IMPORTANT: You must read the following disclaimer before continuing. The following disclaimer applies to the attached offering memorandum (the "**document**") and you are therefore advised to read this carefully before accessing, reading, or making any other use of the attached document. In accessing the document, you agree to be bound by the following terms and conditions, including any modifications to them from time to time, each time you receive any information from us because of such access. You acknowledge that this electronic transmission and the delivery of the attached document is confidential and intended only for you and **you agree you will not forward, reproduce, copy, download or publish this electronic transmission or the attached document (electronically or otherwise) to any other person**.

ANY FORWARDING, REDISTRIBUTION OR REPRODUCTION OF THE DOCUMENT IN WHOLE OR IN PART IS UNAUTHORISED. FAILURE TO COMPLY WITH THIS DIRECTIVE MAY RESULT IN A VIOLATION OF THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "**SECURITIES ACT**"), OR THE APPLICABLE LAWS OF OTHER JURISDICTIONS.

NOTHING IN THIS ELECTRONIC TRANSMISSION CONSTITUTES AN OFFER OF SECURITIES FOR SALE IN THE UNITED STATES OR ANY OTHER JURISDICTION WHERE IT IS UNLAWFUL TO DO SO. THE SECURITIES HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE SECURITIES ACT OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES AND, SUBJECT TO CERTAIN EXCEPTIONS, MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED IN THE UNITED STATES.

The document and the offer are only addressed to, and directed at, persons in member states of the European Economic Area ("**EEA**") (each, a "**Relevant State**") who are "qualified investors" within the meaning of Article 2(e) of the Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017 (including any relevant delegated regulations) ("**Qualified Investors**"). In the United Kingdom ("**UK**"), the document and the offer are only addressed to and directed at persons who are "qualified investors" ("**UK Qualified Investors**") (as defined under Article 2(e) of Regulation (EU) 2017/1129 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018) (the "**UK Prospectus Regulation**"). In addition, in the United Kingdom, this document is being distributed only to, and is directed only at, persons who: (i) have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the "**Order**"); (ii) are high net worth entities falling within in Article 49(2) (a) to (2d) of the Order; and/or (iii) other persons to whom it may lawfully be communicated (all such persons being referred to in (i), (ii), and (iii) are defined as "**Relevant Persons**"). In the Republic of South Africa ("**South Africa**"), the document and the offer are only addressed to and directed at investors who fall within the exemptions set out in section 96(1)(a) or (b) of the South African Companies Act, 71 of 2008, as amended (the "**South African Companies Act**") ("**Exempted Institutions**"). Accordingly, the offer does not constitute an "offer to the public" or a 'secondary offering" (as such term is defined in the South African Companies Act). Any investment or investment activity to which this document relates is only available to, and will only be engaged with: (i) in any Relevant State, Qualified Investors; (ii) in the United Kingdom, UK Qualified Investors and Relevant Persons; and (iii) in South Africa, Exempted Institutions. In Australia, the document and offer is only provided and addressed to select investors who are able to demonstrate they fall within one or more of the categories of investors available under section 708 of the Corporations Act 2001 (Cth) ("**Corporations Act**") as set out below.

Confirmation of your representation: By accepting electronic delivery of this document, you are deemed to have represented to Citigroup Global Markets Limited, First Abu Dhabi Bank PJSC, HSBC Bank Middle East Limited and J.P. Morgan Securities Plc (together, the "**Joint Global Coordinators**"), Abu Dhabi Commercial Bank PJSC ("**ADCB**"), Arqaam Capital Limited ("**Arqaam Capital**"), Crédit Agricole Corporate and Investment Bank ("**Crédit Agricole CIB**"), EFG-Hermes UAE Limited ("**EFG Ltd.**", acting in conjunction with EFG Hermes UAE LLC ("**EFG LLC**"), and together with EFG Ltd., "**EFG-Hermes**"), International Securities L.L.C. ("**International Securities**") and Société Générale ("**Société Générale**") (together with ADCB, Arqaam Capital, Crédit Agricole CIB, EFG-Hermes and International Securities and the Joint Global Coordinators, the "**Joint Bookrunners**"), Moelis & Company UK LLP DIFC Branch (the "**Independent Financial Adviser**"), the Company and the Selling Shareholder (as each such term is defined in the attached document) that (i) you are acting on behalf of, or you are either (a) an institutional investor outside the United States (as defined in Regulation S under the U.S. Securities Act of 1933, as amended (the "**Securities Act**")), or (b) in the United States and a qualified institutional buyer as defined in Rule 144A under the Securities Act (a "**QIB**") that is acquiring securities for your own account or for the account of another QIB; (ii) if you are in the UK, (a) you are a "Relevant Person" (b) you are a UK Qualified Investor; (c) in the case of any Shares acquired by you as a financial intermediary, as that term is used in Article 5(1) of the UK Prospectus Regulation, (I) the Shares acquired by you in the offer have not been acquired on behalf of, nor have they been acquired with a view to their offer or resale to, persons in the UK other than qualified investors, as that term is defined in the UK Prospectus Regulation, or in circumstances in which the prior consent of the Joint Global Coordinators has been given to the offer or resale; or (II) where Shares have been acquired by you on behalf of persons in the UK other than qualified investors, the offer of those Shares to you is not treated under the UK Prospectus Regulation or the Financial Services and Markets Act 2000 ("**FSMA**") as having been made to such persons; (iii) if you are in any member state of the EEA (a) you are a qualified investor within the meaning of Article 2(e) of the Prospectus Regulation; (b) in the case of any Shares acquired by you as a financial intermediary, as that term is used in Article 5(1) of the Prospectus Regulation: (I) the Shares acquired by you in the offer have not been acquired on behalf of, nor have they been acquired with a view to their offer or resale to, persons in any Relevant State other than qualified investors, as that term is defined in the Prospectus Regulation, or in circumstances in which the prior consent of the Joint Global Coordinators has been given to the offer or resale; or (II) where Shares have been acquired by you on behalf of persons in any Relevant State other than qualified investors, the offer of those Shares to you is not treated under the Prospectus Regulation as having been made to such persons; (iv) if you are in Australia (a) you are either (I) a "sophisticated investor" under section 708(8)(a) or (b) of the Corporations Act; (II) a "sophisticated investor" under section 708(8)(c) or (d) of the Corporations Act and that you have provided an accountant's certificate to us which complies with the requirements of section 708(8)(c)(i) or (ii) of the Corporations Act and related regulations before the offer has been made; (III) a person associated with the Company under section 708(12) of the Corporations Act; or (IV) a "professional investor" within the meaning of section 708(11)(a) or (b) of the Corporations Act, and to the extent that you are unable to confirm or warrant that you are an exempt sophisticated investor, associated person or professional investor under the Corporations Act any offer made to you under this document is void and incapable of acceptance; and (b) you warrant and agree that you will not offer any of the Shares for resale in Australia within 12 months of the Shares being issued unless any such resale offer is exempt from the requirement to issue a disclosure document under section 708 of the Corporations Act; (v) if you are in South Africa, you are an Exempted Institution and the Shares acquired by you in the offer have not been acquired on behalf of, nor have they been acquired with a view to their offer or resale to, persons in South African other than Exemption Institutions; and (vi) if you are outside the U.S., UK, EEA, Australia and South Africa (and the electronic mail addresses that you gave us and to which this document has been delivered are not located in such jurisdictions), you are a person into whose possession this document may lawfully be delivered in accordance with the laws of the jurisdiction in which you are located.

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Restriction: Nothing in this electronic transmission constitutes, nor may be used in connection with, an offer of securities for sale to persons other than the specified categories of persons described above and to whom it is directed, and access has been limited so that it shall not constitute a general solicitation. If you have gained access to this transmission contrary to the foregoing restrictions, you will be unable to purchase any of the securities described therein.

THIS DOCUMENT CONTAINS INFORMATION THAT IS SUBJECT TO COMPLETION AND CHANGE. NO OFFER OF SECURITIES WILL BE MADE AND NO INVESTMENT DECISION SHOULD BE MADE ON THE BASIS OF THIS DOCUMENT ALONE, BUT ONLY ON THE BASIS OF THIS DOCUMENT AS FINALISED AND COMPLETED BY THE RELEVANT PRICING NOTIFICATION.

None of the Joint Bookrunners, the Independent Financial Adviser or any of their respective affiliates, or any of their respective directors, officers, employees or agents, accepts any responsibility whatsoever for the accuracy, completeness, or verification of the contents of this document or for any statement made or purported to be made by it, or on its behalf, in connection with the Company or the offer. The Joint Bookrunners, the Independent Financial Adviser and any of their respective affiliates accordingly disclaims, to the fullest extent permitted by applicable law, all and any responsibility or liability, whether arising in tort, contract or otherwise, which it might otherwise have in respect of such document or any such statement. No representation or warranty, express or implied, is made by any of the Joint Bookrunners, the Independent Financial Adviser or any of their respective affiliates as to the accuracy, completeness, reasonableness, verification, or sufficiency of the information set out in this document.

The Joint Bookrunners and the Independent Financial Adviser are acting exclusively for the Company and the Selling Shareholder and no one else in connection with the offer. They will not regard any other person (whether or not a recipient of this document) as their client in relation to the offer and will not be responsible to anyone other than the Company and the Selling Shareholder for providing the protections afforded to their clients, nor for giving advice in relation to the offer or any transaction or arrangement referred to herein.

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OFFERING MEMORANDUM **NOT FOR GENERAL DISTRIBUTION INTO THE UNITED STATES**

ADNOC LOGISTICS & SERVICES PLC

(*a public company limited by shares in the Abu Dhabi Global Market and subject to the Abu Dhabi Global Market Companies Regulations 2020 (as amended)*)

Global Offering of 1,109,774,817 Shares

Offer Price Range: AED 1.99 to AED 2.01 per Share

1,109,774,817 ordinary shares with a nominal value of USD 0.54 (being equivalent to AED 1.99) each (the "**Shares**") of ADNOC Logistics & Services plc (the "**Company**") are being offered in this global offering (the "**Global Offering**") by our shareholder – Abu Dhabi National Oil Company (ADNOC) P.J.S.C. ("**ADNOC**") (the "**Selling Shareholder**"). The Selling Shareholder reserves the right to amend the size of the Global Offering at any time prior to the end of the subscription period in its sole discretion. The Company will not receive any of the proceeds of the sale of the Shares, all of which will be paid to the Selling Shareholder.

The Global Offering comprises an offering of Shares: (i) in the United States to persons reasonably believed to be qualified institutional buyers (each a "**QIB**") as defined in, and in reliance on, Rule 144A ("**Rule 144A**") under the U.S. Securities Act of 1933, as amended (the "**Securities Act**") or another exemption from or transaction not subject to the registration requirements of the Securities Act, and outside the United States in reliance on Regulation S ("**Regulation S**") under the Securities Act (together, the "**Qualified Institutional Offering**"); (ii) in the Abu Dhabi Global Market ("**ADGM**") only as an Exempt Offer (the "**ADGM Exempt Offer**") pursuant to the Market Rules of the Abu Dhabi Financial Services Regulatory Authority ("**FSRA**"); (iii) in the Dubai International Financial Centre ("**DIFC**") only as an Exempt Offer (the "**DIFC Exempt Offer**" and together with the ADGM Exempt Offer, the "**Exempt Offer**", and, together with the Qualified Institutional Offering, the "**Qualified Investor Offering**") pursuant to the Markets Rules of the Dubai Financial Services Authority ("**DFSA**"); and (iv) in the United Arab Emirates (the "**UAE**") pursuant to a prospectus (the "**UAE Prospectus**"), the publication of which was approved by the UAE Securities and Commodities Authority (the "**SCA**") to certain natural persons, companies, establishments and other entities (the "**UAE Retail Offer**").

Prior to the Global Offering, there has been no public market for the Shares. We have applied for the Shares to be listed on the Abu Dhabi Securities Exchange (the "**ADX**") under the symbol "ADNOCLS" (the "**Listing**"). There will be no conditional dealings in the Shares prior to Listing. It is expected that Listing will become effective and that dealings in the Shares will commence on the ADX on or about 1 June 2023 (the "**Closing Date**").

Investing in the Shares involves significant risks. Prospective investors should read this document in its entirety and, in particular, prospective investors are advised to examine all the risks that are relevant in connection with an investment in the Shares. See "*Risk Factors*" for a discussion of certain risks and other factors that should be considered before making an investment decision with respect to the Global Offering.

The Shares have not been and will not be registered under the Securities Act or the securities laws of any state or other jurisdiction of the United States and, subject to certain limited exceptions, may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. The Shares are being offered and sold outside the United States in reliance on Regulation S and within the United States only to persons reasonably believed to be QIBs in reliance on Rule 144A or another exemption from, or transaction not subject to, the registration requirements of the Securities Act. For a description of these and certain further restrictions on offers, sales and transfers of the Shares and the distribution of this Offering Memorandum, see "*Details of the Global Offering*" and "*Transfer Restrictions*".

The Shares are offered by the Joint Bookrunners named herein on behalf of the Selling Shareholder when, as and if delivered to, and accepted by, the Joint Bookrunners and subject to their right to reject orders in whole or in part. Purchasers will be required to make full payment for the Shares to the Joint Bookrunners for receipt by the Joint Bookrunners on the business day prior to the Closing Date, and delivery of the Shares is expected to be made on the Closing Date through the book-entry facilities operated by the ADX.

The SCA and the ADX have not approved this Offering Memorandum, take no responsibility for the contents of this Offering Memorandum, make no representations as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from, or in reliance upon, any part of the contents of this Offering Memorandum.

Exempt Offer Statement: This Offering Memorandum relates to an Exempt Offer in the ADGM in accordance with the Market Rules of the FSRA and in the DIFC in accordance with the Market Rules of the DFSA. It is intended for distribution only to persons of a type specified in those rules. It must not be delivered to, or relied on by, any other person. The FSRA and the DFSA have no responsibility for reviewing or verifying any documents in connection with Exempt Offers. The FSRA and the DFSA have not approved this Offering Memorandum nor taken steps to verify the information set out in it and have no responsibility for it. The securities to which this Offering Memorandum relates may be illiquid and/or subject to restrictions on their transferability and resale. Prospective purchasers of the securities offered may be required to bear the financial risks of this investment for an indefinite period of time and should conduct their own due diligence on the securities. If you do not understand the contents of this Offering Memorandum, you should consult an authorised financial adviser.

Joint Global Coordinators and Joint Bookrunners

Citigroup First Abu Dhabi Bank HSBC J.P. Morgan

Joint Bookrunners

ADCB Arqaam Capital Crédit Agricole CIB EFG-Hermes International Securities Société Générale

Independent Financial Adviser

Moelis & Company

This Offering Memorandum is dated 16 May 2023.

IMPORTANT INFORMATION

This offering memorandum (this "Offering Memorandum") does not constitute or form part of any offer or invitation to sell or issue, or any solicitation of any offer to purchase or subscribe for, any securities other than the securities to which it relates or any offer or invitation to sell or issue, or any solicitation of any offer to purchase or subscribe for, such securities by any person in any circumstances in which such offer or solicitation is unlawful.

THIS OFFERING MEMORANDUM CONTAINS INFORMATION THAT IS SUBJECT TO COMPLETION AND CHANGE. NO OFFER OF SECURITIES WILL BE MADE AND NO INVESTMENT DECISION SHOULD BE MADE ON THE BASIS OF THIS OFFERING MEMORANDUM ALONE, BUT ONLY ON THE BASIS OF THIS OFFERING MEMORANDUM AS FINALISED AND COMPLETED BY THE RELEVANT PRICING NOTIFICATION.

Recipients of this Offering Memorandum are authorised solely to use this Offering Memorandum for the purpose of considering the acquisition of the Shares, and may not reproduce or distribute this Offering Memorandum, in whole or in part, and may not disclose any of the contents of this Offering Memorandum or use any information herein for any purpose other than considering an investment in the Shares. Such recipients of this Offering Memorandum agree to the foregoing by accepting delivery of this Offering Memorandum.

Prior to making any decision as to whether to invest in the Shares, prospective investors should read this Offering Memorandum in its entirety and, in particular, the section "*Risk Factors*" when considering an investment in the Company. In making an investment decision, each investor must rely on their own examination, analysis and enquiry of the Company and the terms of the Global Offering, including the merits and risks involved. The investors also acknowledge that: (i) they have not relied on the Joint Bookrunners (as defined herein) or any person affiliated with the Joint Bookrunners (as defined herein) or the Independent Financial Adviser (as defined herein) or any person affiliated with the Joint Bookrunners or the Independent Financial Adviser in connection with any investigation of the accuracy of any information contained in this Offering Memorandum or their investment decision; (ii) they have relied only on the information contained in this Offering Memorandum; and (iii) no person has been authorised to give any information or make any representations concerning the Company or the Shares other than those contained in this Offering Memorandum and, if given or made, such information or representations must not be relied on as having been so authorised by the Company, the Selling Shareholder, the Joint Bookrunners or the Independent Financial Adviser. Neither the delivery of this Offering Memorandum nor any subscription or sale made under it shall, under any circumstances, create any implication that there has been no change in the affairs of the Company since the date of this Offering Memorandum or that the information in it is correct as at any subsequent time.

None of the Company, the Selling Shareholder, the Joint Bookrunners, the Independent Financial Adviser or any of their respective representatives is making any representation to any prospective investor in the Shares regarding the legality of an investment in the Shares by such prospective investor under the laws applicable to such prospective investor. The contents of this Offering Memorandum should not be construed as legal, financial or tax advice. Each prospective investor should consult his, her or its own legal, business, financial or tax adviser for legal, business, financial or tax advice applicable to an investment in the Shares.

No person has been authorised to give any information or make any representation other than those contained in this document and, if given or made, such information or representation must not be relied upon as having been so authorised.

The Company accepts responsibility for the completeness and accuracy of the information contained in this Offering Memorandum and, having taken all reasonable care to ensure that such is the case, the information contained in this Offering Memorandum is, to the best of the Company's knowledge, accurate and complete in all material respects and no material facts, the omission of which would make misleading any statements of fact or opinion herein, have been omitted. None of the Joint Bookrunners, the Independent Financial Adviser, the auditors or any of their respective affiliates accepts any responsibility whatsoever for, or makes any representation or warranty, express or implied, as to, the accuracy, completeness or verification of the contents of this Offering Memorandum or for any other statement made or purported to be made by it, or on its behalf, in connection with the Company, the Shares or the Global Offering, and nothing in this Offering Memorandum will be relied upon as a promise or representation in this respect, whether as to the past or future. Each of the Joint Bookrunners, the Independent Financial Adviser and any of their respective affiliates accordingly disclaims, to the fullest extent permitted by applicable law, all and any responsibility or liability, whether arising in tort, contract or otherwise, which it might otherwise have in respect of this Offering Memorandum or any such statement. No representation or warranty, express or implied, is made by any of the Joint Bookrunners, the Independent Financial Adviser or any of their respective affiliates as to the accuracy, completeness, reasonableness, verification or sufficiency of the information set out in this Offering Memorandum.

None of the Company, the Selling Shareholder, the Joint Bookrunners or the Independent Financial Adviser accepts any responsibility for the accuracy or completeness of any information reported by the press or other media, nor the fairness or appropriateness of any forecasts, views or opinions expressed by the press or other media, regarding the Global Offering or the Company. None of the Company, the Selling Shareholder or the Joint Bookrunners or the Independent Financial Adviser makes any representation as to the appropriateness, accuracy, completeness, or reliability of any such information or publication.

Citigroup Global Markets Limited ("**Citigroup**"), First Abu Dhabi Bank PJSC ("**FAB**"), HSBC Bank Middle East Limited ("**HSBC**") and J.P. Morgan Securities plc ("**J.P. Morgan**") have been appointed as joint global coordinators and joint bookrunners (together, the "**Joint Global Coordinators**"), and Abu Dhabi Commercial Bank PJSC ("**ADCB**"), Arqaam Capital Limited ("**Arqaam Capital**"), Crédit Agricole Corporate and Investment Bank ("**Crédit Agricole CIB**"), EFG-Hermes UAE Limited ("**EFG Ltd.**", acting in conjunction with EFG Hermes UAE LLC ("**EFG LLC**"), and together with EFG Ltd., "**EFG-Hermes**"), International Securities L.L.C. ("**International Securities**") and Société Générale ("**Société Générale**" and, together with ADCB, Arqaam Capital, Crédit Agricole CIB, EFG-Hermes and International Securities and the Joint Global Coordinators, the "**Joint Bookrunners**"). Moelis & Company UK LLP DIFC Branch has been appointed as independent financial adviser (the "**Independent Financial Adviser**"). Each of Citigroup and J.P. Morgan are authorised by the Prudential Regulatory Authority and regulated by the Financial Conduct Authority and the Prudential Regulatory Authority in the United Kingdom. HSBC is lead-regulated by the Dubai Financial Services Authority and regulated by the Central Bank of the United Arab Emirates and the SCA for licensed activities in on shore United Arab Emirates. FAB and ADCB are each authorised and regulated in the United Arab Emirates by the Central Bank of the United Arab Emirates and the Securities and Commodities Authority of the United Arab Emirates. Crédit Agricole CIB and Société Générale are authorised and regulated by the European Central Bank, the *Autorité de Contrôle Prudentiel et de Résolution* (the French Prudential Supervision and Resolution Authority) (ACPR) and the *Autorité des Marchés Financiers* (the French financial markets regulator) (AMF). International Securities and EFG LLC are each regulated by the Securities and Commodities Authority of the United Arab Emirates. EFG Ltd., Arqaam Capital and the Independent Financial Adviser are each regulated by the Dubai Financial Services Authority. The Joint Bookrunners and the Independent Financial Adviser are acting exclusively for the Company and the Selling Shareholder and no one else in connection with the Global Offering, and will not regard any other person (whether or not a recipient of this Offering Memorandum) as a client in relation to the Global Offering and will not be responsible to anyone other than the Company and the Selling Shareholder for providing the protections afforded to their respective clients, nor for giving advice in relation to the Global Offering or any transaction or arrangement referred to in this Offering Memorandum.

