	96,818,863
Advance for investment (note a)	<b>30,112,950</b>	-
Labour deposits	<b>2,148,626</b>	2,148,626
Prepayments	<b>2,140,825</b>	3,039,989
Other receivables	<b>181,531</b>	62,187
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	<b>244,467,116</b>	403,553,691
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The average credit period of trade receivables is 60 days (2020: 60 days). No interest is charged on trade and other receivables. The Company has adopted a policy of dealing with only creditworthy counterparties. Adequate credit assessment is made before accepting a new customer. Of the trade receivables balance at the end of the reporting period, AED 91.2 million (2020: AED 296.5 million) representing 85.9% (2020: 97.2%) of the total trade receivables due from 5 (2020: 5) major customers of the Company.

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

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

(a) Advance for investment represents partial payment made by the Company towards its commitment in accordance with the Shareholders' Agreement dated 27 May 2021 ("the Agreement") entered into with BGN INT DMCC ("the joint venturer") to form a joint venture vehicle. As on 30 September 2021, the parties are in the process of establishing the joint venture entity.

**Notes to the interim condensed financial information  
for the period ended 30 September 2021 (continued)**

**7 Trade and other receivables (continued)**

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

	<b>Collectively assessed AED</b>	<b>Individually assessed AED</b>	<b>Total AED</b>
Balance as at 1 January 2020 (audited)	663,422	881,905	<b>1,545,327</b>
Net re-measurement of loss allowance	398,558	-	<b>398,558</b>
	<hr/>	<hr/>	<hr/>
Balance as at 31 December 2020 (audited)	1,061,980	881,905	<b>1,943,885</b>
Net re-measurement of loss allowance	(537,213)	-	<b>(537,213)</b>
	<hr/>	<hr/>	<hr/>
<b>Balance as at 30 September 2021 (unaudited)</b>	<b>524,767</b>	<b>881,905</b>	<b>1,406,672</b>
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

**8 Contract assets**

	<b>30 September 2021 AED (unaudited)</b>	<b>31 December 2020 AED (audited)</b>
Contract assets		
- <i>construction contracts</i>	<b>51,815,603</b>	60,368,373
- <i>rendering of services</i>	<b>5,578,273</b>	16,346,346
Contract costs	<b>26,843,297</b>	17,011,068
	<hr/>	<hr/>
	<b>84,237,173</b>	93,725,787
	<hr/> <hr/>	<hr/> <hr/>

Contract assets

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

	<b>30 September 2021 AED (unaudited)</b>	<b>31 December 2020 AED (audited)</b>
Construction contracts	<b>51,815,603</b>	60,368,373
	<hr/> <hr/>	<hr/> <hr/>

All of the contract assets are current as on 30 September 2021 and 31 December 2020.

**Notes to the interim condensed financial information  
for the period ended 30 September 2021 (continued)**

**8 Contract assets (continued)**

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

There has been no change in the estimation techniques or significant assumptions made during the current reporting period in assessing the loss allowance for the amounts due from customers under construction contracts. As per management's impairment assessment using ECL, no impairment loss is required against contract assets as on 30 September 2021 and 31 December 2020.

**9 Related parties**

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

The Company maintains balances with these related parties as follows:

	<b>30 September 2021 AED (unaudited)</b>	31 December 2020 AED (audited)
Due from related parties ( <i>ultimate parent</i> )	<b>19,539,969</b>	4,099,956
<b>Due to related parties:</b>		
Zee Store PJSC	<b>1,099,008</b>	950,632
Alpha Technologies Limited	<b>692,897</b>	-
International Holding Company P.J.S.C.	<b>471,323</b>	-
Royal Technology Solutions LLC	<b>26,936</b>	-
Dar Al Ummah Printing Publishing and Distribution	<b>5,520</b>	11,372
Al Jaraf Travel and Tourism LLC	<b>500</b>	59,013
Sushi Bar 99 Restaurant Ltd.	-	32,586
Cine Royal Cinema LLC	-	3,031
	<b>2,296,184</b>	1,056,634

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

**Notes to the interim condensed financial information  
for the period ended 30 September 2021 (continued)**

**9 Related parties (continued)**

Significant transactions with related parties are as follows:

	<b>Nine-month period ended 30 September</b>		<b>Three-month period ended 30 September</b>	
	<b>2021 AED (unaudited)</b>	2020 AED (unaudited)	<b>2021 AED (unaudited)</b>	2020 AED (unaudited)
Revenue	<b>20,669,527</b>	19,513,836	<b>6,599,436</b>	6,730,300
Purchases of goods and services	<b>5,174,522</b>	601,627	<b>3,125,744</b>	1,342,015
Capital contribution (note 6)	<b>3,000,000,000</b>	-	-	-
Managerial remuneration	<b>4,222,403</b>	3,210,602	<b>1,911,949</b>	838,942