In connection with the Global Offering, the Joint Bookrunners and any of their respective affiliates, may take up a portion of the Shares in the Global Offering as a principal position and in that capacity, may subscribe for and/or acquire Shares, and in that capacity may retain, purchase, sell, offer to sell, or otherwise deal for their own accounts in such Shares and other securities of the Company or related investments in connection with the Global Offering or otherwise. Accordingly, references in this Offering Memorandum to the Shares being issued, offered, subscribed, acquired, placed, or otherwise dealt in should be read as including any issue or offer to, or subscription, acquisition, dealing or placing by, the Joint Bookrunners and any of their respective affiliates acting as investors for their own accounts. In addition, certain of the Joint Bookrunners or their affiliates may enter into financing arrangements (including swaps, warrants or contracts for differences) with investors in connection with which such Joint Bookrunners (or their affiliates) may from time to time acquire, hold, or dispose of Shares. Moreover, in the course of their business with the Company and with parties affiliated with the Company (including the Selling Shareholder), the Joint Bookrunners and/or their respective affiliates, have from time to time been engaged, and may in the future engage, in commercial banking, lending, trading, hedging, investment banking and financial advisory and ancillary activities, for which they have received, and may in the future receive, customary compensation. In respect of the aforementioned, the sharing of information is generally restricted for reasons of confidentiality, by internal procedures or by rules and regulations. As a result of any such transactions, any Joint Bookrunner may have interests that may not be aligned, or could potentially conflict, with the interests of holders of Shares or with the interests of the Company or the Selling Shareholder. None of the Joint Bookrunners intend to disclose the extent of any such investments or transactions other than in accordance with any legal or regulatory obligations to do so.

The Global Offering relates to securities of an Abu Dhabi Global Market public company limited by shares to be listed on the ADX, and potential investors should be aware that this Offering Memorandum and any other documents or announcements relating to the Global Offering have been or will be prepared solely in accordance with the disclosure requirements applicable to a publicly listed company established in the Abu Dhabi Global Market and listed on the ADX, all of which may differ from those applicable in any other jurisdiction.

This Offering Memorandum has been drafted in a specific manner to be addressed only to qualified investors located outside the UAE, and in compliance with the laws and regulations of the relevant competent jurisdictions and acceptable to such jurisdictions, and it has not been approved by the SCA. This Offering Memorandum does not form part of the UAE Prospectus and the information contained herein does not form part of the UAE Prospectus. The review of this Offering Memorandum or any related advertisements does not fall under SCA's remit/jurisdiction.

This Offering Memorandum is not intended to constitute a financial promotion, offer, sale or delivery of shares or other securities under the ADGM Financial Services and Market Regulations 2015 or the DIFC Markets Law (DIFC Law No. 12 of 2004, as amended) (collectively, the "**Market Laws**"), or under the Markets Rules of the FSRA or the Market Rules of the DFSA (collectively, the "**Market Rules**"). The Global Offering has not been approved or licensed by the FSRA or the DFSA, and does not constitute an offer of securities in the ADGM or the DIFC in accordance with the Markets Laws or the Markets Rules.

NOTICE TO INVESTORS

The Shares are subject to transfer restrictions in certain jurisdictions. Prospective purchasers should read the restrictions described in the section "*Transfer Restrictions*". Each purchaser of the Shares will be deemed to have made the relevant representations described therein.

The distribution of this Offering Memorandum and the offer of the Shares in certain jurisdictions may be restricted by law. No action has been or will be taken by the Company, the Selling Shareholder, the Joint Bookrunners or the Independent Financial Adviser to permit a public offering of the Shares or to permit the possession or distribution of this Offering Memorandum (or any other offering or publicity materials relating to the Shares) in any jurisdiction where action for that purpose may be required, other than the UAE. Accordingly, neither this Offering Memorandum nor any advertisement or any other offering material may be distributed or published in any jurisdiction except under circumstances that will result in compliance with any applicable laws and regulations. Persons into whose possession this Offering Memorandum comes should inform themselves about and observe any such restrictions. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction. For further information on the manner of distribution of the Shares, and the transfer restrictions to which they are subject, see "*Transfer Restrictions*".

In particular, save for the UAE, no actions have been taken to allow for a public offering of the Shares under the applicable securities laws of any other jurisdiction, including Australia, Canada, the European Economic Area, Japan, South Africa or the United States. This Offering Memorandum does not constitute an offer of, or the solicitation of an offer to subscribe for or buy any of, the Shares in any jurisdiction where it is unlawful to make such offer or solicitation.

NOTICE TO PROSPECTIVE INVESTORS IN THE UNITED STATES

The Shares are being offered and sold outside the United States in reliance on Regulation S and within the United States to QIBs in reliance on Rule 144A. Prospective purchasers are hereby notified that sellers of the Shares may be relying on the exemption from the provisions of Section 5 of the Securities Act provided by Rule 144A. For a description of these and certain further restrictions on offers, sales and transfers of the Shares and the distribution of this Offering Memorandum, see "*Details of the Global Offering*" and "*Transfer Restrictions*".

The Shares offered by this Offering Memorandum have not been approved or disapproved by the United States Securities and Exchange Commission (the "SEC"), any securities commission of any state in the United States or any other United States regulatory authority, nor have any such authorities passed upon, or endorsed the merits of, the Global Offering or the accuracy of this Offering Memorandum. Any representation to the contrary is a criminal offence in the United States.

NOTICE TO PROSPECTIVE INVESTORS IN THE EUROPEAN ECONOMIC AREA

In relation to each Member State of the European Economic Area (the "**EEA**") (each, a "**Relevant Member State**"), no Shares have been offered or will be offered to the public in that Relevant Member State, except that an offer of Shares may be made to the public in that Relevant Member State at any time:

(i) to any legal entity which is a qualified investor as defined under Article 2(e) of the EU Prospectus Regulation;

(ii) to fewer than 150 natural or legal persons (other than qualified investors as defined under Article 2(e) of the EU Prospectus Regulation), subject to obtaining the prior consent of the Joint Global Coordinators for any such offer; or

(iii) in any other circumstances falling within Article 1(4) of the EU Prospectus Regulation,

provided that no such offer of Shares shall result in a requirement for the publication by the Company or any Joint Bookrunner of a prospectus pursuant to Article 3 of the EU Prospectus Regulation or supplement a prospectus pursuant to Article 23 of the EU Prospectus Regulation, and each person resident or located in a Relevant Member State who initially acquires any Shares or to whom any offer is made under the Global Offering will be deemed to have represented, acknowledged and agreed that it is a "qualified investor" as defined in Article 2(e) of the EU Prospectus Regulation.

For the purposes of this provision, the expression "**an offer to the public**" in relation to any Shares in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and any Shares to be offered so as to enable an investor to decide to purchase or subscribe for any Shares; and the expression "**EU Prospectus Regulation**" means Regulation (EU) 2017/1129.

In the case of any Shares being offered to a financial intermediary, as that term is used in Article 5(1) of the EU Prospectus Regulation, such financial intermediary will also be deemed to have represented, acknowledged and agreed that the Shares acquired by it have not been acquired on a non-discretionary basis on behalf of, nor have they been acquired with a view to their offer or resale to, persons in circumstances which may give rise to an offer of any Shares to the public other than their offer or resale in a Relevant Member State to qualified investors as defined in Article 2(e) of the EU Prospectus Regulation or in circumstances in which the prior consent of the Joint Bookrunners has been obtained to each such proposed offer or resale.

The Company, the Selling Shareholder, the Joint Bookrunners and their respective affiliates and others will rely upon the truth and accuracy of the foregoing representations, acknowledgements and agreements and will not be responsible for any loss occasioned by such reliance.

NOTICE TO PROSPECTIVE INVESTORS IN THE UNITED KINGDOM

No Shares have been offered or will be offered pursuant to the Global Offering to the public in the United Kingdom, except that an offer of Shares may be made to the public in the United Kingdom at any time:

(i) to any legal entity which is a qualified investor as defined under Article 2(e) of the UK Prospectus Regulation;

(ii) to fewer than 150 natural or legal persons (other than qualified investors as defined under Article 2(e) of the UK Prospectus Regulation), subject to obtaining the prior consent of the Joint Global Coordinators for any such offer; or

(iii) in any other circumstances falling within Section 86 of the Financial Services and Markets Act 2000 ("**FSMA**"),

provided that no such offer of Shares shall require the Company or any Joint Bookrunner to publish a prospectus pursuant to Section 85 of the FSMA or supplement a prospectus pursuant to Article 23 of the UK Prospectus Regulation.

For the purposes of this provision, the expression "**an offer to the public**" in relation to any Shares in the United Kingdom means the communication in any form and by any means of sufficient information on the terms of the offer and any Shares to be offered so as to enable an investor to decide to purchase, or subscribe for, any Shares; and the expression "**UK Prospectus Regulation**" means Regulation (EU) 2017/1129 as it forms part of retained EU law by virtue of the European Union (Withdrawal) Act 2018 (as amended and together with any statutory instruments made in exercise of the powers conferred by such Act, the "**EUWA**").

In addition, in the UK, this Offering Memorandum is only being distributed to, and is only directed at, and any investment or investment activity to which this Offering Memorandum relates is available only to, and will be engaged in only with persons who are "qualified investors" within the meaning of Article 2(e) of the UK

Prospectus Regulation who are also: (i) persons having professional experience in matters relating to investments who fall within the definition of "investment professionals" in Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the "**Order**"); (ii) high net worth bodies corporate, unincorporated associations and partnerships and trustees of high value trusts as described in Article 49(2)(a) to (c) of the Order; or (iii) other persons to whom it may be lawfully communicated (all such persons together being referred to as "**Relevant Persons**"). The Shares are only available to, and any invitation, offer or agreement to subscribe, purchase or otherwise acquire such Shares will be engaged only with Relevant Persons. Any person who is not a Relevant Person should not act or rely on this Offering Memorandum or any of its contents.

In the case of any Shares being offered to a "financial intermediary", as that term is used in Article 5(1) of the UK Prospectus Regulation, such financial intermediary will also be deemed to have represented, acknowledged and agreed that the Shares acquired by it have not been acquired on a non-discretionary basis on behalf of, nor have they been acquired with a view to their offer or resale to, persons in circumstances which may give rise to an offer of any Shares to the public other than their offer or resale in the United Kingdom to qualified investors as defined under Article 2(e) of the UK Prospectus Regulation, or in circumstances in which the prior consent of the Joint Global Coordinators has been obtained to each such proposed offer or resale. The Company, the Selling Shareholder, the Joint Bookrunners and their respective affiliates and others will rely upon the truth and accuracy of the foregoing representation, acknowledgement and agreement and will not be responsible for any loss occasioned by such reliance.

NOTICE TO PROSPECTIVE INVESTORS AND DISTRIBUTORS IN AUSTRALIA

The Shares have not been offered and will not be offered pursuant to the Global Offering in Australia, except to select investors who are able to demonstrate that they fall within one or more of the following categories of investors:

(i) a "sophisticated investor" under section 708(8)(a) or (b) of the Corporations Act;

(ii) a "sophisticated investor" under section 708(8)(c) or (d) of the Corporations Act and that you have provided an accountant's certificate to us which complies with the requirements of section 708(8)(c)(i) or (ii) of the Corporations Act and related regulations before the offer has been made;

(iii) a person associated with the Company under section 708(12) of the Corporations Act; or

(iv) a "professional investor" within the meaning of section 708(11)(a) or (b) of the Corporations Act.

This Offering Memorandum does not constitute a prospectus or other disclosure document under Chapter 6D.2 of the Corporations Act, has not been, and will not be, lodged or registered with the Australian Securities and Investments Commission ("**ASIC**") or the Australian Securities Exchange ("**ASX**") or any other regulatory body or agency in Australia and does not purport to include the information required of a disclosure document under Chapter 6D.2 of the Corporations Act.

NOTICE TO PROSPECTIVE INVESTORS IN THE ABU DHABI GLOBAL MARKET

This Offering Memorandum relates to a Global Offering which is not subject to any form of regulation or approval by the Financial Services Regulatory Authority ("**FSRA**") of the Abu Dhabi Global Market ("**ADGM**"). The FSRA has not approved this document, nor does it have any responsibility for reviewing or verifying any document or other documents in connection with this Global Offering. Accordingly, the FSRA has not approved this document or any other associated documents, nor taken any steps to verify the information set out in this document, and has no responsibility for it.

The Shares have not been offered and will not be offered to any persons in the ADGM except on the basis that an offer is:

(i) an "Exempt Offer" in accordance with the FSRA Financial Services and Markets Regulations and Markets Rules; and

(ii) made only to persons who are "Authorised Persons" or "Recognised Bodies" (as such terms are defined in the "**FSMR**") or persons to whom an invitation or inducement to engage in investment activity (within the meaning of section 18 of the FSMR) in connection with the issue or sale of any securities may otherwise lawfully be communicated or caused to be communicated.

The FSRA has not taken steps to verify the information set out in this Offering Memorandum, and has no responsibility for it. If you do not understand the contents of this Global Offering or are unsure whether the securities to which the Global Offering relates are suitable for your individual investment objectives and circumstances, you should consult an authorised financial adviser.

NOTICE TO PROSPECTIVE INVESTORS IN THE DUBAI INTERNATIONAL FINANCIAL CENTRE

This Offering Memorandum relates to a Global Offering which is not subject to any form of regulation or approval by the Dubai Financial Services Authority ("**DFSA**"). The DFSA has not approved this Offering Memorandum, nor does it have any responsibility for reviewing or verifying any document or other documents in connection with the Global Offering. Accordingly, the DFSA has not approved this Offering Memorandum or any other associated documents, nor taken any steps to verify the information set out in this Offering Memorandum, and has no responsibility for it.

The Shares have not been offered and will not be offered to any persons in the Dubai International Financial Centre except on the basis that an offer is:

(i) an "Exempt Offer" in accordance with the Markets Rules module of the DFSA; and

(ii) made only to persons who meet the "Deemed Professional Client" criteria set out in the DFSA Rulebook, Conduct of Business Module, who are not natural persons.

This Offering Memorandum must not, therefore, be delivered to, or relied on by, any other type of person. The Global Offering to which this document relates may be illiquid and/or subject to restrictions on its resale. Prospective purchasers should conduct their own due diligence on the Global Offering.

The DFSA has not taken steps to verify the information set out in this Offering Memorandum, and has no responsibility for it. If you do not understand the contents of this Global Offering or are unsure whether the securities to which this the Global Offering relates are suitable for your individual investment objectives and circumstances, you should consult an authorised financial adviser.

NOTICE TO PROSPECTIVE INVESTORS IN THE KINGDOM OF SAUDI ARABIA

This Offering Memorandum may not be distributed in the Kingdom of Saudi Arabia ("**KSA**"), except to such persons as are permitted under the Rules on the Offer of Securities and Continuing Obligations issued by the Capital Market Authority of the KSA.

The Capital Market Authority of the KSA does not make any representation as to the accuracy or completeness of this Offering Memorandum, and expressly disclaims any liability whatsoever for any loss arising from, or incurred in reliance upon, any part of this Offering Memorandum. Prospective purchasers of the securities offered hereby should conduct their own due diligence on the accuracy of the information relating to the securities. If a prospective purchaser does not understand the contents of this Offering Memorandum, they should consult an authorised financial adviser.

NOTICE TO PROSPECTIVE INVESTORS IN THE REPUBLIC OF SOUTH AFRICA

No "offer to the public" or "secondary offering" (as such terms are defined in the South African Companies Act, 71 of 2008, as amended (the "**South African Companies Act**") in South Africa is being made in connection with the Global Offering to which this document relates and accordingly this Offering Memorandum does not, nor does it intend to, constitute a "registered prospectus" or "written statement", as contemplated in chapter 4 of the South African Companies Act. Any offering of Shares under this Global Offering in South Africa constitutes an offer for the sale of the Shares in South Africa only to selected investors who fall within the exemptions set out in section 96(1)(a) or (b) of the South African Companies Act and, accordingly, such offer would not be considered to be an "offer to the public" or "secondary offering" for the purposes of the South African Companies Act.

No South African residents or offshore subsidiary of a South African resident may purchase any of the Shares or beneficially own or hold any of the Shares unless specific approval has been obtained by such persons from the Financial Surveillance Department of the South African Reserve Bank ("**SARB**") or such purchase or beneficial holding or ownership is otherwise permitted under the South African exchange control regulations or the rulings promulgated thereunder (including, without limitation, the rulings issued by the SARB providing for foreign investment allowances applicable to persons who are residents of South Africa under the applicable exchange control laws of South Africa).

Information made available in this Offering Memorandum should not be considered as "advice" as defined in the South African Financial Advisory and Intermediary Services Act, 2002.

NOTICE TO DISTRIBUTORS IN THE EUROPEAN ECONOMIC AREA

Solely for the purposes of the product governance requirements contained within: (i) EU Directive 2014/65/EU on markets in financial instruments, as amended ("**MiFID II**"); (ii) Articles 9 and 10 of Commission Delegated Directive (EU) 2017/593 supplementing MiFID II; and (iii) local implementing measures (together, the "**MiFID II Product Governance Requirements**"), and disclaiming all and any liability, whether arising in tort, contract or otherwise, which any "manufacturer" (for the purposes of the MiFID II Product Governance Requirements) may otherwise have with respect thereto, the Shares to be issued in the Global Offering have been subject to a product approval process, which has determined that the Shares are: (a) compatible with an end target market of retail investors and investors who meet the criteria of professional clients and eligible counterparties, each as defined in MiFID II; and (b) eligible for distribution through all distribution channels as are permitted by MiFID II (the "**Target Market Assessment**"). Notwithstanding the Target Market Assessment, distributors should note that: the price of the Shares may decline and investors could lose all or substantially all of their investment; the Shares to be issued in the Global Offering offer no guaranteed income and no capital protection; and an investment in the Shares to be issued in the Global Offering is compatible only with investors who do not need a guaranteed income or capital protection, who (either alone or in conjunction with an appropriate financial or other adviser) are capable of evaluating the merits and risks of such an investment and who have sufficient resources to be able to bear any losses that may result therefrom. The Target Market Assessment is without prejudice to the requirements of any contractual, legal or regulatory selling restrictions in relation to the Global Offering. Furthermore, it is noted that, notwithstanding the Target Market Assessment, the Joint Bookrunners will only procure investors who meet the criteria of professional clients and eligible counterparties.

For the avoidance of doubt, the Target Market Assessment does not constitute: (i) an assessment of suitability or appropriateness for the purposes of MiFID II; or (ii) a recommendation to any investor or group of investors to invest in, or purchase, or take any other action whatsoever with respect to the Shares.

Each distributor is responsible for undertaking its own Target Market Assessment in respect of the Shares and determining appropriate distribution channels.

NOTICE TO DISTRIBUTORS IN THE UNITED KINGDOM

Solely for the purposes of the product governance requirements of Chapter 3 of the FCA Handbook Product Intervention and Product Governance Sourcebook (the "**UK Product Governance Requirements**"), and disclaiming all and any liability, whether arising in tort, contract or otherwise, which any "manufacturer" (for the purposes of the UK Product Governance Requirements) may otherwise have with respect thereto, the Shares have been subject to a product approval process, which has determined that such Shares are: (i) compatible with an end target market of retail investors and investors who meet the criteria of professional clients and eligible counterparties, each as defined in paragraph 3 of the FCA Handbook Conduct of Business Sourcebook; and (ii) eligible for distribution through all permitted distribution channels as are permitted by MiFID II (the "**UK Target Market Assessment**"). Notwithstanding the UK Target Market Assessment, distributors should note that: the price of the Shares may decline and investors could lose all or part of their investment; the Shares offer no guaranteed income and no capital protection; and an investment in the Shares is compatible only with investors who do not need a guaranteed income or capital protection, who (either alone or in conjunction with an appropriate financial or other adviser) are capable of evaluating the merits and risks of such an investment and who have sufficient resources to be able to bear any losses that may result therefrom. The UK Target Market Assessment is without prejudice to any contractual, legal or regulatory selling restrictions in relation to the Global Offering. Furthermore, it is noted that, notwithstanding the UK Target Market Assessment, the Joint Bookrunners will only procure investors who meet the criteria of professional clients and eligible counterparties.

For the avoidance of doubt, the UK Target Market Assessment does not constitute: (a) an assessment of suitability or appropriateness for the purposes of Chapter 9A or 10A, respectively, of the FCA Handbook Conduct of Business Sourcebook; or (b) a recommendation to any investor or group of investors to invest in, or purchase, or take any other action whatsoever with respect to the Shares.

Each distributor is responsible for undertaking its own UK Target Market Assessment in respect of the Shares and determining appropriate distribution channels.

DEFINED TERMS

The following key terms used in this Offering Memorandum have the meanings assigned to them below:

"ADGM"	Abu Dhabi Global Market
"ADNOC"	Abu Dhabi National Oil Company (ADNOC) P.J.S.C.
"ADNOC Distribution"	Abu Dhabi National Oil Company for Distribution PJSC
"ADNOC Drilling"	ADNOC Drilling Company PJSC
"ADNOC Gas"	ADNOC Gas plc
"ADNOC Group"	ADNOC and its subsidiaries
"ADNOC L&S"	Abu Dhabi Marine Business and Services Company PJSC, including its subsidiaries as the context requires
"ADNOC L&S Annual Financial Statements"	the audited consolidated financial statements of ADNOC L&S as at and for the year ended 31 December 2022 and the audited consolidated financial statements of ADNOC L&S as at and for the year ended 31 December 2021 (which includes the unaudited comparative financial information as at and for the year ended 31 December 2020)
"ADNOC L&S Financial Statements"	the ADNOC L&S Annual Financial Statements and the ADNOC L&S Interim Financial Information
"ADNOC L&S Interim Financial Information"	the unaudited interim condensed consolidated financial information of ADNOC L&S as at and for the three-month period ended 31 March 2023 (which includes the unaudited comparative financial information for the three-month period ended 31 March 2022)
"ADNOC LNG"	Abu Dhabi Gas Liquefaction Company Limited
"ADNOC Offshore"	Abu Dhabi Company for Offshore Petroleum Operations Limited
"ADNOC Onshore"	Abu Dhabi Company for Onshore Petroleum Operations Limited
"ADX"	the Abu Dhabi Securities Exchange
"AED"	the lawful currency of the United Arab Emirates
"Articles"	the articles of association of the Company
"AW Shipping Limited"	the 50% joint venture between Abu Dhabi Marine International Operations Holdings RSC Limited and Wanhua Chemical (Singapore) PTE Ltd., a company in the Wanhua Chemical Group
"bn"	billion
"Board", "Board of Directors" or "Directors"	the board of directors of the Company
"Borouge"	Borouge plc
"Brand Usage Agreement"	the brand usage agreement, effective on or prior to the Listing, between ADNOC and the Company
"CAGR"	compound annual growth rate
"Code"	the U.S. Internal Revenue Code of 1986 (as amended)
"Companies Regulations"	the ADGM Companies Regulations 2020 (as amended)
"Company"	ADNOC Logistics & Services plc
"Cornerstone Investment Agreements"	the cornerstone investment agreements entered into by the Selling Shareholder, the Company and the Cornerstone Investors
"Cornerstone Investors"	Abu Dhabi Pension Fund, Alpha Oryx Limited, Al Seer Marine Supplies & Equipment Co PJSC and National Marine Dredging Company PJSC
"DIFC"	Dubai International Financial Centre
"ESG"	environmental, social and governance
"EU"	the European Union

“Exchange Act”	the U.S. Securities Exchange Act of 1934 (as amended) and the rules and regulations promulgated thereunder
“Federal CT Law”	the UAE Federal Decree-Law No. (47) of 2022 on the Taxation of Corporations and Businesses
“FSRA”	Abu Dhabi Financial Services Regulatory Authority
“GCC”	Gulf Cooperation Council
“GDP”	gross domestic product
“Group”, “our”, “us” and “we”	the Company and its subsidiaries, including ADNOC L&S, as the context requires
“HSE”	health, safety and environmental
“IACS”	International Association of Classification Societies Ltd.
“ICV”	in-country value
“IASB”	International Accounting Standards Board
“IFRS”	the International Financial Reporting Standards as issued by the IASB and related interpretations as adopted by IASB
“IMO”	the International Maritime Organization
“Independent Financial Adviser”	Moelis & Company UK LLP DIFC Branch
“Industry Report”	the report issued by MSI and set out in the “*Industry Overview*” section
“Information Sharing Agreement”	the agreement between the Company and ADNOC to be entered prior to or shortly after the Listing relating to sharing of material non-public information and insider trading
“Integrated Logistics”	the integrated logistics business unit of ADNOC L&S
“IRS”	U.S. Internal Revenue Service
“ITF”	the International Transport Workers’ Federation
“Joint Bookrunners”	the Joint Global Coordinators together with Abu Dhabi Commercial Bank PJSC, Arqaam Capital Limited, Crédit Agricole Corporate and Investment Bank, EFG-Hermes UAE Limited (acting in conjunction with EFG Hermes UAE LLC), International Securities L.L.C. and Société Générale
“Joint Global Coordinators”	Citigroup Global Markets Limited, First Abu Dhabi Bank PJSC, HSBC Bank Middle East Limited and J.P. Morgan Securities Plc
“KEZAD”	Khalifa Economic Zones Abu Dhabi
“km”	kilometre
“Marine Services”	the marine services business unit of ADNOC L&S
“MARPOL 73/78”	the International Convention for the Prevention of Pollution from Ships 1973 (as amended by the Protocol of 1978)
“MENA”	Middle East and North Africa
“MSI”	Maritime Strategies International Ltd
“NGSCO”	National Gas Shipping Company Holding Limited
“NIN”	a national investor number with the ADX
“Others”	the ‘others’ business unit of ADNOC L&S
“PPA”	Petroleum Ports Authority
“PwC”	PricewaterhouseCoopers (Abu Dhabi Branch)
“Pricing Agreement”	the agreement among Company, the Selling Shareholder and the Joint Bookrunners setting forth the Offer Price for the Shares and the final number of Shares offered in the Global Offering
“QIB”	qualified institutional buyer, as defined in Rule 144A
“Regulation S”	Regulation S under the Securities Act

"Rule 144A"	Rule 144A under the Securities Act
"SCA"	the UAE Securities and Commodities Authority
"SCA Governance Code"	the Corporate Governance Guide for Joint Stock Companies issued by the SCA pursuant to Decision No. 3/RM of 2020 (as amended)
"SEC"	United States Securities and Exchange Commission
"Securities Act"	the U.S. Securities Act of 1933 (as amended)
"Selling Shareholder"	ADNOC
"Shipping"	the shipping business unit of ADNOC L&S
"SOFR"	secured overnight financing rate
"SOLAS"	the United Nations Safety of Life at Sea Convention
"sqm"	square meter
"Subscription and Transfer Agreement"	the subscription and transfer agreement entered into by and among ADNOC and ADNOC L&S
"TA'ZIZ"	Abu Dhabi Chemical Derivatives Company RSC LTD
"UAE"	the United Arab Emirates
"UAE Labour Law"	the UAE Federal Decree-Law No. (33) of 2021, as amended
"UK"	the United Kingdom of Great Britain and Northern Ireland
"Unaudited Pro Forma Financial Information"	the unaudited pro forma statement of comprehensive income for the year ended 31 December 2022 prepared to illustrate the impact of the ZMI Holdings Acquisition on the consolidated statement of comprehensive income of ADNOC L&S as if the ZMI Holdings Acquisition had taken place on 1 January 2022
"Underwriting Agreement"	the underwriting agreement among the Company, the Selling Shareholder and the Joint Bookrunners dated the date of this Offering Memorandum in respect of the Global Offering
"U.S."	the United States of America
"USD" and "$"	the lawful currency of the U.S.
"ZMI Holdings"	ZMI Holdings and its subsidiaries
"ZMI Holdings Acquisition"	the acquisition of 100% of the share capital of ZMI Holdings by Zinc HoldCo RSC LTD, a wholly-owned subsidiary of ADNOC L&S
"ZMI Holdings Annual Financial Statements"	the audited special purpose consolidated financial statements of ZMI Holdings as at and for the years ended 31 December 2021 and 2020
"ZMI Holdings Financial Statements"	the ZMI Holdings Annual Financial Statements and the ZMI Holdings Interim Financial Information
"ZMI Holdings Interim Financial Information"	the unaudited interim condensed consolidated financial information of ZMI Holdings as at and for the ten-month period ended 31 October 2022 (which includes unaudited comparative financial information for the ten-month period ended 31 October 2021)

The following key technical, industry and operational terms used in this Offering Memorandum have the meanings assigned to them below:

"AHT"	anchor handling tug vessel
"AHTS"	anchor handling tug supply
"ASD"	azimuth stern drive
"BHP"	break horse power
"CFR"	cost and freight
"CO2"	carbon dioxide
"DSV"	diving support vessel

"DWT"	dead weight tonnage
"EPC"	engineering, procurement and construction
"FOB"	free on board
"FR"	fully refrigerated
"FSIV"	fast supply intervention vessel
"FSRU"	floating storage regasification unit
"FSU"	floating storage unit
"GHG"	greenhouse gas
"GI"	gas injection
"HNS"	hazardous and noxious substances
"ILSP"	integrated logistics services platform
"KPI"	key performance indicator
"LNG"	liquefied natural gas
"LNGC"	liquefied natural gas carrier
"LPG"	liquefied petroleum gas
"LR"	long range
"LTIF"	lost time incident frequency
"MPSV"	multipurpose supply vessel
"OSV"	offshore support vessel
"OWF"	offshore wind farm
"PCM"	phase change materials
"PSV"	platform support vessel
"RMAT"	rig move assistance tug
"SESV"	self-elevating support vessel
"SR"	semi refrigerated
"ST"	steam turbine
"TCE"	time charter equivalent
"ToE"	tonne of oil equivalent
"TRIR"	total recordable incident rate
"VLCC"	very large crude carrier
"VLGC"	very large gas carrier

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PRESENTATION OF FINANCIAL AND OTHER INFORMATION

General

As at the date of this Offering Memorandum, ADNOC holds 100% of the Company's issued share capital. The Company was incorporated in the ADGM on 19 April 2023 for the purpose of facilitating the Listing of Abu Dhabi Marine Business and Services Company PJSC. The Company holds 100% of the issued share capital of ADNOC L&S.

ZMI Holdings Acquisition

On 1 November 2022, ADNOC L&S completed the acquisition of 100% of the share capital of ZMI Holdings, the owner and operator of a large active fleet of offshore jack-up barges and offshore support vessels (the "**ZMI Holdings Acquisition**"). ZMI Holding's financial results since 1 November 2022 are reflected in ADNOC L&S's consolidated financial statements as at and for the year ended 31 December 2022. Accordingly, the financial results of ADNOC L&S as at and for the three-month period ended 31 March 2022 and for each of the years ended 31 December 2022, 2021 and 2020 are not fully comparable with the financial results for the periods following the ZMI Holdings Acquisition. ZMI Holdings will continue to operate as a wholly-owned subsidiary of ADNOC L&S. See Note 29 to the audited consolidated financial statements of ADNOC L&S as at and for the year ended 31 December 2022 for further details of the ZMI Holdings Acquisition.

Presentation of Financial Information

This Offering Memorandum contains the following financial statements and information.

The Company

At the time of this Offering Memorandum, the Company has had limited corporate activity since its formation and has not prepared any financial statements. Consequently, no standalone financial information of the Company is presented in this Offering Memorandum.

ADNOC L&S

(a) The audited consolidated financial statements of ADNOC L&S as at and for the year ended 31 December 2022 and the audited consolidated financial statements of ADNOC L&S as at and for the year ended 31 December 2021 (which includes the unaudited comparative financial information as at and for the year ended 31 December 2020) (the "**ADNOC L&S Annual Financial Statements**"), and

(b) The unaudited interim condensed consolidated financial information of ADNOC L&S as at and for the three-month period ended 31 March 2023 (which includes the unaudited comparative financial information for the three-month period ended 31 March 2022) (the "**ADNOC L&S Interim Financial Information**" and, together with the ADNOC L&S Annual Financial Statements, the "**ADNOC L&S Financial Statements**").

The ADNOC L&S Annual Financial Statements have been prepared in accordance with the requirements of International Financial Reporting Standards ("**IFRS**") and interpretations issued by the IFRS Interpretations Committee ("**IFRS IC**") applicable to companies reporting under IFRS as issued by the International Accounting Standard Board ("**IASB**"). The ADNOC L&S Interim Financial Information has been prepared in accordance with the requirements of International Accounting Standard 34, 'Interim Financial Reporting'.

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "**functional currency**"). For 31 December 2022, the Group has presented the consolidated financial statements in both USD and AED. The Group's presentation currency has been changed to USD starting from 2022. The presentation of the financial statements in AED for the year 2022 and the three month-period ended 31 March 2023 is for convenience purposes only.

Operating Segments of ADNOC L&S

In the year ended 31 December 2022, management of ADNOC L&S changed the manner in which the business is segmented and the level of reporting provided to the chief operating decision maker ("**CODM**"). The CODM primarily uses EBITDA to monitor the performance of the business. Accordingly, the 2021 comparative segments have been restated to illustrate the revised structure in a consistent manner.

ADNOC L&S applies IFRS 8 Operating Segments. For management purposes, the business is organised into six operating segments (plus "others"): (i) tankers, (ii) gas carriers, (iii) dry-bulk shipping (which includes containers), (iv) offshore logistics services, (v) onshore logistics services, (vi) marine services and (vii) others. For reporting purposes, offshore logistics services and onshore logistics services are aggregated into one reportable segment which results in five reportable segments (plus "others"): (i) tankers, (ii) gas carriers, (iii) dry-bulk shipping (which includes containers), (iv) integrated logistics, (v) marine services and (vi) others.

We organise our reportable segments into three main business units (plus "Others"), by aggregating tankers, gas carriers and dry-bulk shipping reportable segments into one Shipping business unit, as follows:

(a) **Integrated Logistics:** comprising offshore logistics (which include services provided by ZMI Holdings, charter hire of offshore support vessels and barges and related services) and onshore logistics services. These two operating segments are aggregated into one reportable segment.

(b) **Shipping**: comprising the following operating segments, which are also reportable segments: (i) tankers; (ii) gas carriers and ship management services; and (iii) dry-bulk shipping (which includes containers).

(c) **Marine Services**: comprising marine terminal (including petroleum ports operations) and oil spill and hazardous and noxious substances response services which are aggregated in one reportable segment.

(d) **Others**: comprising one-off items and head office expenses classified separately by management to facilitate better understanding of the business and to ensure proper decision making. Finance income, finance costs, provision for expected credit losses, other income and other expenses which are largely non-operational costs are recorded under this segment to facilitate better decisions.

ZMI Holdings

(a) The audited special purpose consolidated financial statements of ZMI Holdings as at and for the years ended 31 December 2021 and 2020 (the "**ZMI Holdings Annual Financial Statements**"), and

(b) The unaudited interim condensed consolidated financial information of ZMI Holdings as at and for the ten-month period ended 31 October 2022 (which includes unaudited comparative financial information for the ten-month period ended 31 October 2021) (the "**ZMI Holdings Interim Financial Information**" and, together with the ZMI Holdings Annual Financial statements, the "**ZMI Holdings Financial Statements**").

The ZMI Holdings Annual Financial Statements have been prepared in accordance with IFRS as issued by the IASB, under the historical cost convention, except for the redefined benefit obligation which is recognised at the present value of future obligations using the projected unit credit method.

For the purpose of these special purpose consolidated financial statements, USD is the functional and presentation currency of the ZMI Holdings group.

In 2021, ZMI Holdings was restructured to enable it to prepare consolidated financial statements. The new group was established as ZMI Holdings group with the parent entity being ZMI Holdings. The ZMI Holdings Annual Financial Statements are the first set of special purpose consolidated financial statements for this restructured ZMI Holdings group under IFRS. As described in Note 1 to the ZMI Holdings Annual Financial Statements, this is accounted for as a capital reorganisation under IFRS and as such even though this may be the first set of financial statements, the requirements of IFRS 1 - First Time Adoption of IFRS ("**IFRS 1**") do not apply as the ZMI Holdings group had prepared combined IFRS financial statements for the years ended 31 December 2021 and 2020.

The ZMI Holdings Annual Financial Statements are prepared by management of ZMI Holdings for ADNOC L&S solely for the purpose of inclusion in this Offering Memorandum in connection with the Global Offering and therefore special purpose in nature.

The ZMI Holdings Interim Financial Information has been prepared in accordance with IAS 34 – Interim Financial Reporting.

Operating Segments of ZMI Holdings

For management purposes, ZMI Holdings is organised into three operating segments based on the geographical location:

- United Arab Emirates and Other,
- Saudi Arabia, and
- Qatar.

Unaudited Pro Forma Financial Information

The Offering Memorandum includes the unaudited pro forma statement of comprehensive income of ADNOC L&S for the year ended 31 December 2022 prepared to illustrate the impact of the ZMI Holdings Acquisition on the consolidated statement of comprehensive income of ADNOC L&S as if the ZMI Holdings Acquisition had taken place on 1 January 2022 (the "**Unaudited Pro Forma Financial Information**").

The Unaudited Pro Forma Financial Information presented in this Offering Memorandum has been derived from the ADNOC L&S Annual Financial Statements and the ZMI Holdings Interim Financial Information, included elsewhere in this Offering Memorandum.

The Unaudited Pro Forma Financial Information has been prepared in accordance with the applicable accompanying notes to the Unaudited Pro Forma Financial Information as described in the notes thereto and has been compiled in a manner consistent with the accounting policies used in the preparation of ADNOC L&S Annual Financial Statements, which has been prepared in accordance with IFRS.

The historical financial statements of ADNOC L&S and ZMI Holdings are prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board and there are no differences between the accounting policies applied in preparing the historical consolidated financial statements of ADNOC L&S as at and for the year ended 31 December 2022 and ZMI Holdings interim condensed consolidated financial information as at and for the ten-month period ended 31 October 2022. Therefore no pro forma adjustments have been made to the Unaudited Pro Forma Financial Information to reflect alignment of accounting policies.

The Unaudited Pro Forma Financial Information is based on available information and certain assumptions that management believes are reasonable under the circumstances. The unaudited pro forma adjustments give effect to events that are directly attributable to the ZMI Holdings Acquisition, are factually supportable and are expected to have a continuing impact on the consolidated comprehensive income of the ADNOC L&S. The unaudited pro forma adjustments and related assumptions are described in the accompanying notes to the Unaudited Pro Forma Financial Information.

The Unaudited Pro Forma Financial Information has been prepared by, and is the responsibility of, the Company's management. It should be read together with the information included under the headings "*Selected Unaudited Pro Forma Financial Information and Other Adjusted Unaudited Pro Forma Financial Information Data*", "*Selected Historical Financial and Key Operating Information*", "*Use of Proceeds*", "*Management's Discussion and Analysis of Financial Condition and Results of Operations*", the ADNOC L&S Annual Financial Statements and the ZMI Holdings Interim Financial Information included elsewhere in this Offering Memorandum.

The Unaudited Pro Forma Financial Information has been prepared for illustrative purposes only. Due to its nature, the Unaudited Pro Forma Financial Information addresses a hypothetical situation and, therefore, does not represent ADNOC L&S' actual financial performance and may not give a true picture of its financial performance. In addition, the Unaudited Pro Forma Financial Information does not reflect forward-looking information and is not intended to present the expected future results of ADNOC L&S, given that it has been prepared solely for the purposes of illustrating the identifiable and objectively measurable effects of the ZMI Holdings Acquisition, applied to the historical financial information of ADNOC L&S. Further, the Unaudited Pro Forma Financial Information does not take into account the potential effects resulting from changes in management strategy and operational decisions resulting from the ZMI Holdings Acquisition. The Unaudited Pro Forma Financial Information does not purport to project the Group's results of operations for any future period and it also does not reflect the impact of any potential synergies deriving from the transaction.

The Unaudited Pro Forma Financial Information has not been prepared in accordance with Regulation S-X of the Securities Act. Neither the assumptions underlying the pro forma adjustments, nor the resulting Unaudited Pro Forma Financial Information have been audited or reviewed in accordance with any generally accepted auditing standards. Any reliance you place on this information should fully take this into consideration.

The Unaudited Pro Forma Financial Information set out in this Offering Memorandum is based on available information and certain assumptions and estimates that we believe to be reasonable and may differ materially from the actual amounts that would have been achieved had the ZMI Holdings Acquisition occurred on the respective date mentioned above. The Unaudited Pro Forma Financial Information does not include all information required for financial statements under IFRS and should be read in conjunction with the ADNOC L&S Financial Statements and the ZMI Holdings Financial Statements included elsewhere in this Offering Memorandum.