**10 Cash and bank balances**

	<b>30 September 2021 AED (unaudited)</b>	31 December 2020 AED (audited)
Cash on hand	<b>300,000</b>	150,000
Cash at banks - current accounts	<b>190,999,152</b>	170,871,178
Fixed deposits - more than 3 months	<b>3,076,101</b>	3,019,522
	<b>194,375,253</b>	174,040,700

Fixed deposits comprise short-term deposits placed with commercial banks bearing interest rates ranging from 1% per annum to 1.75% per annum (2020: from 1% per annum to 1.75% per annum).

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

**Notes to the interim condensed financial information  
for the period ended 30 September 2021 (continued)**

**11 Share capital**

The Company's ordinary shares were listed on the Abu Dhabi Securities Exchange (ADX) Second Market on 29 August 2021. As at 30 September 2021, the shareholding interest was as follows:

	<b>30 September 2021</b>		
	<b>% of Holding</b>	<b>No. of Shares</b>	<b>Value AED</b>
IHC Industrial Holding LLC	44.9	449,000,000	449,000,000
Infinity Wave Holding LLC	36.0	360,000,000	360,000,000
Others	19.1	191,000,000	191,000,000
	<b>100.00</b>	<b>1,000,000,000</b>	<b>1,000,000,000</b>

In accordance with Annual General Meeting approval held on 11 August 2021, the shareholders approved the increase in the Company's capital from AED 200 million to AED 1 billion. This was made through the transfer of AED 800 million from capital contribution, and accordingly the share capital shall be divided to 1,000,000,000 shares.

On 8 April 2021, IHC Companies Management LLC ("the previous shareholder") transferred its entire shares in the Company and IHC Industrial Holding LLC ("a shareholder") transferred 14.95% of its interest in the Company to Chimera Investment LLC ("a shareholder").

On 8 April 2021, the shareholders resolved to convert the Company into a Private Joint Stock Company (PJSC). Accordingly, as per the addendum to the Memorandum of Association approved by the notary in the United Arab Emirates, the shareholders approved the increase in the Company's capital from AED 6 million to AED 200 million. This was made through the transfer of AED 194 million from the retained earnings, and reducing the par value per share from AED 6 to AED 1, and accordingly the share capital shall be divided to 200,000,000 shares.

On 1 January 2020, Royal Group Holding LLC and Royal Group Companies Management LLC transferred their shares in the Company to IHC Industrial Holding LLC and IHC Companies Management LLC. As on 31 December 2020, the share capital of the Company comprised of 1,000,000 authorised, issued and fully paid shares of AED 6 each as follows:

	<b>31 December 2020</b>		
	<b>% of Holding</b>	<b>No. of Shares</b>	<b>Value AED</b>
IHC Industrial Holding LLC	99.95	999,500	5,997,000
IHC Companies Management LLC	0.05	500	3,000
	<b>100.00</b>	<b>1,000,000</b>	<b>6,000,000</b>

**Notes to the interim condensed financial information  
for the period ended 30 September 2021 (continued)**

**12 Provision for employees' end of service benefit**

	<b>30 September 2021 AED (unaudited)</b>	31 December 2020 AED (audited)
At the beginning of the period/year	<b>10,773,746</b>	9,921,163
Charge for the period/year	<b>1,871,685</b>	2,123,111
Paid during the period/year	<b>(704,473)</b>	(1,270,528)
	<hr/>	<hr/>
<b>At the end of the period/year</b>	<b>11,940,958</b>	10,773,746
	<hr/> <hr/>	<hr/> <hr/>

**13 Trade and other payables**

	<b>30 September 2021 AED (unaudited)</b>	31 December 2020 AED (audited)
Trade payables	<b>25,780,204</b>	172,644,944
Provision for staff benefits	<b>10,520,612</b>	9,101,804
Value added tax payable, net	<b>5,224,696</b>	10,889,525
Management fees	<b>5,165,274</b>	6,415,995
Other accrued expenses	<b>4,198,140</b>	2,438,980
	<hr/>	<hr/>
	<b>50,888,926</b>	201,491,248
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The average credit period on the purchase of goods is 90 days (2020: 90 days). The Company has financial risk management policies in place to ensure that all payables are paid within credit time frame. No interest is charged on trade and other payables.

Management fees is calculated at 10% of the adjusted profit for the year as per the Parent Company's performance management policy applicable to all the business leaders.

Provision for staff benefits includes accrual of staff bonus of AED 3.9 million (2020: AED 4.1 million).