Non-IFRS Measures

We present in this Offering Memorandum certain financial measures of ADNOC L&S that are not defined, and thus not calculated, in accordance with IFRS, or any other generally accepted accounting principles to assess the financial performance of our business that are termed "non-IFRS measures" because they exclude amounts that are included in, or include amounts that are excluded from, the most directly comparable measure calculated and presented in accordance with IFRS, or are calculated using financial measures that are not calculated in accordance with IFRS. These non-IFRS measures include Adjusted EBITDA, Adjusted EBITDA Margin, Adjusted Net Income, Capital Expenditure, Capital Expenditure as a percentage of revenue, EBITDA, EBITDA Margin, Free Cash Flow, Levered Free Cashflow, Net Debt and Cash, Net Debt and Cash / EBITDA, Net Debt and Cash / Adjusted EBITDA, Operating Free Cash Flow and Total Working Capital Adjustments. We present non-IFRS measures because we believe that these and other similar measures are widely used by certain investors, securities analysts and other interested parties as supplemental measures of performance and liquidity. Because these non-IFRS measures are not standardised, these may not be comparable to other similarly-titled measures used by other companies and have limitations as analytical tools and should not be considered in isolation or as a substitute for analysis of our operating results as reported under IFRS. An explanation of the relevance of each of the non-IFRS measures, a reconciliation of the non-IFRS measures to the most directly comparable measures calculated and presented in accordance with IFRS and a discussion of their limitations is set out below. We do not regard these non-IFRS measures as a substitute for, or superior to, the equivalent measures calculated and presented in accordance with IFRS or those calculated using financial measures that are calculated in accordance with IFRS.

We define:

- "**Adjusted EBITDA**" as EBITDA adjusted for pension adjustment.
- "**Adjusted EBITDA Margin**" as Adjusted EBITDA as a percentage of revenue for the period presented.
- "**Adjusted Net Income**" as profit for the period adjusted for pension adjustment.
- "**Capital Expenditure**" as purchase of property, plant and equipment.
- "**Capital Expenditure as a percentage of revenue**" as Capital Expenditure as a percentage of revenue for the period.
- "**EBITDA**" as profit before income tax, finance costs, finance income, depreciation and amortisation.
- "**EBITDA Margin**" as EBITDA as a percentage of revenue for the period.
- "**Free Cash Flow**" as Operating Free Cash Flow less Capital Expenditure.
- "**Levered Free Cash Flow**" as Free Cash Flow less interest paid on shareholder loans.
- "**Net Debt and Cash**" as debt and debt-like items consisting of shareholder loan and current and non-current lease liabilities less cash and cash equivalent balances.

- “**Net Debt and Cash / EBITDA**” as Net Debt and Cash divided by EBITDA for the period.

- "**Net Debt and Cash / Adjusted EBITDA**" as Net Debt and Cash divided by Adjusted EBITDA for the period.

- “**Operating Free Cash Flow**” as Adjusted EBITDA and Total Working Capital Adjustments less income tax expense.

- “**Total Working Capital Adjustments**” as the sum of working capital adjustments – inventories, working capital adjustments – trade and other receivables, working capital adjustments – due from related parties, working capital adjustments – trade and other payables, working capital adjustments – pension liabilities paid and working capital adjustments – due to related parties.

Unaudited Pro Forma Non-IFRS Measures

In respect of the year ended 31 December 2022, EBITDA and EBITDA Margin are also presented in this Offering Memorandum on a pro forma basis to illustrate the impact of the ZMI Holdings Acquisition had it occurred on 1 January 2022.

We define:

- “**Pro forma EBITDA**” as pro forma profit for the year before pro forma income tax, pro forma finance costs, pro forma finance income, pro forma depreciation and pro forma amortisation.

- “**Pro forma EBITDA Margin**” as Pro forma EBITDA as a percentage of pro forma revenue for the year.

Adjusted Unaudited Pro Forma Non-IFRS Measures

In respect of the year ended 31 December 2022, pro forma profit for the year and Pro forma EBITDA are further adjusted to remove the impact of the loss on sale of vessels, plant and equipment as recognised in the ZMI Holdings Interim Financial Information as at and for the ten-month period ended 31 October 2022.

We define:

- “**Adjusted pro forma EBITDA**” as Pro forma EBITDA before the loss on sale of vessels, plant and equipment.

- “**Adjusted pro forma EBITDA Margin**” as Adjusted pro forma EBITDA as a percentage of pro forma revenue for the year.

- “**Adjusted pro forma Net Income**” as pro forma profit for the year before the loss on sale of vessels, plant and equipment.

- “**Net Debt and Cash / Adjusted pro forma EBITDA**” as Net Debt and Cash divided by Adjusted pro forma EBITDA for the year ended 31 December 2022.

When reviewing performance, the Board uses a combination of both IFRS measures and non-IFRS measures. The adjusted performance measures provide additional information in line with how financial performance is measured by management and reported to our Board. We believe that non-IFRS measures are a useful indicator of our ability to incur and service our indebtedness and can assist certain investors, security analysts and other interested parties in evaluating us. You should exercise caution in comparing the non-IFRS measures as reported by us to non-IFRS measures of other companies. Non-IFRS measures have limitations as an analytical tool, and you should not consider them in isolation. Some of these limitations include the following: (i) they do not reflect our future requirements for capital expenditures or contractual commitments; (ii) they do not reflect future changes in, or cash requirements for, our working capital needs; (iii) they do not reflect the interest expense, or the cash requirements necessary, to service interest or principal payments on our debt; and (iv) although depreciation and amortisation are non-cash charges, the assets being depreciated and amortised will often need to be replaced in the future and non-IFRS measures do not reflect any cash requirements that would be required for such replacements.

None of such non-IFRS measures or any of the other non-IFRS financial measures is a measurement of performance or liquidity under IFRS or any other generally accepted accounting principles and prospective investors should not consider such non-IFRS measures or any of the other non-IFRS financial measures as an alternative to net income, operating profit or other financial measures determined in accordance with IFRS or other generally accepted accounting principles. Such non-IFRS measures and the other non-IFRS financial measures described in this Offering Memorandum are unaudited and the presentation of these measures is not intended to and does not comply with the reporting requirements of the SEC and will not be subject to review by the SEC; compliance with its requirements would require us to make changes to the presentation of this information. Accordingly, prospective investors should not place undue reliance on such non-IFRS measures the other non-IFRS financial measures contained in this Offering Memorandum. The financial information included in this Offering Memorandum is not intended to comply with the SEC requirements.

The reconciliations of the non-IFRS measures to the most directly comparable measures calculated and presented in accordance with IFRS, or calculations of such non-IFRS Measures, as applicable, are set out in "*Selected Historical Financial and Key Operating Information*" and "*Selected Unaudited Pro Forma Financial Information and Other Adjusted Unaudited Pro Forma Financial Information Data*".

Operational Measures

We analyse our business using certain key performance indicators ("**KPIs**") as well as certain non-IFRS measures. Certain of these KPIs are derived from management estimates and are based on operational, and not financial, data. Our KPIs are not part of our financial statements or financial accounting records and have not been audited or otherwise reviewed by independent auditors, consultants or experts.

Our use or computation of our KPIs may not be comparable to the use or computation of similarly-titled measures reported by other companies in our industry, by research agencies or by market reports. Other companies, research agencies or market reporters may include other items or factors in their calculation of similar metrics and may use certain estimates and assumptions that we do not use when calculating these metrics. These factors may cause the calculations by others of similar metrics to differ substantially from our calculations and if the methodologies of others were used to calculate our KPIs. The KPIs are not accounting measures, but management believes that each of these measures provides useful information concerning our business. None of the KPIs should be considered in isolation or as an alternative measure of performance under IFRS.

Except as otherwise indicated or as defined above, in this Offering Memorandum, the KPIs are defined as set out below.

- "**TCE rates**" are defined as voyage revenues less voyage expense (bunker fuel, port costs, canal tolls and others) divided by revenue days. Achieved TCE rates are determined after all income for the voyage is received and all expenses have been paid (calculated on a three-month rolling basis). TCE rate is a shipping industry performance measure used primarily to enable comparison of daily earnings generated by vessels on voyage charters with daily earnings on time charters, because charter rates for vessels on voyage charters are not expressed in per day amounts, while charter rates for vessels on time charters generally are expressed in such amounts. We also use TCE to compare period-to-period changes in our performance despite changes in the mix of charter types.

- "**Revenue days**" are defined as a calendar day on which a vessel is operational and generates revenue.

- "**Long-Term Agreements**" are defined as contracts which have a term of more than one year.

Currency Presentation

All references in this Offering Memorandum to:

- "**AED**" are to UAE dirhams, the lawful currency of the UAE; and

- “**USD**” and “**$**” are to U.S. dollars, the lawful currency of the U.S.

The value of AED has been pegged to USD at a rate of AED 3.6725 per USD 1 since 1997. The ADNOC L&S Financial Statements in the preceding years and periods were presented in AED. ZMI Holdings Financial Statements in the preceding years and periods were presented in USD. All AED/USD conversions in this Offering Memorandum have been calculated at this pegged rate, unless otherwise stated. Such translations should not be construed as representations that dirham amounts have been or could be converted into U.S. dollars at this or any other rate of exchange.

Rounding

Certain data in this Offering Memorandum, including financial, statistical and operating information, has been rounded. As a result of the rounding, the totals of data presented in this Offering Memorandum may vary slightly from the actual arithmetic totals of such data. Percentages in tables have been rounded and accordingly may not add up to 100%.

Market Data

We have included in this Offering Memorandum market data and other market information derived from industry publications, surveys or studies conducted by management, third party industry consultants and market research firms, or publicly available information from sources that are generally believed to be reliable. In addition, certain statistics, information relating to our business and markets (including market sizes, market shares and market positions) and other industry data in this Offering Memorandum are based on services provided by Maritime Strategies International Ltd (“**MSI”**) to us in connection with the Global Offering. The MSI reports, data and information referenced to herein (collectively, the “**Industry Report**”) are the copyrighted property of MSI and represent data, research, opinions or viewpoints published by MSI, and are not representations of fact. The information and opinions expressed in the Industry Report are subject to change without notice and MSI has no duty or responsibility to update the Industry Report. Moreover, while the Industry Report referenced herein is from sources considered reliable, the accuracy and completeness thereof are not warranted, nor are the opinions and analyses which are based upon it. The Board of Directors have no reason to believe that such information is false or misleading or that any material fact has been omitted that would render such information false or misleading. The information prepared by MSI and set out in the Industry Overview section has not been independently verified by us or any other party and the Board of Directors gives no representations as to its accuracy and the information should not be relied upon in making, or refraining from making, any investment decision. We note that neither MSI nor any other third-party sources, and none of us, the Joint Bookrunners or the Independent Financial Adviser accepts any liability for the accuracy of any such information, and prospective investors are advised to consider such information with caution. In addition, in certain instances in this Offering Memorandum we have included our own estimates, assessments, adjustments and judgements in preparing market information, which have not been verified by an independent third party. Such information is to a certain degree subjective. While we believe that our own estimates, assessments, adjustments and judgements are reasonable and that the market information prepared by us approximately reflects the industry and the markets in which we operate, there is no assurance that our own estimates, assessments, adjustments and judgements are the most appropriate for making determinations relating to market information or that market information prepared by other sources will not differ materially from the market information included herein.

No Incorporation of Website Information

None of the contents of the Company’s website, ADNOC L&S’, ZMI Holdings’, ADNOC’s website, or any website directly or indirectly linked to these websites has been verified, and these websites do not form part of this Offering Memorandum, and investors should not rely on such information.

INFORMATION REGARDING FORWARD-LOOKING STATEMENTS

This Offering Memorandum includes forward-looking statements which relate to, among other things, our plans, objectives, goals, strategies, future operational performance and anticipated developments in markets in which operate and in which we may operate in the future. These forward-looking statements involve known and unknown risks and uncertainties, many of which are beyond our control and all of which are based on our current beliefs and expectations about future events. Forward-looking statements are sometimes identified by the use of forward-looking terminology such as "believes", "expects", "may", "will", "could", "should", "would", "risk", "intends", "estimates", "aims", "plans", "targets", "predicts", "continues", "assumes", "potential" or "anticipates" or the negative thereof, other variations thereon or comparable terminology. These forward-looking statements include all matters that are not historical facts. They appear in a number of places throughout this Offering Memorandum and include statements regarding intentions, beliefs and current expectations concerning, among other things, our results of operations, financial condition, liquidity, prospects, growth, strategies and dividend policy and the industry in which we operate. In particular, the statements under the headings regarding our strategy and other future events or prospects in the following sections are forward-looking statements: "*Summary*", "*Risk Factors*", "*Management's Discussion and Analysis of Financial Condition and Results of Operations*", "*Industry Overview*" and "*Business*" regarding our strategy, targets and other future events or prospects are or may be forward-looking statements.

These forward-looking statements and other statements contained in this Offering Memorandum regarding matters that are not historical facts involve predictions and are based on the beliefs of our management, as well as the assumptions made by, and information currently available to, our management. Although we believe that the expectations reflected in such forward-looking statements are reasonable at this time, we cannot assure you that such expectations will prove to be correct. Given these uncertainties, you are cautioned not to place undue reliance on such forward-looking statements. Important factors that could cause actual results to differ materially from our expectations are contained in cautionary statements in this Offering Memorandum, including, without limitation, in conjunction with the forward-looking statements included in this Offering Memorandum and specifically under the section "*Risk Factors*" or the underlying assumptions. These factors include but are not limited to:

- the implementation of our growth strategy and Abu Dhabi's growth plans for the energy sector,
- our relationships with ADNOC and ADNOC Group companies,
- our ability to renew existing contracts and secure new contracts or charterparties,
- implementation of new projects and expansion of our business activities, including reliance on debt to finance our operations,
- risks and factors relating to our integrated logistics operations, including outsourcing of such activities by new clients and demand for such services as a result of operating and maintenance and capital expenditure in the energy sector,
- risks and factors relating to our shipping operations, including performance of obligations by builders of vessels, cyclicality of the shipping industry and fluctuations in the charter market, increasing operating costs, including bunker fuel prices and manpower costs, aging of vessels and impairment of assets, seizure through maritime arrest or government requisition,
- integration of new businesses into our operations realisation of our projected returns from strategic transactions,
- competition, changes to policies, laws, regulation and requirements (including permits),
- operational hazards, natural disasters or health epidemics or pandemics and other operational risks affecting us and our clients,
- global economic and political environment and global trade, geopolitical security threats, and acts of terrorism or sabotage, and general economic, financial and political conditions in the UAE and especially in Abu Dhabi,
- factors affecting our ability to access financing, including changes to the credit ratings of Abu Dhabi, disruptions in global credit markets, any de-pegging of, or adjustments to, the existing UAE dirham/U.S. dollar exchange rate or other market risks,
- risks relating to the effects of climate change and global warming,

- other operating risks, including reliance on retaining of senior management and internal and external qualified personnel, the use of intellectual property, technology licences, information technology, and insurance coverage,
- other risks set out in "*Risk Factors*".

If any of these risks and uncertainties materialise, or if any of our underlying assumptions prove to be incorrect, our actual results of operations or financial condition could differ materially from that described herein as anticipated, believed, estimated or expected. Under no circumstances should the inclusion of such forward looking statements in this Offering Memorandum be regarded as a representation or warranty by us, the Selling Shareholder or the Joint Bookrunners or any other person with respect to the achievement of the results set out in such statements. Please refer to "*Risk Factors*" for further information in this regard.

The forward-looking statements contained in this Offering Memorandum speak only as at the date of this Offering Memorandum. Any obligation or undertaking to update these forward-looking statements contained in the document to reflect any change in their expectations or any change in events, conditions or circumstances on which such statements are based is expressly disclaimed unless required to do so by applicable law, rules or regulations. Accordingly, undue reliance should not be placed on any of the forward-looking statements in this Offering Memorandum. The Group, the Selling Shareholder, the Joint Bookrunners and the Independent Financial Adviser expressly disclaim any obligation or undertaking to update these forward-looking statements contained in the document to reflect any change in their expectations or any change in events, conditions or circumstances on which such statements are based unless required to do so by applicable law.

AVAILABLE INFORMATION

For so long as any of the Shares are in issue and are "restricted securities" within the meaning of Rule 144(a)(3) under the Securities Act, the Company will, during any period in which it is not subject to Section 13 or 15(d) of the U.S. Securities Exchange Act of 1934, as amended (the "**Exchange Act**"), nor exempt from reporting under the Exchange Act pursuant to Rule 12g3-2(b) thereunder, make available to any holder or beneficial owner of a Share, or to any prospective purchaser of a Share designated by such holder or beneficial owner, the information specified in, and meeting the requirements of, Rule 144A(d)(4) under the Securities Act.

SUMMARY

This summary should be read as an introduction to this offering memorandum (the "Offering Memorandum") and is qualified in its entirety by, and is subject to, the detailed information contained elsewhere in this Offering Memorandum. Accordingly, any decision to invest in the Shares should be based on consideration of this Offering Memorandum as a whole. Potential investors should read this entire Offering Memorandum carefully, including "Risk Factors" and our financial statements, including the related notes, before making any decision to invest in the Shares.

Overview

We are a global energy maritime logistics leader and the dedicated and vital logistics arm for the ADNOC Group providing critical and highly specialised services across ADNOC's entire value chain. We provide market-leading, reliable and cost-competitive maritime and logistics solutions through our three key business units:

- *Integrated Logistics* through which we believe we are one of the largest end-to-end, fully integrated energy logistics service providers for the energy sector and one of the largest owners and operators of self-propelled, self-elevating jack-up barges. In addition, we operate what we believe is one of the largest energy logistics bases in the GCC region in Mussafah and one of the largest single warehouses in the Middle East in KEZAD.

- *Shipping* through which we believe we own and operate one of the largest diversified shipping fleets in the GCC region of more than 500 modern and technologically advanced vessels, including 56 owned vessels, six VLGCs owned by AW Shipping Limited and vessels which are either contractually committed or contracted and under construction for scheduled delivery between 2023 and 2026. We provide market leading commercial shipping and ship management as well as chartering services for the transport of crude oil, refined products, dry bulk and gas (LPG and LNG).

- *Marine Services* operates a fleet of 65 specialised vessels. Through this business unit we provide a wide range of specialist services relating to marine terminals, all petroleum port operations in the Emirate of Abu Dhabi and oil spill and hazardous and noxious substances response operations. We are one of the largest oil spill and hazardous and noxious substances responders in the UAE.

The ADNOC Group companies, including ADNOC Offshore, ADNOC Onshore, Borouge and ADNOC Gas, constitute the largest portion of our client base. The ADNOC Group companies accounted for 72% of our total revenue for the year ended 31 December 2022, including approximately 90% of our revenue in the Integrated Logistics business unit, approximately 60% of our revenue in the Shipping business unit and approximately 95% of our revenue in the Marine Services business unit.

We provide services to over 100 global clients with whom we have built long-standing relationships and ship to more than 50 countries across the world. A long-term contractual framework with our anchor client underpins our revenue and cash flows, and helps us achieve high returns with limited variability (including contracts with minimum volume commitments at fixed rates). As at 31 December 2022 and based on revenues for the year ended 31 December 2022, over 65% of our total revenue is derived from Long-Term Agreements with our clients, including approximately 99% in the Integrated Logistics business unit, approximately 22% in the Shipping business unit and 100% in the Marine Services business unit.

We have a well-defined and ambitious growth strategy aimed at accelerating our growth by leveraging our existing relationship with the ADNOC Group companies. ADNOC and the UAE have made significant investments in the energy sector and are expected to continue to do so, with ADNOC announcing in late 2022 its USD 150 billion investment program for the five-year period 2023 to 2027 (inclusive). In particular, we expect this to serve as a major growth catalyst for us and we expect to benefit from ADNOC's planned growth and investment strategy to accelerate its targeted capital expenditure as ADNOC is aiming to meet upstream growth ambitions through the expansion of oil production capacity, the development of new gas reservoirs, the continuous exploration of new hydrocarbon prospects in addition to targeted expansion of its refining and petrochemical capacity, LNG exports and hydrogen production. Furthermore, we aim to significantly expand services to our existing clients, attract new clients and explore further growth opportunities in new geographies and areas, such as the construction offshore logistics services sector and expansion of our integrated logistics services platform offering.

As at the date of this Offering Memorandum, the Company is 100% owned by ADNOC. We have a strong leadership team based in Abu Dhabi which allows us to optimise operational and commercial processes in order to deliver efficiencies across the entire organisation. We are committed to operational and commercial excellence while focusing our operational strategy to achieve the highest standards of ESG, safety, reliability and integrity across the entire organisation.

On a pro forma basis reflecting the ZMI Holdings Acquisition as if it had occurred on 1 January 2022, our revenue for the year ended 31 December 2022 was USD 2,287.2 million. Adjusted pro forma EBITDA for the year ended 31 December 2022 was USD 599.3 million. Assuming full calendar year contribution from the ZMI Holding Acquisition in 2022, our revenue would have increased at a CAGR of more than 20% between 2017 and 2022.

Competitive Strengths

We are a mission-critical energy logistics service provider to ADNOC, Abu Dhabi and the UAE

We believe that we are a key enabler of the global flow and export of energy commodities, in particular the oil and gas production in the UAE which is managed by the ADNOC Group. The oil and gas industry production and exports are critical to the UAE economy, contributing approximately 50% of the Emirate of Abu Dhabi's nominal gross domestic product in 2021, having produced 4.6 million barrels of oil equivalent per day of which approximately 73% was exported. ADNOC is one of the largest integrated energy companies globally that operates across the hydrocarbon value chain, including exploration, production, storage, refining, petrochemicals, gas processing, marketing and distribution. ADNOC has access to approximately 95% of the UAE's total oil and gas reserves.

As the logistics service provider of choice to the ADNOC Group, we provide critical and highly specialised services across ADNOC's entire value chain. Our offshore energy logistics services are vital to enabling offshore production of oil in the UAE while our marine services help ensure uninterrupted operations of the petroleum ports in Abu Dhabi and safety of sea operations through oil spill response hazardous and noxious substances response operations. Our business strategy going forward is underpinned by ADNOC's global growth strategy and plans to accelerate its targets relating to the production and processing capacity growth, international expansion and low carbon solutions. See "*Business—Our Growth Strategy*".

We are a global, fully-integrated energy maritime logistics leader with a world-class asset base

We provide fully-integrated, end-to-end services in the global energy maritime logistics industry through our three key business units: Integrated Logistics, Shipping and Marine Services.

Our Integrated Logistics business unit provides onshore and offshore services, including a wide range of services relating to the offshore logistics sector, such as jack-up barges services, supply services and personnel transportation, diving support in addition to other services, such as packaging, container terminal operations, jetty services and operations, and warehousing and material management, all of which are critical to the commodity supply chain. We operate five logistics bases, and warehouses in Mussafah, Ruwais, Riash and Fujairah. We provide our services at what we believe are world-class infrastructure bases, such as the KEZAD Gateway in the UAE, the terminal handling at the Khalifa Port, and warehousing services through one of the largest single warehouses in the Middle East region.

The transformative ZMI Holdings Acquisition was part of our strategic value creation and growth program and reinforced our commitment to deliver growth and drive investment in the UAE. As at the date of this Offering Memorandum, we own and operate a fleet of 31 high-quality, best-in-class specification jack-up barges (of which 23 are owned and eight are operated) and 101 owned offshore support and passenger transport vessels (and additional approximately 90 operated vessels), which we believe strengthens our position as one of the largest shipping and integrated energy logistics companies and provides us with growth opportunities both in the UAE and internationally. We expect to derive significant synergies from the ZMI Holdings Acquisition as we integrate ZMI Holdings' services as part of our Integrated Logistics business unit.

Our Shipping business unit operates one of the largest diversified shipping fleets in the GCC region of more than 500 modern and technologically advanced vessels, including 56 owned vessels, six VLGCs owned by AW Shipping Limited and vessels which are either contractually committed or contracted and under construction for scheduled delivery contractually committed to be delivered in the medium term between 2023 and 2026. We provide market leading commercial shipping and ship management as well as chartering services for the transport of crude oil, refined products, dry bulk and gas (LPG and LNG).

Our Marine Services business unit provides a comprehensive range of specialist services relating to marine terminal operations, all petroleum ports in the Emirate of Abu Dhabi and oil spill and hazardous and noxious substances response operations. We believe we are one of the largest oil spill and hazardous and noxious substances response responders in the UAE.

At the core of our business, we continue to maintain a focus on operational excellence and building on our existing high levels of asset reliability across our operations. We run world-class, large-scale assets that have a proven track record of operational excellence. We maintain our operations' high reliability through regular and timely maintenance programs and robust asset management policies and procedures across our operations.

We have highly visible cash flows, underpinned by Long-Term Agreements and ADNOC Group companies as anchor clients

A long-term contractual framework with our anchor client underpins our revenue and cash flows. It is designed to help us achieve high returns with limited variability and reflects a robust track record of client retention.

As at 31 December 2022 and based on revenues for the year ended 31 December 2022, over 65% of our total revenue is derived from Long-Term Agreements with our clients, including approximately 99% in the Integrated Logistics business unit, approximately 22% in the Shipping business unit and 100% in the Marine Services business unit. The ADNOC Group companies accounted for 72% of our total revenue for the year ended 31 December 2022, including approximately 90% of our revenue in the Integrated Logistics business unit, approximately 60% of our revenue in the Shipping business unit and approximately 95% of our revenue in the Marine Services business unit. See "*Business—Material Agreements*".

All contracts with ADNOC Group companies are negotiated on an arms-length basis and go through our internal approval procedures to ensure that the opportunity is in the best interest of the Company and aligned with our strategy. Such procedures are designed to maintain uniform processes and standards for performing economic evaluation, risk mitigation assessments and due diligence of commercial opportunities in line with our corporate governance framework.

Highly experienced senior management team driving robust financial performance

Our senior management team has significant years of professional experience in the maritime logistics and shipping industry and has a track record of successfully managing and integrating our key projects. We believe that this combination of industry and regional expertise has allowed us to develop long-standing working relationships with our commercial partners, regulators and other key stakeholders. The members of our senior management team, many of whom have significant leadership experience in other parts of the ADNOC Group, have worked in various management and leadership roles across major companies in the industry. We believe the team's combined industry and regional expertise enables us to clearly understand and effectively manage the inherent risks associated with our business.

Reflective of our commitment to the business, operations and robust financial performance, our management has been focused on delivering growing revenue, increasing EBITDA and margins as well as maintaining a strong balance sheet position. The combination of our successful track record of delivering organic and inorganic growth, operational excellence and strong cost discipline has enabled us to achieve strong operating profitability and financial results. Between 2020 and 2022 (assuming full calendar year contribution from the ZMI Holdings Acquisition to 2022) we would have increased our revenue by a CAGR of approximately 50% and Adjusted EBITDA by a CAGR of approximately 55%. Revenue in all business units would have increased between 2020 and 2022 (assuming full calendar year contribution from ZMI Holdings Acquisition to 2022) - in the Integrated Logistics business unit by a CAGR of approximately 71%, in the Shipping business unit by a CAGR of approximately 41% and in the Marine Services by a CAGR of approximately 4%.

Our Growth Strategy

Expand the scope of services provided to ADNOC Group

ADNOC and the UAE have made significant investments in the energy sector and are expected to continue to do so, with ADNOC announcing in late 2022 its USD 150 billion investment program for the five-year period 2023 to 2027 (inclusive). We expect this to serve as a major growth catalyst for us, providing numerous opportunities to our business both directly and indirectly. ADNOC's sizable investment program is aiming to deliver transformative steps to make the lower carbon intensity energy that the world requires available today, while investing in the clean energies of tomorrow. ADNOC is aiming to meet upstream growth ambitions through the expansion of oil production capacity (expected to increase from 4 million barrels per day to up to 5 million barrels per day by the end of 2027), the development of new (including unconventional) non-associated gas reservoirs (such as Hail and Ghasha) and the continuous exploration of new hydrocarbon prospects (which has so far resulted in ADNOC identifying an additional 2 billion barrels of oil and 1 trillion cubic feet of natural gas reserves in 2022 alone). In addition, ADNOC is targeting to increase its refining capacity to more than 1 million barrels per day, double its petrochemical capacity by 2030, further increase its LNG exports by up to 9.6 million tonnes by 2027/2028 and its green hydrogen production of 1 million tonnes per year. Furthermore, ADNOC has earmarked USD 15 billion for landmark decarbonisation projects by 2030, including carbon capture, electrification, new CO2 absorption technology and enhanced investments in hydrogen and renewables.

As the logistics and maritime service provider of choice to the ADNOC Group companies, we believe that we are well positioned to benefit from ADNOC's growth strategy. In particular, we are targeting a two-fold increase in ADNOC's production volumes to be transported by us by 2030, while growing our share of ADNOC's increased exports in the future. Our strategy envisages maximising our share of ADNOC's targeted logistics spend, hence increasing volumes, services and our owned fleet in order to deliver added operational efficiencies. We intend to make additional investments targeted at supporting ADNOC's exports of hydrogen derivatives and expanding our marine services solutions.

We believe that there is further potential to leverage our relationship with the ADNOC Group companies in the future.

- *Borouge*: We provide Borouge with packaging and maintenance services, container terminal management and feeder transport from Ruwais to Khalifa Port. We seek continuous engagement with Borouge aiming at increasing the scope of our integrated logistics solutions services.

- *ADNOC Offshore*: ADNOC Offshore operates across a vast area of approximately 250 square km and requires coordination and smooth logistics activities to ensure safety and operational efficiency. We expect the scope of our services to ADNOC Offshore to increase in the future as we expand our integrated logistics services model, including transporting a significant number of persons to the offshore islands and rigs.

- *ADNOC Onshore*: We supply ADNOC Onshore with certain marine resources. We believe that there is high potential for expanding our logistics services to ADNOC Onshore that could be centralised under our operations.

- *ADNOC Gas*: ADNOC Gas has a centralised gas processing facility on Das Island. We believe there is a potential to expand our ILSP model to support ADNOC Gas logistics requirements and to service its growing capacity production. Additionally, we aim to help expand the onshore logistics and terminal operations of ADNOC Gas in Ruwais.

- *TA'ZIZ*: We are well positioned to be a logistics leader for TA'ZIZ.

The following table sets out examples of additional projects with the ADNOC Group companies which we believe create further opportunities for us:

Expansion of our ILSP solutions to ADNOC Offshore	We created the ILSP model as part of our ongoing commitment to support the continued growth of the region's energy sector. By managing all logistics requirements through one system, the ILSP model can reduce project logistics costs, with customers being invoiced in a unique, cost-per-tonne format, moving away from the standard asset lease model. We intend to expand our ILSP services significantly in the future. Our services are expected to include, among others: • offshore passenger transportation services, including infield movement utilising aviation and marine assets to support day-to-day operations, • Das & Zirku island airport operations, • assistance with aviation technical & standards to ensure compliance and safe

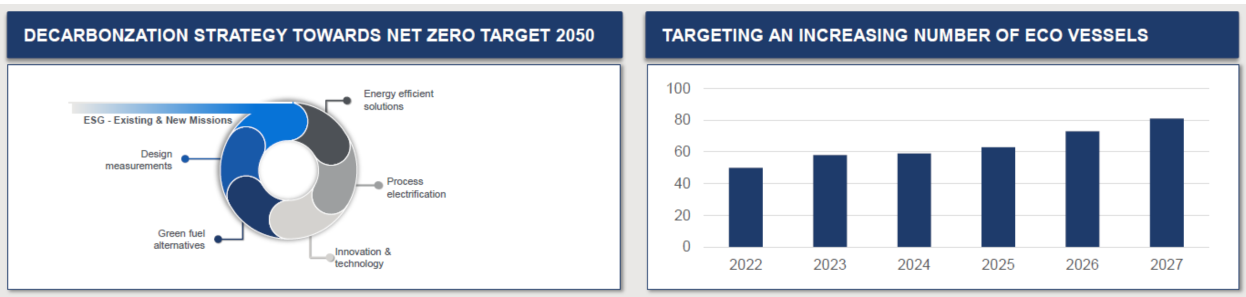
	operations, • voyage and flight reservation and booking services, and • additional client support aviation and marine services.
Transformation of group-wide warehouse and logistics management operations	• We manage approximately 40% of ADNOC Group's warehouse capacity. As a result of the implementation of our ILSP mode and services provided at KEZAD Gateway, we have established a track record in delivering value across this supply chain. • ADNOC Group currently operates over 40 facilities catering to warehousing and logistics across its network, with more operating companies in the ADNOC Group expected to require warehouse space and logistics going forward. • As a result of the implementation of our ILSP model and services provided at KEZAD Gateway, we have established a track record in delivering value across this supply chain.

We are focused on decarbonisation efforts and believe we are able to help drive the energy transition in the UAE.

It is critically important that our business is carried out in a sustainable, socially conscious, and environmentally responsible manner, and as such, we seek to place ESG policies and strategy at the core of our business. See "*Business—Environmental, Social and Governance (ESG)*".

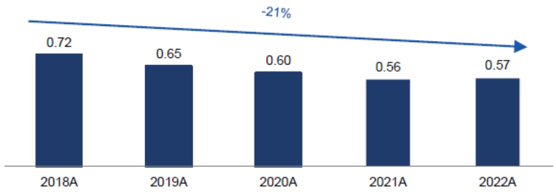
Our guiding principles are the policies and ambitions of the broader ADNOC Group and the UAE. We believe that we are a sustainability leader for the UAE's maritime and logistics ecosystem, leveraging our marine heritage to enhance the UAE's status in the global maritime industry. Our aim is to contribute to achieving the UAE's 2050 net-zero target in line the International Maritime Organisation's decarbonisation targets. We aim to lower the annual greenhouse gas emissions from international shipping by at least half by 2050 (compared with the 2008 levels) and to reduce carbon intensity of international shipping, in particular to lower carbon dioxide emissions per transport by at least 40% by 2030 while aiming towards 70% by 2050 compared to 2008. We may also consider using offsets in order to meet a portion of our decarbonisation targets. Our ESG strategy is intended to: (i) reduce our operational environmental footprint, (ii) continue to promote local talent and the UAE "in-country value" measures which to date have resulted in employment engagement rate of 72% in 2022 and an in-country value contribution of 72% in 2022, (iii) maintain a strong health and safety culture, with a total recordable incident rate of 0.18 in 2022 and 100% of business ethics and compliance trainings completed by all employees, and (iv) ensure that all of our contractors adhere to the relevant HSE performance standards and participate in HSE workshops.

The following diagram and graph illustrate our decarbonisation strategy towards the net zero target 2050 in operations and the targeted number of our owned environment-friendly vessels:



Our ESG strategy has yielded significant results and we continue to implement this strategy going forward. Between 2018 and 2022 we recorded a 21% decrease in carbon intensity:

Carbon Intensity (T CO_2 / Nautical Mile)[1]



(1) Includes owned vessels of the Shipping business unit which represent approximately 90% of our total carbon emissions.

We have invested or committed approximately USD 2 billion in environment-friendly, new-build vessels with scheduled delivery dates between 2023 and 2026. Furthermore, we have reduced the fuel consumption of our LNG fleet in 2015 by 40% compared to 2012 and, with the delivery of our new modern vessels, expect to further significantly reduce the fuel consumption in the medium term. We have successfully trialled the use of, and continue to use, biofuels in 13 of our vessels since 2020 and have equipped 37% of our vessels with a proprietary artificial intelligence-enabled smart vessel monitoring system.

Expand our relationships with, and scope of services provided to, our existing and new clients

We see a significant potential in further leveraging and strengthening relationships with our existing clients and expanding the scope of our services to new clients.

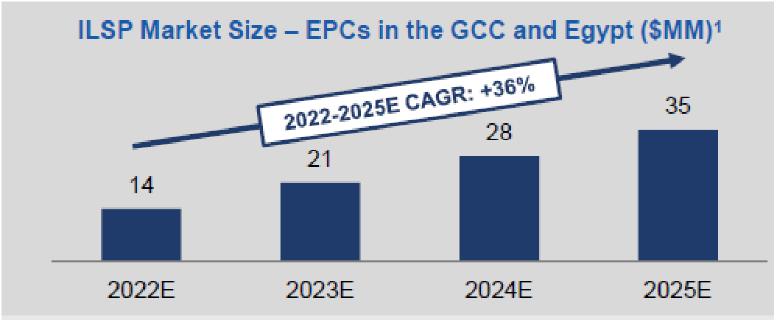
Shipping

As part of our growth strategy supported by our business plan and internal forecasting models, we intend to increase the scope of our international shipping services and our fleet size in the future to benefit from changing global trade patterns and forecasted growth of global oil and gas production, sulphur exports and global expansion of operations by our clients. According to MSI, there has been a structural underinvestment in exploration and production, which is likely to result in a widening of the supply-demand gap in the medium term. The Middle East is expected to increase its market share while providing over 40% of global oil and gas production growth volumes in this decade. The disruption of pipeline flows from Russia to Europe has opened up strategic opportunities for our business as the Middle East's seaborne export of oil and gas is expected to partially replace the supply of oil and gas from Russia to Europe. As a result, we expect a structural shift away from pipeline flows to seaborne trade in Europe. The oil and gas demand from South Asia and China is also expected to continue to increase beyond the current Russian inflows to such regions which further adds to our business' strategic opportunities in areas such as LNG shipping. See "*Industry Overview*". Our growth strategy is supported by four additional new VLCCs which are scheduled for delivery within 2023 and six new LNG carriers which are scheduled for delivery between 2025 and 2026. Our investment in the new LNG carriers reflects the increasing demand for LNG, especially as related to energy security, shifting logistics and the scarcity of available LNG tonnage in the long-term. We intend to grow our fleet further in the future. See "*Business—Our Medium Term Targets*".

Integrated Logistics Services Platform (ILSP) Model

In March 2023, we together with ADNOC Offshore, launched our Integrated Logistics Services Platform (ILSP) at our base in Mussafah. It is one of the largest turnkey offshore logistics offerings in the world designed to enable coordinated end-to-end management of energy logistics and maritime operations. We have created the ILSP as part of our ongoing commitment to support the continued growth of the region's energy sector. By managing all logistics requirements through one system designed to provide integrated end-to-end wholesale services covering all key services across the value chain, our ILSP services can significantly reduce project logistics costs with customers being invoiced in a unique, cost-per-tonne format instead of a standard asset lease model. We believe that our ILSP services will contribute significantly to the growth and margin expansion in our Integrated Logistics business unit in the future.

Since the adoption rate of the integrated logistics services solutions by other providers is currently low in the GCC region due the relative novel nature of such model, we expect our ILSP services to grow substantially in the future. We are one of the first offshore logistics providers to implement the ILSP model in the GCC region and are therefore well positioned to benefit from the adoption and implementation of ILSP by our existing and new clients in the UAE, the wider GCC region as well as other parts of the world. The following graph sets out the forecasted growth of the ILSP services for the engineering, procurement and construction sector in the GCC region and Egypt (Source: *KPMG*):



(1) KPMG analysis of the ILSP market forecast includes services, such as warehousing, material handling, port operations and supply vessels.

Offshore logistics services for the engineering, procurement and construction (EPC) sector

We aim to capture new growth areas by partnering with and supporting EPC contractors with offshore services, in particular through our jack-up barges which are required across all stages from development to decommissioning of a field, including dredging and construction of artificial islands. We are one of the largest owners and operators of self-propelled, self-elevating jack-up barges, a leading provider of offshore support vessels and subsea services in the GCC region, with operations across the UAE, KSA, Qatar and China. As a result, we believe that we are well positioned to add significant value to EPC contractors given our experience, existing infrastructure and asset base. We have been awarded four EPC projects since the end of 2021, including a recent contract signed with Samsung C&T to provide end-to-end logistics services to offshore islands, and have a significant pipeline of other projects at various stages of the tender process.

The demand for jack-up barge services is expected to grow in the future as a result of anticipated demand growth for rig-less operations, higher levels of planned oil production as well as ongoing and new EPC projects. In particular, the UAE, Saudi Arabia and Qatar, which have historically utilised jack-up barge services to a significant extent, are expected to further contribute to the demand increase for such services. Furthermore, as the global offshore wind farms sector grows due to the ongoing transition to renewable energy sources and increased focus on offshore wind capacity, we expect the demand for jack-up services to increase correspondingly since jack-up barges are used to set up and maintain offshore wind farms.

Enlarge geographic footprint and operations

Since 2020 we have increased our global gas shipping services through AW Shipping Limited while our jack-up barges fleet operates in KSA, Qatar and China. We intend to continue to pursue our growth strategy aimed at enlarging our geographic footprint and operations outside of the UAE opportunistically and in line with our growth strategy and targeted expansion plans while leveraging our relationship with the ADNOC Group companies. In particular, we believe that the increasing offshore energy exploration in North Africa and the GCC region, including in Morocco, Egypt, Sudan, Jordan, Saudi Arabia and Qatar, and demand for jack-up barges and offshore marine and other services in those and other regions, including in China and the Far East, present potential opportunities for our geographic expansion in the future.

Explore entering into new business verticals

We aim to actively explore entering into new business verticals, including services relating to decarbonisation, which we believe present further growth opportunities for our business. We intend to pursue this growth strategy by focusing on various verticals, including:

- Owning and operating green carriers, such as methanol and low-carbon ammonia as a carrier fuel for clean hydrogen. We are well positioned to support services in the low-carbon ammonia production in the UAE.

- Advising clients on decarbonisation, emissions abatement and other solutions with a view to growing our renewable energy services and supporting the broader decarbonisation agenda. For example, we aim to explore marine solutions aimed at lowering gas emissions.

- Exploring further opportunities and investments in the hydrogen vessels, storage and distribution sectors by leveraging Abu Dhabi's position as a leader in hydrogen in emerging international markets.

Recent Developments

On 5 May 2023, ADNOC L&S entered into a USD 350 million revolving credit facility and a USD 1,500 million term loan facility with ADNOC. As at the date of this Offering Memorandum, we have not drawn any amount under those facilities. See "*Business—Material Agreements—Financing Arrangements*" and "*Capitalisation*".

On 15 May 2023, the Selling Shareholder and the Company entered into the Cornerstone Investment Agreements with the Cornerstone Investors, pursuant to which each of the Cornerstone Investors, severally (and neither jointly nor jointly and severally) has committed to purchase Shares in the Global Offering, and the Selling Shareholder has agreed to sell, and procure the allotment and transfer of, Shares to the Cornerstone Investors at the final offer price. The aggregate commitments of all the Cornerstone Investors pursuant to the Cornerstone Investment Agreements amounts to approximately USD 180 million. The Cornerstone Investment Agreements are conditional upon admission to list on ADX and certain other conditions being satisfied, and will terminate automatically if such conditions have not been fulfilled on or before 31 December 2023 (or such other date as may be agreed between the Company, the Selling Shareholder and the Cornerstone Investors). For more information, see "*Details of the Global Offering —Cornerstone Investors*".