**14 Contract liabilities**

	<b>30 September 2021 AED (unaudited)</b>	31 December 2020 AED (audited)
Amounts received in advances from customers	<b>194,826,403</b>	216,840,063
	<hr/> <hr/>	<hr/> <hr/>

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

**Notes to the interim condensed financial information  
for the period ended 30 September 2021 (continued)**

**15 Revenue**

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

	<b>Nine-month period ended 30 September</b>		<b>Three-month period ended 30 September</b>	
	<b>2021</b>	2020	<b>2021</b>	2020
	<b>AED</b>	AED	<b>AED</b>	AED
	<b>(unaudited)</b>	(unaudited)	<b>(unaudited)</b>	(unaudited)
<b>Disaggregation of revenue - at a point in time</b>				
Rendering of services	<b>390,911,968</b>	341,764,780	<b>130,359,178</b>	128,385,231
<b>Disaggregation of revenue - over time</b>				
Construction income	<b>16,595,027</b>	14,331,785	<b>4,601,148</b>	5,365,507
	<b>407,506,995</b>	356,096,565	<b>134,960,326</b>	133,750,738

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

	<b>30 September 2021 AED (unaudited)</b>	30 September 2020 AED (unaudited)
<b>Unsatisfied performance obligation</b>		
Remaining construction revenue	<b>21,118,407</b>	11,790,835

**16 Profit for the period**

Profit for the period is stated after charging:

	<b>Nine-month period ended 30 September</b>		<b>Three-month period ended 30 September</b>	
	<b>2021</b>	2020	<b>2021</b>	2020
	<b>AED</b>	AED	<b>AED</b>	AED
Staff costs	<b>43,145,390</b>	42,761,449	<b>14,085,344</b>	14,715,648
Depreciation of property and equipment (note 4)	<b>4,889,617</b>	4,793,400	<b>1,647,666</b>	1,617,648
Amortisation of right-of-use assets (note 5)	<b>539,493</b>	1,431,877	<b>119,356</b>	477,293

**Notes to the interim condensed financial information  
for the period ended 30 September 2021 (continued)**

**17 Contingent liabilities**

	<b>30 September 2021 (unaudited) AED</b>	31 December 2020 (audited) AED
Letter of guarantees	<b>39,266,788</b>	39,388,112

Above letters of guarantees were issued in the normal course of business on which the bank charges a fee of 1% per annum.

The Company has committed to invest AED 318 million in the joint venture entity.

**18 Fair value of financial instruments**

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

**19 COVID-19 impact**

On 11 March 2020, COVID-19 was declared as pandemic by the World Health Organisation and is causing disruptions to businesses and economic activities. The Company is closely monitoring as the situation progresses and has activated its business continuity planning and other risk management practices to manage the potential business operations disruption and financial performance in 2021.

The Company has implemented an action plan to ensure the safe and stable continuation of its business operations as well as the safety of its employees and customers. The Company has also introduced proactive comprehensive measures to address and mitigate key operational and financial issues arising from the current situation. The Company is continuously assessing the impact of COVID-19 on its operations.

In response to this crisis, the Company continues to monitor and respond to all liquidity and funding requirements through its plan reflecting the current economic scenarios. The Company believes that, as at 30 September 2021, liquidity position of the Company remains good.

The impact of COVID-19 continues to evolve, hence there are uncertainties and likely significant risks that may impact the business in future. The effects of COVID-19 may not be fully reflected in the Company's financial results until future periods. The Company is taking proactive measures to monitor and manage the situation to the best of its abilities to support the long-term continuity of its business.

The Company will continue to closely monitor the impact of COVID-19 as the situation progresses to manage the potential impact COVID-19 outbreak may have on its operations; forecasts on expected credit loss estimates; and impairment of due from related parties, contract assets and property and equipment in the remainder of 2021.

**Notes to the interim condensed financial information  
for the period ended 30 September 2021 (continued)**

**20 Seasonality of results**

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

**21 Basic and diluted earnings per share**

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

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

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

	<b>Nine-month period ended 30 September</b>		<b>Three-month period ended 30 September</b>	
	<b>2021</b>	2020	<b>2021</b>	2020
	<b>(unaudited)</b>	(unaudited)	<b>(unaudited)</b>	(unaudited)
Profit for the period (AED)	<b>2,454,518,863</b>	25,404,568	<b>2,043,181,433</b>	5,735,178
Weighted average number of ordinary shares issued	<b>1,000,000,000</b>	1,000,000,000	<b>1,000,000,000</b>	1,000,000,000
Basic earnings per share (AED)	<b>2.455</b>	0.025	<b>2.043</b>	0.006

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

**22 Approval of interim financial information**

The interim condensed financial information was approved by management and authorised for issue on 24 October 2021.