Risk Factors

Investing in and holding the Shares involve significant risk, including the following:

Risks Related to Our Business

- *We may not be able to successfully achieve and implement our business and growth strategy or meet our medium term targets.*
- *Our business strategy and growth rely on Abu Dhabi's growth plans for the energy sector.*
- *We are dependent on our relationships with ADNOC and ADNOC Group companies which generate a significant portion of our total revenue.*
- *Our business performance depends on our ability to renew existing contracts and secure new contracts or charterparties.*
- *We are subject to risks relating to the implementation of new projects and expansion of our business activities.*
- *We rely on debt to finance our operations and capital expenditure and may seek external debt in the future which may contain certain restrictions limiting our flexibility to operating our business.*
- *We may not be successful in acquiring or integrating new businesses and may not be able to realise our projected returns from strategic transactions.*
- *The due diligence process that we undertake in connection with our projects, acquisitions and investments may not identify all relevant facts.*
- *We are exposed to risks and potential liabilities from the use of various third-party contractors.*
- *We face competition from existing competitors and new entrants to the market.*
- *We rely on our senior management and internal and outsourced qualified personnel.*
- *We have relied and will continue to rely on ADNOC to use the ADNOC brand, infrastructure, personnel and to provide us with certain corporate services.*
- *We may be unsuccessful in enhancing the integrity, reliability and efficiency of our internal controls over financial reporting.*
- *We may be involved in disputes and legal proceedings that, if determined unfavourably to us, could have a material adverse effect on us.*
- *We are exposed to cybersecurity risks and risks associated with the use of information technology which could result in disruptions in business operations and adverse operating results.*
- *We must continue to invest in technical innovation and continuously improve our quality standards.*
- *Our business involves numerous operating hazards.*
- *We are not fully insured against all potential hazards and risks incidental to our business and our insurance coverage may not adequately cover all losses.*
- *Our operations are dependent on maintaining permits and meeting certain requirements from governmental authorities.*

- *Negative publicity may harm our business and results of operations.*
- *Our business could be impacted by acrimonious employee relations or activities and improper acts of our employees.*
- *We could incur expenses related to our post-employment benefit plans.*
- *We are subject to numerous environmental, health and safety laws, regulations and permitting requirements, as well as potential environmental liabilities (including pollution, major collisions, oil spills, and carbon emissions), which may require us to make substantial expenditures or impact our ability to conduct our activities.*

Risks Related to Our Segments

- *Our new clients other than the ADNOC Group companies may stop outsourcing or begin in-sourcing their logistics activities thereby reducing demand for our services.*
- *Demand for our offshore logistics services is largely linked to the level of operating and maintenance and capital expenditure in the energy sector.*
- *We are subject to certain risks associated with the performance of obligations by builders of vessels.*
- *Adverse changes in the oil, refined products, dry bulk, LPG and LNG industries may materially adversely affect our financial results.*
- *Shipping business, including freight rates, is cyclical and volatile in nature.*
- *Chartered-in and chartered-out vessels make us sensitive to revenue and cost fluctuations in the charter market.*
- *Bunker fuel prices and manpower cost increases may materially adversely affect our results of operations.*
- *We are subject to risks and costs associated with the aging of our vessels and facilities.*
- *We are subject to risks relating to the impairment of assets.*
- *We are subject to certain operating risks affecting facilities where we provide our services and ports where our vessels call.*
- *We are subject to certain operating risks relating to vessels.*
- *Our vessels could be subject to seizure through maritime arrest or government requisition.*
- *Sulphur regulations to reduce air pollution from ships have required retrofitting of vessels and may cause us to incur significant costs.*
- *We are subject to changes in the broader regulatory regime applicable to our business and operations.*
- *A failure to pass inspection by classification societies could result in one or more vessels being unemployable unless and until they pass inspection.*
- *We are exposed to the risk of acts of piracy, which could result in increased costs of operations and vessel loss.*

Risks Relating to Geographical, Political and Economic Conditions

- *We are subject to risks associated with operating in numerous jurisdictions.*
- *We are exposed to the tax laws of certain jurisdictions, including risks in connection with challenges to our tax positions.*
- *We face risks associated to the changes in the global economic and political environment and global trade.*
- *We are exposed to general economic, financial and political conditions, in the UAE and especially in Abu Dhabi.*
- *Abu Dhabi's economy is significantly affected by volatility in international crude oil prices and its economy has in the past been, and may in the future to continue to be, materially adversely affected by lengthy periods of low crude oil prices.*
- *Continued instability and unrest in the MENA region, or the escalation of armed conflict, may materially adversely affect the UAE economy.*
- *We are exposed to geopolitical security threats and acts of terrorism or sabotage could negatively affect our business.*
- *Governments in the MENA region have exercised and continue to exercise significant influence over their respective economies, and legal and regulatory systems in the MENA region, which may create an uncertain environment for investment and business activities.*
- *A downgrade in the credit rating of Abu Dhabi could adversely affect us.*

- *Additional security requirements, or the failure to pass security reviews, may increase our operating costs and restrict our ability to conduct our business.*
- *Developing legal systems in emerging market economies, including in the UAE, and the introduction of new laws and regulations can create an uncertain or changed environment for investment and business activity.*
- *The UAE's Emiratisation initiative may increase our costs and may reduce our ability to rationalise our workforce.*
- *Climate change concerns and impacts could cause us to incur significant costs or make significant investments.*

Risks Relating to the Global Offering and to the Shares

- *Following completion of the Global Offering, ADNOC will continue to be able to exercise control over us, our management and our operations.*
- *Substantial sales of Shares by ADNOC in the future could depress the price of the Shares.*
- *Future issuances of Shares may dilute the holdings of shareholders and may depress the price of the Shares.*
- *Trading price of the Shares may be subject to volatility.*
- *The Global Offering may not result in an active or liquid market for the Shares, trading prices of the Shares may be volatile and may decline and the ADX is significantly smaller in size than other established securities markets, which may also affect liquidity in the Shares.*
- *Because we are a holding company and substantially all of our operations are conducted through our subsidiaries and the AW Shipping Limited joint venture, our ability to pay dividends on the Shares depends on our ability to obtain cash dividends or other cash payments or obtain loans from such entities.*
- *We may not pay any cash dividends on the Shares and investors may not receive any return on investment unless they sell their Shares at a price higher than their purchase price.*
- *Holders of the Shares in certain jurisdictions outside of the UAE, including the U.S., may not be able to exercise their pre-emptive rights if we increase our share capital.*

Corporate Information

Our registered office is located at Part of Level 28, 28, Al Sarab Tower, Abu Dhabi Global Market Square, Al Maryah Island, Abu Dhabi, United Arab Emirates. Our registration number is 000009847. Our website address is www.adnoc.ae/en/adnoc-ls. The information contained on our website is not incorporated by reference into, or otherwise included in, this Offering Memorandum.

THE GLOBAL OFFERING

Company	ADNOC Logistics & Services plc, a public company limited by shares, incorporated in the ADGM, Abu Dhabi, United Arab Emirates, with a paid-up share capital of USD 3,995,189,332.56.
Selling Shareholder	Immediately following completion of the Global Offering, ADNOC will continue to hold at least 85% of our issued and outstanding share capital (assuming that the Selling Shareholder sells all of the Shares being offered).
Joint Global Coordinators and Joint Bookrunners	Citigroup Global Markets Limited, First Abu Dhabi Bank PJSC, HSBC Bank Middle East Limited and, J.P. Morgan Securities Plc have been appointed as Joint Global Coordinators and Joint Bookrunners. Abu Dhabi Commercial Bank PJSC, Arqaam Capital Limited, Crédit Agricole Corporate and Investment Bank, EFG-Hermes UAE Limited (acting in conjunction with EFG Hermes UAE LLC), International Securities L.L.C. and Société Générale have been appointed as Joint Bookrunners.
Global Offering.............................	1,109,774,817 ordinary shares (the "**Shares**") are being offered in the Global Offering. All of the Shares are being sold by the Selling Shareholder. The Selling Shareholder reserves the right to amend the size of the Global Offering at any time prior to the end of the subscription period at its sole discretion. The Company will not receive any proceeds from the sale of Shares by the Selling Shareholder. The Global Offering comprises the Qualified Institutional Offering, the ADGM Exempt Offer, the DIFC Exempt Offer and the UAE Retail Offer. The Shares are being offered outside the United States in reliance on Regulation S and within the United States only to persons reasonably believed to be QIBs in reliance on Rule 144A or another exemption from, or transaction not subject to, the registration requirements of the Securities Act. The Exempt Offer is being made in the ADGM pursuant to an exemption from registration under the Market Rules of the Abu Dhabi Financial Services Regulatory Authority ("**FSRA**") and in the DIFC pursuant to an exemption from registration under the Markets Rules of the DFSA. Subject to the approval of the UAE Securities and Commodities Authority ("**SCA**"), the Company reserves the right to alter the percentage of the Global Offering which is to be made available to either the UAE Retail Offer, which shall not exceed 40% (in aggregate) of the total Shares offered in the Global Offering, or the Qualified Investor Offering, which shall not be reduced to less than 60% of the total Shares offered in the Global Offering.
Qualified Investor Offering	88% of the Shares being offered in the Global Offering are being offered to certain investors in the Qualified Investor Offering (i) outside the United States in reliance on Regulation S, (ii) within the United States only to persons reasonably believed to be QIBs in reliance on Rule 144A or another exemption from, or transaction not subject to, the registration requirements of the Securities Act, and (iii) pursuant to the Exempt Offer.
Exempt Offer	A number of Shares to be determined by the Joint Bookrunners, the Selling Shareholder and us are being offered in the Exempt Offer in the ADGM pursuant to an exemption from registration under the Markets Rules of the FSRA, and in the DIFC pursuant to an exemption from registration under the Markets Rules of the DFSA.
UAE Retail Offer	12% of the Shares being offered in the Global Offering are being offered pursuant to the UAE Prospectus, the publication of which was approved by the SCA, to (A) natural persons who hold a NIN with the ADX and have a bank account; (B) other investors (including natural

	persons, companies and establishments) who do not participate in the Qualified Investor Offering that hold a NIN with the ADX and have a bank account; and (C) natural persons who hold a NIN with the ADX and have a bank account (who do not participate pursuant to (A)) and who are (i) employees of any of ADNOC and the group of companies owned by ADNOC residing in the UAE, or (ii) retired employees of any of ADNOC and the group of companies owned by ADNOC who are UAE nationals and reside in the UAE (except, in each case, for any person who is resident of the United States within the meaning of the Securities Act).
Shares	Our share capital consists of 7,398,498,764 ordinary shares, each with a nominal value of USD 0.54, which are fully paid, issued and outstanding. As at the Listing, our share capital will consist of 7,398,498,764 ordinary shares, each with a nominal value of USD 0.54. The Shares have the rights described under "*Description of Share Capital*".
Cornerstone Investors	On 15 May 2023, the Selling Shareholder and the Company entered into the Cornerstone Investment Agreements with the Cornerstone Investors, pursuant to which each of the Cornerstone Investors, severally (and neither jointly nor jointly and severally) has committed to purchase Shares in the Global Offering, and the Selling Shareholder has agreed to sell, and procure the allotment and transfer of, Shares to the Cornerstone Investors at the final offer price. The aggregate commitments of all the Cornerstone Investors pursuant to the Cornerstone Investment Agreements amounts to approximately USD 180 million. The Cornerstone Investment Agreements are conditional upon admission to list on ADX and certain other conditions being satisfied, and will terminate automatically if such conditions have not been fulfilled on or before 31 December 2023 (or such other date as may be agreed between the Company, the Selling Shareholder and the Cornerstone Investors). For more information, see "*Details of the Global Offering—Cornerstone Investors*".
Offer Price Range	The offer price range is AED 1.99 to AED 2.01 per Share.
Commencement of the Global Offering	On or about 16 May 2023.
Expected Pricing Date	On or about 25 May 2023.
Expected Closing Date	On or about 1 June 2023.
Payment and Settlement	Payment for the Shares purchased in connection with the Qualified Investor Offering shall be made in either USD or AED, as specified by each purchaser to the Joint Bookrunners during the bookbuilding process. Purchasers will be required to make full payment for the Shares to the Joint Bookrunners for receipt by the Joint Bookrunners on the business day prior to the Closing Date. In the event of a failure to make timely payment, purchasers of Shares may incur significant charges. Delivery of the Shares is expected to be made on the Closing Date to the accounts of purchasers through the book-entry facilities operated by the ADX. Trading of the Shares will take place through the trading system of the ADX. Shares will be held under NINs assigned by the ADX either to the holders directly or through custodian omnibus accounts and the ownership of the Shares will be evidenced by the holdings under each such NIN. Clearing and settlement of trades on the ADX by brokers or custodians may be performed only through members of the ADX that are authorised clearing members (the "**Clearing Members**"). Settlement of securities trading on the ADX is governed by the ADX's rules and regulations, which are available from its website, www.adx.ae.
Restrictions on Purchases and	The Shares are subject to certain restrictions on their purchase, resale

Transfers of Shares.................... and transfer. For more information, see "*Details of the Global Offering*" and "*Transfer Restrictions*".

Dividend Policy.............................. The Company's ability to pay dividends is dependent on a number of factors, including the availability of distributable reserves, the Company's capital expenditure plans, the Company's capital expenditure plans, the Company's financial framework and other cash requirements in support of achieving our strategy in future periods, existing and future debt finance capacity, debt covenants, and other factors impacting continuing availability of credit and compliance with existing and anticipated financing terms, and there is no assurance that the Company will pay dividends or, if a dividend is paid, what the amount of such dividend will be. See "*Risk Factors—Risks Relating to the Global Offering and to the Shares—Because we are a holding company and substantially all of our operations are conducted through our subsidiaries and the AW Shipping Limited joint venture, our ability to pay dividends on the Shares depends on our ability to obtain cash dividends or other cash payments or obtain loans from such entities*" and "*Risk Factors—Risks Relating to the Global Offering and to the Shares—We may not pay any cash dividends on the Shares and investors may not receive any return on investment unless they sell their Shares at a price higher than their purchase price*". Any level or payment of dividends will depend on, among other things, market conditions, future profits and the business plan of the Company, the discretion of the Board of Directors, and will be subject to the approval of the general shareholders meeting.

Subject to the foregoing, the Company intends to pay dividends twice each financial year, with an initial payment of the first-half results being paid in the fourth quarter of that year, and a second payment following second-half results being paid in the second quarter of the following calendar year.

Subject to the foregoing, the Company intends to pay a fixed dividend amount of USD 195 million for the second quarter and the second half of the year 2023 (equivalent to annualised dividends of USD 260 million relating to the performance for the year 2023), out of which USD 65 million for the second quarter of the year 2023 is expected to be paid in the fourth quarter of the year 2023 and the remaining USD 130 million for the second half of the year 2023 is expected to be paid in the second quarter of the year 2024. The Company intends to pay dividends in cash.

Thereafter, the Company expects to increase the 2023 annual dividend per share on a progressive basis by at least 5% annual growth over the medium term, while regularly reviewing the policy in light of value-accretive growth opportunities.

See also "*Dividend Policy*" and "*Capitalisation*".

Use of Proceeds.............................. The Company will not receive any proceeds from the Global Offering. All proceeds will be received by the Selling Shareholder and all expenses of the Global Offering (including underwriting commissions and any discretionary fees) will be borne by the Selling Shareholder. The Global Offering is being conducted, among other reasons, to allow the Selling Shareholder to sell part of its shareholdings to more actively manage and optimise its portfolio of assets, while providing increased trading liquidity in the Shares and raising our profile with the international investment community.

Listing and Trading....................... We have applied for the Shares to be listed on the ADX under the symbol "ADNOCLS". Prior to the Global Offering, there has not been any public market for the Shares. There will be no conditional dealings in the Shares prior to Listing. It is expected that Listing will become effective and that dealings in the Shares will commence on the ADX on or about the Closing Date.

Lock-up .... Pursuant to the terms of an underwriting agreement among the Company, the Selling Shareholder and the Joint Bookrunners (the "**Underwriting Agreement**"), we and the Selling Shareholder (in the case of the Selling Shareholder, subject to certain exceptions), which held 100% of the Shares immediately prior to the Global Offering, have contractually agreed, for a period of 12 months after the Closing Date, subject to certain exceptions, not to: (i) directly or indirectly, issue, offer, pledge, sell, contract to sell, sell or grant any option, right, warrant, or contract to purchase, exercise any option to sell, purchase any option or contract to sell, or lend or otherwise transfer or dispose of, directly or indirectly, any Shares, or securities convertible or exchangeable into or exercisable for any Shares or warrants or other rights to purchase Shares or any security or financial product whose value is determined directly or indirectly by reference to the price of the Shares, or file any registration statement under the Securities Act or any similar document with any other securities regulator, stock exchange, or listing authority with respect to any of the foregoing; (ii) enter into any swap, or any other agreement or any transaction that transfers, in whole or in part, directly or indirectly, the economic consequence of ownership of the Shares, in each case, whether any such transaction is to be settled by delivery of Shares or other securities, in cash or otherwise; or (iii) publicly announce such an intention to effect any such transaction, in each case, without the prior written consent of the Joint Global Coordinators, such consent not to be unreasonably withheld or delayed. For more information, see "*Details of the Global Offering*".

Pursuant to the Cornerstone Investment Agreements, the Cornerstone Investors have agreed that, during a period of not less than twelve months following admission to listing on ADX, they will not, without the prior written consent of the Joint Global Coordinators, offer, sell or contract to sell, or otherwise dispose of, directly or indirectly, or announce an offer of any Shares they have acquired under the Cornerstone Investment Agreements (or any interest therein in respect thereof) or enter into any transaction with the same economic effect as any of the foregoing.

Taxation.. For a discussion of certain tax considerations relevant to an investment in the Shares, see "*Taxation*".

The security identification numbers of the Shares offered hereby are as follows:

Shares ISIN: AEE01268A239

ADX Share Trading Symbol: ADNOCLS

Risk Factors .... You should read "*Risk Factors*" for a discussion of factors that you should consider carefully before deciding to invest in the Global Offering.

SUMMARY HISTORICAL FINANCIAL AND KEY OPERATING INFORMATION

The tables below present the summary historical financial data of ADNOC L&S derived from the ADNOC L&S Financial Statements (including the financial information as at and for the year ended 31 December 2020 derived from the unaudited comparative financial information as at and for the year ended 31 December 2020 included in the audited consolidated financial statements as at and for the year ended 31 December 2021) and of ZMI Holdings derived from the ZMI Holdings Financial Statements and certain key operating information.

This section includes certain financial measures of the ADNOC L&S that are not defined, and thus not calculated in accordance with IFRS, or any other generally accepted accounting principles to assess the financial performance of our business that are termed "non-IFRS measures" because they exclude amounts that are included in, or include amounts that are excluded from, the most directly comparable measure calculated and presented in accordance with IFRS, or are calculated using financial measures that are not calculated in accordance with IFRS. These non-IFRS measures include Adjusted EBITDA, Adjusted EBITDA Margin, Adjusted Net Income, Capital Expenditure, Capital Expenditure as a percentage of revenue, EBITDA, EBITDA Margin, Free Cash Flow, Levered Free Cashflow, Net Debt and Cash, Operating Free Cash Flow and Total Working Capital Adjustments. We present such non-IFRS measures because we believe that these and other similar measures are widely used by certain investors, securities analysts and other interested parties as supplemental measures of performance and liquidity. Because these non-IFRS measures are not standardised, these may not be comparable to other similarly-titled measures used by other companies and have limitations as analytical tools and should not be considered in isolation or as a substitute for analysis of our operating results as reported under IFRS. An explanation of the relevance of each of the non-IFRS measures, a reconciliation of the non-IFRS measures to the most directly comparable measures calculated and presented in accordance with IFRS and a discussion of their limitations is set out below. We do not regard these non-IFRS measures as a substitute for, or superior to, the equivalent measures calculated and presented in accordance with IFRS or those calculated using financial measures that are calculated in accordance with IFRS.

The information set out below should be read in conjunction with "Presentation of Financial and Other Information", "Selected Historical Financial and Key Operating Information" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" and the ADNOC L&S Financial Statements and ZMI Holdings Financial Statements, including the related notes, included elsewhere in this Offering Memorandum.

ADNOC L&S

Summary consolidated statement of comprehensive income data

	For the three-month period ended 31 March				For the year ended 31 December					
	2023		2022		2022		2021		2020	
	USD '000	*AED '000*	*USD '000*	*AED '000*	*USD '000*	*AED '000*	*USD '000*	*AED '000*	*USD '000*	*AED '000*
Revenue	592,177	2,174,770	312,957	1,149,335	1,952,173	7,169,354	1,190,803	4,373,223	1,015,892	3,730,863
Direct costs	(426,409)	(1,565,987)	(272,013)	(998,968)	(1,543,025)	(5,666,759)	(964,203)	(3,541,034)	(798,980)	(2,934,254)
Gross profit	**165,768**	**608,783**	**40,944**	**150,367**	**409,148**	**1,502,595**	**226,600**	**832,189**	**216,912**	**796,609**
Operating profit	**141,209**	**518,590**	**19,174**	**70,417**	**294,875**	**1,082,929**	**60,023**	**220,433**	**169,965**	**624,195**
Profit before tax for the period/year	**145,196**	**533,232**	**16,239**	**59,638**	**262,143**	**962,720**	**54,804**	**201,267**	**167,292**	**614,379**
Profit for the period/year	**144,929**	**532,252**	**16,239**	**59,638**	**260,793**	**957,761**	**54,804**	**201,267**	**167,292**	**614,379**
Total comprehensive income for the period/year	**144,929**	**532,252**	**16,239**	**59,638**	**271,211**	**996,022**	**53,277**	**195,658**	**161,973**	**594,845**

Summary consolidated statement of financial position data

	As at 31 March 2023		As at 31 December					
			2022		2021		2020	
	USD '000	*AED '000*	*USD '000*	*AED '000*	*USD '000*	*AED '000*	*USD '000*	*AED '000*
ASSETS								
Total non-current assets	**3,590,068**	**13,184,525**	**3,551,129**	**13,041,520**	**1,833,302**	**6,732,801**	**1,147,489**	**4,214,155**
Total current assets	**1,138,833**	**4,182,364**	**957,331**	**3,515,798**	**853,912**	**3,135,990**	**735,092**	**2,699,625**
TOTAL ASSETS	**4,728,901**	**17,366,889**	**4,508,460**	**16,557,318**	**2,687,214**	**9,868,791**	**1,882,581**	**6,913,780**
EQUITY AND LIABILITIES								
Total equity	**3,995,139**	**14,672,148**	**1,800,290**	**6,611,565**	**1,529,079**	**5,615,543**	**1,475,803**	**5,419,885**
Total non-current liabilities	**133,379**	**489,834**	**2,107,693**	**7,740,501**	**736,820**	**2,705,971**	**79,242**	**291,016**
Total current liabilities	**600,383**	**2,204,907**	**600,477**	**2,205,252**	**421,315**	**1,547,277**	**327,537**	**1,202,879**
Total liabilities	**733,762**	**2,694,741**	**2,708,170**	**9,945,753**	**1,158,135**	**4,253,248**	**406,779**	**1,493,895**
Total Equity and Liabilities	**4,728,901**	**17,366,889**	**4,508,460**	**16,557,318**	**2,687,214**	**9,868,791**	**1,882,581**	**6,913,780**

Summary consolidated statement of cash flow data

As at and for the three-month period ended 31 March

	2023		2022	
	USD '000	*AED '000*	*USD '000*	*AED '000*
Profit for the period	144,929	532,252	16,239	59,638
Net cash generated from / (used in) operating activities	216,825	796,290	(38,707)	(142,151)
Net cash used in investing activities	(42,162)	(154,840)	(168,547)	(618,989)
Net cash used in financing activities	(6,263)	(23,001)	(6,776)	(24,885)
Net increase / (decrease) in cash and cash equivalents	168,400	618,449	(214,030)	(786,025)
Cash and cash equivalents at end of the period	333,333	1,224,165	154,417	567,096

	As at and for the year ended 31 December					
	2022		2021		2020	
	USD '000	*AED '000*	*USD '000*	*AED '000*	*USD '000*	*AED '000*
Profit for the year	260,793	957,761	54,804	201,267	167,292	614,379
Net cash generated from operating activities	281,364	1,033,306	502,810	1,846,568	56,827	208,697
Net cash used in investing activities	(1,744,246)	(6,405,739)	(816,916)	(3,000,123)	(330,656)	(1,214,335)
Net cash generated from / (used in) financing activities	1,259,368	4,625,029	585,450	2,150,066	(367,467)	(1,349,521)
Net (decrease) / increase in cash and cash equivalents	(203,514)	(747,404)	271,344	996,511	(641,296)	(2,355,159)
Cash and cash equivalents at end of the year	164,933	605,717	368,447	1,353,121	97,103	356,610

ZMI Holdings

Summary consolidated statement of comprehensive income data

	For the ten-month period ended 31 October		For the year ended 31 December	
	2022	2021	2021	2020
	USD			
Revenue	348,038,857	264,144,045	316,972,854	282,852,221
Direct costs	(192,616,239)	(145,610,502)	(174,841,680)	(171,616,211)
Loss on sale of vessels, plant and equipment	(23,201,128)	(231,145)	-	-
Gross profit	**132,221,490**	**118,302,398**	**142,131,174**	**111,236,010**
Operating profit for the period/year	**83,865,171**	**97,484,045**	**113,823,651**	**87,570,926**
Profit before tax for the period/year	**48,561,462**	**75,851,474**	**91,021,770**	**61,477,326**
Profit for the period/year	**47,362,353**	**75,601,474**	**90,721,770**	**60,858,304**
Total comprehensive income for the period/year	**47,362,353**	**75,601,474**	**90,721,770**	**60,858,304**

Summary consolidated statement of financial position data

	As at 31 October	As at 31 December	
	2022	2021	2020
	USD		
ASSETS			
Total non-current assets	**954,883,224**	**894,942,471**	**879,661,824**
Total current assets	**177,919,547**	**161,608,283**	**119,896,886**
TOTAL ASSETS	**1,132,802,771**	**1,056,550,754**	**999,558,710**
EQUITY AND LIABILITIES			
Total equity	**1,050,653,380**	**486,798,120**	**395,996,350**
Total non-current liabilities	**4,472,008**	**449,784,175**	**357,862,063**
Total current liabilities	**77,677,383**	**119,968,459**	**245,700,297**
Total liabilities	**82,149,391**	**569,752,634**	**603,562,360**
Total Equity and Liabilities	**1,132,802,771**	**1,056,550,754**	**999,558,710**

Summary consolidated statement of cash flows data

	As at and for the ten-month period ended 31 October		As at and for the years ended 31 December	
	2022	2021	2021	2020
	USD			
Profit for the period/year	47,362,353	75,601,474	90,721,770	60,858,304
Net cash generated from operating activities	133,867,438	95,565,229	136,520,775	138,405,446
Net cash used in investing activities	(114,690,669)	(28,862,090)	(59,878,111)	(31,953,746)
Net cash used in financing activities	(19,344,081)	(72,801,442)	(47,809,859)	(99,500,762)
Net (decrease) / increase in cash and cash equivalents	(167,312)	(6,098,303)	28,832,805	6,950,938
Cash and cash equivalents at end of the period/year	47,819,985	13,056,188	47,987,297	19,154,491

Other Historical Financial Data[(1)]

Non-IFRS Measures

	For the three-month period ended 31 March		For the year ended 31 December		
	2023	2022	2022	2021	2020
	USD '000, except percentages and ratios				
EBITDA	**198,526**	**51,473**	**453,303**	**168,294**	**248,537**
Integrated Logistics	100,574	21,987	164,024	103,341	99,804
Shipping	83,091	29,205	275,441	125,700	86,472
Marine Services	8,132	3,129	27,089	35,923	40,311
Others	6,729	(2,848)	(13,251)	(96,670)	21,950
EBITDA Margin	**34%**	**16%**	**23%**	**14%**	**24%**
Integrated Logistics	29%	17%	18%	24%	23%
Shipping	41%	19%	32%	21%	20%
Marine Services	20%	9%	16%	21%	26%
Adjusted EBITDA	**198,526**	**51,473**	**453,303**	**259,210**	**248,537**
Integrated Logistics	100,574	21,987	164,024	103,341	99,804
Shipping	83,091	29,205	275,441	125,700	86,472
Marine Services	8,132	3,129	27,089	35,923	40,311
Others	6,729	(2,848)	(13,251)	(5,754)	21,950
Adjusted EBITDA Margin	**34%**	**16%**	**23%**	**22%**	**24%**
Integrated Logistics	29%	17%	18%	24%	23%
Shipping	41%	19%	32%	21%	20%
Marine Services	20%	9%	16%	21%	26%
Operating Free Cash Flow (OFCF)	225,824	(38,801)	264,325	501,817	58,571
Free Cash Flow (FCF)	179,884	(166,543)	(35,615)	(261,382)	(274,234)
Levered Free Cash Flow (LFCF)	179,884	(166,543)	(60,212)	(262,111)	(274,234)
Adjusted Net Income	144,929	16,239	260,793	145,720	167,292
Capital Expenditure	(45,940)	(127,742)	(299,940)	(763,199)	(332,805)
Capital Expenditure as a percentage of revenue	8%	41%	15%	64%	33%
Total Working Capital Adjustments	27,565	(90,274)	(187,628)	242,607	(189,966)
Net Debt and Cash	(259,429)	n.a.	1,814,104	282,629	(48,373)
Net Debt and Cash / EBITDA	(1.3x)	n.a.	4.0x	1.7x	(0.2x)
Net Debt and Cash / Adjusted EBITDA	(1.3x)	n.a.	4.0x	1.1x	(0.2x)

(1) For definitions of the Non-IFRS Measures presented in this table, see "*Presentation of Financial and Other Information—Non-IFRS Measures*". For reconciliations of EBITDA, Adjusted EBITDA, Adjusted Net Income, Operating Free Cash Flow, Free Cash Flow and Levered Free Cash Flow, see "*Selected Historical Financial and Key Operating Information*".

Reportable Segments of ADNOC L&S

Summary consolidated income statement data

	For the three-month period ended 31 March 2023							
	Integrated Logistics		Shipping (Total)[(1)]		Marine Services		Others	
	USD '000	*AED '000*	*USD '000*	*AED '000*	*USD '000*	*AED '000*	*USD '000*	*AED '000*
Revenue	350,956	1,288,886	200,567	736,582	40,654	149,302	-	-

Direct costs	(260,611)	(957,094)	(132,585)	(486,918)	(33,213)	(121,975)	-	-
Gross profit	**90,345**	**331,792**	**67,982**	**249,664**	**7,441**	**27,327**	**-**	**-**
Operating profit	**70,010**	**257,112**	**60,783**	**223,226**	**3,687**	**13,541**	**6,729**	**24,712**
Profit before tax for the period	**69,147**	**253,942**	**64,515**	**236,931**	**3,687**	**13,541**	**7,847**	**28,818**
Profit for the period	**68,880**	**252,962**	**64,515**	**236,931**	**3,687**	**13,541**	**7,847**	**28,818**

(1) Shipping is a business unit which comprises the tankers, gas carriers and dry-bulk shipping reportable segments as set out below:

	For the three-month period ended 31 March 2023					
	Shipping					
	Tankers		Gas carriers		Dry-bulk shipping	
	USD '000	*AED '000*	*USD '000*	*AED '000*	*USD '000*	*AED '000*
Revenue	95,800	351,826	45,378	166,651	59,389	218,106
Direct costs	(59,117)	(217,107)	(25,212)	(92,591)	(48,256)	(177,220)
Gross profit	**36,683**	**134,718**	**20,166**	**74,060**	**11,133**	**40,886**
Operating profit	**33,602**	**123,403**	**18,343**	**67,365**	**8,838**	**32,458**
Profit before tax for the period	**33,602**	**123,403**	**22,075**	**81,070**	**8,838**	**32,458**
Profit for the period	**33,602**	**123,403**	**22,075**	**81,070**	**8,838**	**32,458**

	For the three-month period ended 31 March 2022							
	Integrated Logistics		Shipping (Total)(1)		Marine Services		Others	
	USD '000	*AED '000*	*USD '000*	*AED '000*	*USD '000*	*AED '000*	*USD '000*	*AED '000*
Revenue	127,232	467,260	150,199	551,606	35,526	130,469	-	-
Direct costs	(105,023)	(385,697)	(131,766)	(483,911)	(32,219)	(118,324)	-	-
Gross profit / (loss)	**22,209**	**81,563**	**18,433**	**67,695**	**3,307**	**12,145**	**(3,005)**	**(11,036)**
Operating profit / (loss)	**11,260**	**41,352**	**11,531**	**42,348**	**(769)**	**(2,824)**	**(2,848)**	**(10,459)**
Profit / (loss) before tax for the period	**10,389**	**38,154**	**12,144**	**44,599**	**(769)**	**(2,824)**	**(5,525)**	**(20,291)**
Profit / (loss) for the period	**10,389**	**38,154**	**12,144**	**44,599**	**(769)**	**(2,824)**	**(5,525)**	**(20,291)**

(1) Shipping is a business unit which comprises the tankers, gas carriers and dry-bulk shipping reportable segments as set out below:

	For the three-month period ended 31 March 2022					
	Shipping					
	Tankers		Gas carriers		Dry-bulk shipping	
	USD '000	*AED '000*	*USD '000*	*AED '000*	*USD '000*	*AED '000*
Revenue	42,304	155,361	36,869	135,401	71,026	260,843
Direct costs	(57,076)	(209,612)	(19,648)	(72,157)	(55,042)	(202,142)
Gross (loss) / profit	**(14,772)**	**(54,250)**	**17,221**	**63,244**	**15,984**	**58,701**
Operating (loss) / profit	**(17,299)**	**(63,531)**	**15,308**	**56,219**	**13,522**	**49,660**
(Loss) / profit before tax for the period	**(17,299)**	**(63,531)**	**15,921**	**58,470**	**13,522**	**49,660**
(Loss) / profit for the period	**(17,299)**	**(63,531)**	**15,921**	**58,470**	**13,522**	**49,660**

	For the year ended 31 December 2022							
	Integrated Logistics		Shipping (Total)(1)		Marine Services		Others	
	USD '000	*AED '000*	*USD '000*	*AED '000*	*USD '000*	*AED '000*	*USD '000*	*AED '000*
Revenue	923,015	3,389,771	861,815	3,165,017	167,343	614,566	-	-
Direct costs	(768,155)	(2,821,054)	(630,130)	(2,314,150)	(138,778)	(509,661)	-	-
Gross profit / (loss)	**154,860**	**568,717**	**231,685**	**850,867**	**28,565**	**104,905**	**(5,962)**	**(21,894)**
Operating profit / (loss)	**95,642**	**351,242**	**202,151**	**742,400**	**10,333**	**37,947**	**(13,251)**	**(48,660)**
Profit / (loss) before tax for the year	**92,196**	**338,590**	**204,170**	**749,815**	**10,333**	**37,947**	**(44,556)**	**(163,632)**
Profit / (loss) for the year	**90,846**	**333,631**	**204,170**	**749,815**	**10,333**	**37,947**	**(44,556)**	**(163,632)**

(1) Shipping is a business unit which comprises the tankers, gas carriers and dry-bulk shipping reportable segments as set out below:

	For the year ended 31 December 2022					
	Shipping					
	Tankers		Gas carriers		Dry-bulk shipping	
	USD '000	*AED '000*	*USD '000*	*AED '000*	*USD '000*	*AED '000*
Revenue	334,570	1,228,709	169,117	621,083	358,128	1,315,225
Direct costs	(265,373)	(974,581)	(100,898)	(370,548)	(263,859)	(969,021)
Gross profit	**69,197**	**254,128**	**68,219**	**250,535**	**94,269**	**346,204**
Operating profit	**57,225**	**210,160**	**60,702**	**222,928**	**84,224**	**309,312**
Profit before tax for the year	**57,218**	**210,134**	**62,728**	**230,369**	**84,224**	**309,312**

Net profit for the year	**57,218**	**210,134**	**62,728**	**230,369**	**84,224**	**309,312**

	For the year ended 31 December 2021							
	Integrated Logistics		Shipping (Total)[1]		Marine Services		Others	
	USD '000	*AED '000*	*USD '000*	*AED '000*	*USD '000*	*AED '000*	*USD '000*	*AED '000*
Revenue	428,616	1,574,090	589,731	2,165,787	172,456	633,346	-	-
Direct costs	(324,891)	(1,193,157)	(494,872)	(1,817,418)	(133,343)	(489,704)	-	-
Gross profit / (loss)	**103,725**	**380,933**	**94,859**	**348,369**	**39,113**	**143,642**	**(11,097)**	**(40,755)**
Operating profit / (loss)	**68,268**	**250,716**	**66,541**	**244,373**	**21,884**	**80,367**	**(96,670)**	**(355,023)**
Profit / (loss) for the year	**66,643**	**244,749**	**67,596**	**248,248**	**21,884**	**80,367**	**(101,319)**	**(372,097)**

(1) Shipping is a business unit which comprises the tankers, gas carriers and dry-bulk shipping reportable segments as set out below:

	For the year ended 31 December 2021					
	Shipping					
	Tankers		Gas carriers		Dry-bulk shipping	
	USD '000	*AED '000*	*USD '000*	*AED '000*	*USD '000*	*AED '000*
Revenue	158,100	580,622	136,770	502,289	294,861	1,082,876
Direct costs	(191,034)	(701,572)	(86,992)	(319,479)	(216,846)	(796,367)
Gross (loss) / profit	**(32,934)**	**(120,950)**	**49,778**	**182,810**	**78,015**	**286,509**
Operating (loss) / profit	**(42,749)**	**(156,994)**	**41,477**	**152,325**	**67,813**	**249,042**
(Loss) / profit for the year	**(42,749)**	**(156,994)**	**42,539**	**156,225**	**67,806**	**249,017**

	For the year ended 31 December 2020							
	Integrated Logistics		Shipping (Total)[1]		Marine Services		Others	
	USD '000	*AED '000*	*USD '000*	*AED '000*	*USD '000*	*AED '000*	*USD '000*	*AED '000*
Revenue	428,314	1,572,985	432,724	1,589,178	154,854	568,700	-	-
Direct costs	(320,184)	(1,175,877)	(357,134)	(1,311,575)	(112,206)	(412,077)	-	-
Gross profit / (loss)	**108,130**	**397,108**	**75,590**	**277,603**	**42,648**	**156,623**	**(9,455)**	**(34,725)**
Operating profit	**71,294**	**261,826**	**46,613**	**171,185**	**30,108**	**110,572**	**21,950**	**80,612**
Net profit for the year	**70,973**	**260,650**	**46,564**	**171,006**	**30,108**	**110,572**	**19,646**	**72,151**

(1) Shipping is a business unit which comprises the tankers, gas carriers and dry-bulk shipping reportable segments as set out below:

	For the year ended 31 December 2020					
	Shipping					
	Tankers		Gas carriers		Dry-bulk shipping	
	USD '000	*AED '000*	*USD '000*	*AED '000*	*USD '000*	*AED '000*
Revenue	169,100	621,020	124,500	457,226	139,124	510,932
Direct costs	(154,079)	(565,855)	(76,979)	(282,706)	(126,076)	(463,014)
Gross profit	**15,021**	**55,165**	**47,521**	**174,520**	**13,048**	**47,918**
Operating profit	**2,421**	**8,891**	**38,621**	**141,835**	**5,571**	**20,459**
Profit for the year	**2,421**	**8,891**	**38,600**	**141,760**	**5,543**	**20,355**

Operating Segments of ZMI Holdings

Summary consolidated income statement data

	For the ten-month period ended 31 October					
	2022	2021	2022	2021	2022	2021
	United Arab Emirates and Other		Saudi Arabia		Qatar	
	USD					
Revenue	137,760,980	148,362,627	122,655,183	71,584,511	87,622,694	44,196,907
Direct costs (excluding depreciation)	(75,821,186)	(61,884,117)	(55,645,269)	(31,394,446)	(24,178,765)	(17,385,339)
(Loss) / profit for the period	**(16,668,039)**	**44,540,445**	**25,032,676**	**18,209,245**	**38,997,716**	**12,851,784**

	For the year ended 31 December					
	2021	2020	2021	2020	2021	2020
	United Arab Emirates and Other		Saudi Arabia		Qatar	
	USD					

Revenue	178,035,152	211,785,408	85,901,413	45,429,733	53,036,289	25,637,080
Direct costs (excluding depreciation)	(75,576,642)	(93,307,182)	(36,777,221)	(21,572,409)	(20,366,165)	(14,947,983)
Profit before tax for the year	**53,808,626**	**50,063,062**	**21,816,760**	**9,035,429**	**15,396,384**	**2,378,835**

Selected Fleet Size Data

The following table sets out details of our owned fleet as at 31 March 2023:

	As at 31 March 2023 [(1)]
Dry bulk	9
Container	3
Tanker	22[(2)]
Gas	22[(3)]
Offshore logistics	101
Jack-up barges[(4)]	23
Marine Services	65[(5)]

(1) Including vessels which are either contractually committed or contracted and under construction for scheduled delivery between 2023 and 2026.

(2) Including four vessels which have been ordered and are scheduled to be delivered within 2023.

(3) Including (i) six VLGCs owned by AW Shipping Limited and (ii) six LNG carriers which have been ordered for scheduled delivery between 2025 and 2026.

(4) Jack-up barges acquired as part of the ZMI Holdings Acquisition.

(5) Including 39 vessels for marine terminal operations and 26 oil spill response vessels. Includes two mini dive support vessels and two ASD tugs under construction.

SUMMARY UNAUDITED PRO FORMA FINANCIAL INFORMATION AND OTHER ADJUSTED UNAUDITED PRO FORMA FINANCIAL INFORMATION DATA

The tables below present the summary unaudited pro forma financial information derived from the Unaudited Pro Forma Financial Information. The tables should be read in conjunction with ADNOC L&S Financial Statements, ZMI Holdings Financial Statements and the unaudited pro forma statement of comprehensive income of ADNOC L&S for the year ended 31 December 2022 with the related explanatory notes thereto.

The Unaudited Pro Forma Financial Information has been prepared for illustrative purposes only. Due to its nature, the Unaudited Pro Forma Financial Information addresses a hypothetical situation and, therefore, does not represent the Company's actual financial performance and may not give a true picture of its financial performance. In addition, the Unaudited Pro Forma Financial Information does not reflect forward-looking information and is not intended to present the expected future results of ADNOC L&S, given that it has been prepared solely for the purposes of illustrating the ZMI Holdings Acquisition applied to the historical financial information of the ADNOC L&S for the year ended 31 December 2022 as if such acquisition had occurred on 1 January 2022. The Unaudited Pro forma Financial Information does not purport to project ADNOC L&S' results of operations for any future period and it also does not reflect the impact of any potential synergies deriving from the ZMI Holdings Acquisition. The Unaudited Pro forma Financial Information set out in this Offering Memorandum is based on available information and certain assumptions and estimates that we believe are reasonable and may differ materially from the actual amounts that would have been achieved had the ZMI Holdings Acquisition occurred on 1 January 2022. It is derived from, and should be read in conjunction with, the consolidated financial statements of ADNOC L&S as at and for the year ended 31 December 2022 prepared in accordance with IFRS, and the unaudited condensed consolidated financial information of ZMI Holdings as at and for the ten-month period 31 October 2022, prepared in accordance with IAS 34. The Unaudited Pro Forma Financial Information is prepared, unless otherwise specified, on a basis that is consistent with the accounting policies used in the preparation of ADNOC L&S Financial Statements.

Summary Unaudited Pro Forma Statement of Comprehensive Income Data

	Unaudited Pro Forma Financial Information for the year ended 31 December 2022
	USD '000
Revenue	2,287,234
Direct costs	(1,730,697)
Loss on sale of property, plant and equipment	(23,201)
Gross profit	**533,336**
Operating profit	**370,722**
Profit before tax for the year	**266,129**
Profit for the year	**263,580**
Total comprehensive income for the year	**273,998**

Summary Other Unaudited Pro Forma Financial Information Data(1)

	Unaudited Pro Forma Financial Information for the year ended 31 December 2022
	USD '000
Integrated Logistics	**1,258,076**
Shipping	**861,815**
Tankers	*334,570*
Gas carriers	*169,117*
Dry-bulk shipping	*358,128*
Marine Services	**167,343**
Others	-
Total revenue	**2,287,234**

	For the year ended 31 December 2022
	USD '000 except for percentages

Pro forma EBITDA	**576,054**
Integrated Logistics	326,707
Shipping	275,441
Marine Services	27,089
Others	(53,183)
Pro forma EBITDA Margin	**25%**
Integrated Logistics	26%
Shipping	32%
Marine Services	16%

(1) For definitions of Pro forma EBITDA and Pro forma EBITDA Margin, see "*Presentation of Financial and Other Information—Non IFRS Measures—Unaudited Pro Forma Non-IFRS Measures*". For reconciliations of Pro forma EBITDA to pro forma profit for the year, see "*Selected Unaudited Pro Forma Financial Information and Other Adjusted Unaudited Pro Forma Financial Information Data*".

Summary Other Adjusted Unaudited Pro Forma Financial Information Data[(1)]

	For the year ended 31 December 2022
	USD '000 except for percentages
Adjusted pro forma EBITDA	**599,255**
Integrated Logistics	326,707
Shipping	275,441
Marine Services	27,089
Others	(29,982)
Adjusted pro forma EBITDA Margin	**26%**
Integrated Logistics	26%
Shipping	32%
Marine Services	16%
Adjusted pro forma Net Income	**286,781**

Net Debt and Cash / Adjusted pro forma EBITDA calculated as Net Debt and Cash, as at 31 December 2022 of USD 1,814,104 thousand, divided by Adjusted pro forma EBITDA of USD 599,255 thousand for the year ended 31 December 2022 was 3.0x.

Net Debt and Cash / Adjusted pro forma EBITDA calculated as Net Debt and Cash, as at 31 March 2023 of USD (259,429) thousand, divided by Adjusted pro forma EBITDA of USD 599,255 thousand for the year ended 31 December 2022 was (0.4x).

(1) For definitions of Adjusted Pro forma EBITDA, Adjusted pro forma EBITDA Margin, Adjusted pro forma Net Income and Net Debt and Cash / Adjusted pro forma EBITDA, see "*Presentation of Financial and Other Information—Non-IFRS Measures—Adjusted Unaudited Pro Forma Non-IFRS Measures*". For reconciliations of Adjusted pro forma EBITDA and Adjusted pro forma Net Income to pro forma profit for the year, see "*Selected Unaudited Pro Forma Financial Information and Other Adjusted Unaudited Pro Forma Financial Information Data*".

RISK FACTORS

Investing in and holding the Shares involves financial risk. Prospective investors in the Shares should carefully review all of the information contained in this Offering Memorandum and should pay particular attention to the following risks associated with an investment in us and the Shares, that should be considered together with all other information contained in this Offering Memorandum. If one or more of the following risks were to arise, our business, financial condition, results of operations, prospects or the price of the Shares could be materially and adversely affected, and investors could lose all or part of their investment. The risks set out below may not be exhaustive and do not necessarily include all of the risks associated with an investment in us and the Shares. Additional risks and uncertainties not currently known to us or which we currently deem immaterial may arise or become material in the future and may have a material adverse effect on our business, results of operations, financial condition, cash flows, prospects or the price of the Shares.

This Offering Memorandum contains "forward-looking" statements that involve risks and uncertainties. Our actual results may differ materially from those anticipated in these forward-looking statements as a result of various factors, including the risks discussed below and elsewhere in this Offering Memorandum. See "Information Regarding Forward-Looking Statements".

Risks Related to Our Business

We may not be able to successfully achieve and implement our business and growth strategy or meet our medium term targets.

As part of our business and growth strategy, we are in the process of implementing numerous expansion plans, including expanding our integrated logistics infrastructure, acquiring additional vessels, expanding our onshore warehousing and logistics infrastructure while also focusing on enhancing our capabilities and improving operational efficiency across our entire organisation. Our strategy may also involve further acquisitions (such as the ZMI Holding Acquisition which was completed in November 2022) and joint ventures (such as AW Shipping Limited, a joint venture between Abu Dhabi Marine International Operations Holdings RSC Limited and Wanhua Chemical (Singapore) Pte Ltd (a company in the Wanhua Chemical Group)) in the future, including in new business areas which we may not have much experience. For example, we intend to expand our jack-up barges capabilities in the future to enter new businesses, such as the EPC sector, in addition to entering into and strengthening our relationship with existing and new clients as well as providing new services, such as our ILSP model solutions and hydrogen exports. See "*Business—Our Growth Strategy*". Consequently, our future growth and financial performance will depend in part on our ability to identify such new markets and gain new clients, effectively compete in new markets and identify and enter into suitable joint venture arrangements and acquisitions.

There can be no assurance that we will be successful in implementing our planned business and growth strategy or achieve intended targets. In particular, the implementation of our business and growth strategy may be costly and ineffective or delayed. Furthermore, our business strategy as described in this Offering Memorandum (including our medium term targets set out in "*Business—Our Medium Term Targets*"), represents our objectives only and should not be relied upon to predict actual near term or medium term results or future events. Our medium term targets are unaudited and reflect a number of assumptions relating to our relationship with the ADNOC Group companies as well our clients, market growth, changing market conditions, the pace of technological change as well as the historical patterns observed by us in the past, any of which may not be borne out due to both known and unforeseen risks, uncertainties and other important factors beyond our control that could affect actual results. See also "*—Our business strategy and growth rely on Abu Dhabi's growth plans for the energy sector*." Our medium term targets and the assumptions and judgments underlying such targets carry an inherent degree of uncertainty and may not take into account all relevant considerations. If the assumptions upon which our targets are based prove to be inaccurate, or if our actual financial results and performance are less favourable than expected, there could be a material adverse effect on our business, results of operations, financial condition and prospects in the near- or medium-term.

Our business strategy and growth rely on Abu Dhabi's growth plans for the energy sector.

In November 2020, the former Supreme Petroleum Council (now the Supreme Council for Financial and Economic Affairs) approved a AED 448 billion (approximately USD 122 billion) budget for spending on oil and natural gas over a five-year period and reaching gas self-sufficiency by 2030. Our business strategy is underpinned by ADNOC's global growth strategy and plan to accelerate its targets relating to the production and processing capacity growth, international expansion and low carbon solutions. ADNOC is aiming to meet upstream growth ambitions through the expansion of oil production capacity (expected to increase from 4 million barrels per day to up to 5 million barrels per day by the end of 2027), the development of new (including unconventional) non-associated gas reservoirs (such as Hail and Ghasha) and the continuous exploration of new hydrocarbon prospects (which has so far resulted in ADNOC identifying an additional 2 billion barrels of oil and 1 trillion cubic feet of natural gas reserves in 2022 alone). In addition, ADNOC is targeting to increase its refining capacity to more than 1 million barrels per day, double its petrochemical capacity by 2030, further increase its LNG exports by up to 9.6 million tonnes by 2027 and its green hydrogen production of 1 million tonnes per year. Furthermore, ADNOC has earmarked USD 15 billion for landmark decarbonisation projects by 2030, including carbon capture, electrification, new CO2 absorption technology and enhanced investments in hydrogen and renewables. In preparing our strategy and the medium-term targets set out in "*Business—Our Medium Term Targets*", we have assumed that the successful implementation of ADNOC's strategy will result in benefits for our business and industry. Consequently, our growth strategy is based to a significant extent on the success of ADNOC's growth plans, our ability to capitalise thereon and to retain our positioning as a provider of choice to ADNOC across its entire value chain. However, there can be no assurance that ADNOC will pursue its stated growth plan or that it will be executed in full, either of which may lead to a reduction in the anticipated activity levels of the ADNOC Group companies, or that the anticipated benefits to us will be realised in full or at all. The occurrence of any of the foregoing may have a material adverse impact on our business, results of operations, financial condition and prospects.

We are dependent on our relationships with ADNOC and ADNOC Group companies which generate a significant portion of our total revenue.

The ADNOC Group companies constitute our largest clients and the parent of the ADNOC Group is our controlling shareholder. The ADNOC Group companies accounted for 72% of our revenue for the year ended 31 December 2022, including approximately 90% of our revenue in the Integrated Logistics business unit, approximately 60% of our revenue in the Shipping business unit and approximately 95% of our revenue in the Marine Services business unit. Although we have entered into various Long-Term Agreements with the ADNOC Group companies for the provision of services in the coming years, these agreements are typically subject to early termination under certain limited circumstances or may not be renewed. As a result, there can be no assurance that such contracts will not be terminated or that the ADNOC Group companies will renew such contracts with us in the future once their terms have expired. Further, even if renewed, there is no certainty that we will be able to secure contractual terms and conditions that are on similar terms to those of the agreements in place as of the date of this Offering Memorandum. See "*Business—Material Agreements*".

Moreover, due to the importance of the ADNOC Group companies to our overall revenue, we depend on the continued financial strength as well as the growth and expansion plans of ADNOC and ADNOC Group companies. See also "*—Our business strategy and growth rely on Abu Dhabi's growth plans for the energy sector*" The ability of the ADNOC Group companies, as our counterparties, to perform their obligations under contracts with us depends on a number of factors that are beyond our control and include, among other things, ADNOC's strategy, general economic conditions and developments in the oil and natural gas industry. While in the past we have been, and expect to continue to be in the future, the service provider of choice to the ADNOC Group companies, any adverse change to our relationship with them, including any reduction in business or the loss of the ADNOC Group companies as our key clients in the future, or a decline in payments under the contracts with the ADNOC Group companies, could have a material adverse effect on our business, results of operations, financial condition and prospects.

Our business performance depends on our ability to renew existing contracts and secure new contracts or charterparties.

As at 31 December 2022 and based on revenues for the year ended 31 December 2022, over 65% of our total revenue is derived from Long-Term Agreements with our clients, including approximately 99% in the Integrated Logistics business unit, approximately 22% in the Shipping business unit and 100% in the Marine Services business unit. See "*Business—Material Agreements*". As a result, our business and financial performance is dependent on our ability to extend the terms of our existing contracts (in particular if such contracts contemplate an extension option), renew such Long-Term Agreements in the future when they expire and secure new contracts and/or charterparties. Our ability to renew such existing contracts and enter into new contracts and/or charterparties is affected by a number of factors, including the implementation of our business and growth strategy and ADNOC's growth strategy as well as our other clients, many of which are beyond our control, such as general market conditions and demand for our services, vessel specifications, local content requirements (such as the "in-country value" requirements in the UAE) and competition.

In the Shipping business unit, we are party to a number of long-term charter agreements and may enter into additional Long-Term Agreements based on our assessment of current and future market conditions and trends. In long-term charters, we have no or limited right to revise rates and therefore, if the market changes, we may be fixed at a lower rate. In short-term charters, however, such fixed period will be shorter and therefore, if market rates change, we will be fixed for a shorter period. There can be no assurance that we will replace short-term charters with long-term charters or that the terms of any such long-term charters will be favourable to us. In addition, if spot charter or short-term time charter rates decrease rates for longer-term charters, charterers on longer-term charters may default under the charter or attempt to re-negotiate it at a lower rate.

Any contract renewals and new contracts, including the rates and fees we are able to secure, are typically assessed by taking into account prevailing market conditions at the time of renewal or contracting. As a result, even if we were to be successful in retaining our contracts or entering into new contracts and/or charterparties, as applicable, the terms may be less favourable to us and could result in a lower contribution to our consolidated revenue and profits than under the existing contract or charterparty for the same service. If we are unable to enter into new contracts or extend existing contracts, or if new or renewed charters are entered into at rates that are materially lower, our business, results of operations, financial condition and prospects could be materially adversely affected.

We are subject to risks relating to the implementation of new projects and expansion of our business activities.

Our business and growth strategy involves the expansion of our fleet, expansions of our services provided to the ADNOC Group companies and other clients and entry into new business verticals. See "*Business—Our Growth Strategy*" and "*Business—Our Medium Term Targets*". Prior to completion of any such projects, we are subject to a number of internal and external construction, financing, operating and other risks that may be beyond our control. In addition, such projects are expected to require substantial capital expenditures throughout the planning, development, implementation, construction and upgrading phases, increased costs, such as due to higher lease rates for expanded facilities, and may take months or years before such projects become operational and start generating revenue and cash flow for us. See "*—We rely on debt to finance our operations and capital expenditure and may seek external debt financing in the future which may contain certain restrictions limiting our flexibility to operating our business*". The occurrence of one or more of these events may negatively affect our ability to complete our current or future projects on schedule, if at all, or within the estimated budget and may prevent us from achieving the projected revenue, internal rates of return or capacity utilisation envisaged with such projects and could result in unforeseen costs or liabilities. There can be no assurance that any such projects will be successful or will generate sufficient revenue or profit to cover the associated construction, development and other costs.

We rely on debt to finance our operations and capital expenditure and may seek external debt in the future which may contain certain restrictions limiting our flexibility to operating our business.

Historically, we have financed our operations from cash flows from operating activities and shareholder loans from ADNOC. On 5 May 2023, ADNOC L&S entered into a USD 350 million revolving credit facility and a USD 1,500 million term loan facility with ADNOC. As at the date of this Offering Memorandum, we have not drawn any amount under those facilities. See "*Business—Material Agreements—Financing Arrangements*".

We intend to finance a significant portion of our future capital expenditures with external debt financing. There can be no assurance that such debt financing will be available in such amounts as required to fund our operations in the future, at interest rates similar to our current shareholder loans or otherwise commercially acceptable terms, or at all. If cash generated by operations is not sufficient to meet any shortfall in our capital requirements due to the unavailability of debt financing, or if we are unable to secure loans from ADNOC, the failure to obtain additional financing could result in our being unable to pursue these future projects in a timely manner or at all, or if it is not possible to cancel or stop a project, result in our being legally obliged to carry out a project contrary to our desire or with negative economic impact on the business.

While our current facilities with ADNOC do not contain any restrictive covenants, we may in the future enter into external debt arrangements to seek additional financing, or to refinance our existing facilities with ADNOC. Any such future debt agreements may contain restrictive covenants as well as cross default clauses whereby a default under one debt obligation may constitute an event of default under other outstanding debt obligations. Any such covenants could prevent us from engaging in certain transactions that we may view as desirable without the consent of the lenders. Furthermore, a breach of any of such covenants may result in a default under our debt obligations in which the relevant covenant is included, which may result in all amounts outstanding thereunder becoming immediately due and payable and the termination of all commitments to extend further credit to us.

The occurrence of any of the foregoing may have a material adverse impact on our business, results of operations, financial condition and prospects.

We may not be successful in acquiring or integrating new businesses and may not be able to realise our projected returns from strategic transactions.

We have in the past completed, and will continue to consider in the future, strategic transactions, including acquisitions (such as the ZMI Holdings Acquisition), partnerships, joint ventures (such as AW Shipping Limited), business combination transactions, dispositions, spin-offs or other major transactions that require significant managerial resources, which may cause a diversion from our other activities and may impair the operation of our business. The risks of any transaction through investments, acquisitions, partnerships, joint ventures, business combination transactions, dispositions, or spin-offs are increased due to the significant capital and other resources that we may have to commit to any such transaction, which may not be recoverable if the transaction initiative to which they were devoted is ultimately not implemented. Even in cases where we acquire a majority interest, our joint venture or strategic partners may have significant influence over policies, including consent rights with respect to certain specified matters, and we may fail to gain the support of our partners for our business plans. We typically have a lesser degree of control over the internal management, business operations and strategic direction of the joint ventures and businesses in which we make minority investments. In addition, disagreements and/or disputes may arise between partners resulting in decisions which we view as favourable being blocked or decisions which we view as unfavourable being passed. In November 2022, we completed the ZMI Holdings Acquisition. ZMI Holdings will continue to exist as a wholly-owned subsidiary in our Group, is part of our Integrated Logistics business unit and has been fully consolidated financially into ADNOC L&S.

While we have not experienced any significant issues with the integration of ZMI Holdings, our current and future acquisitions, partnerships, joint ventures, business combination transactions, dispositions, spin-offs or other major transactions may be subject to certain risks, including:

- difficulties in integrating or separating the parties' operations, systems, technologies, products and personnel;
- incurrence of significant transaction-related expenses and other unanticipated costs associated with such transactions;
- potential integration or restructuring costs;
- our ability to obtain the desired financial or strategic benefits or operating and financial efficiencies, synergies and cost savings from any such transaction, and the potential impairment charges related to the goodwill, intangible assets or other assets to which any such transaction relates, in the event that the financial benefits of such transaction prove to be less than anticipated;
- our ability to obtain sufficient financing for any such transaction;
- the parties' ability to retain key business relationships, including relationships with key personnel, other employees, clients, partners and suppliers;
- entry into markets or involvement with products with which we have limited current or prior experience or in which competitors may have stronger positions;
- assumption of contingent liabilities, including litigation;
- exposure to unanticipated liabilities;
- differences in the parties' internal control environments or applicable accounting standards, which may require significant time and resources to resolve in conformity with our legal and accounting standards;
- increased scope, geographic diversity and complexity of our operations;
- the tax effects of any such transaction;
- our ability to obtain regulatory and third-party approvals and consents (including anti-trust and competition approval); and
- the potential for costly and time-consuming litigation or arbitration, including shareholder court or arbitration proceedings.

As a result of these and other factors, including general economic risks, we may not be able to realise our projected returns from any current and future acquisitions, partnerships, joint ventures, business combination transactions, dispositions, spin-offs or other major transactions, or the results of any anticipated synergies and efficiencies (including in respect of the ZMI Holdings Acquisition), which could have a material adverse effect on our business, results of operations, financial condition and prospects.

The due diligence process that we undertake in connection with our projects, acquisitions and investments may not identify all relevant facts.

Before implementing any projects, making new investments or engaging in mergers or acquisitions, such as in respect of the ZMI Holdings Acquisition, we conduct due diligence to the extent we deem necessary in accordance with the ADNOC Group policies as adopted by ADNOC L&S and based on the relevant facts and circumstances. When conducting due diligence and making an assessment regarding a project or an investment, we can only rely on resources available to us, including information provided by the target or strategic partner where relevant and, in some circumstances, third party investigations. In some cases, information cannot be verified by reference to the underlying sources to the same extent as we could for information produced from our own internal sources. The due diligence process may at times be subjective and we can offer no assurance that any due diligence investigation we carry out with respect to any project or investment opportunity will reveal or highlight all relevant facts that may be necessary or helpful in evaluating such opportunity. Any failure by us to identify relevant facts through the due diligence process could expose us to liabilities and may mean that projected rates of return and other relevant factors considered by us in making investment decisions could prove to be significantly inaccurate over time, which could have a material adverse effect on our business, results of operations, financial condition and prospects.

We are exposed to risks and potential liabilities from the use of various third-party contractors.

In addition to recruiting our own employees and buying and maintaining equipment, we rely on the provision of labour (including expert technicians and manpower to handle certain advanced equipment and equipment maintenance services), equipment and services by third parties for each of our business units, including manufacturers, service providers and contractors. As a result, our operations are subject to a number of risks, some of which are outside of our control, including failure of third parties to comply with the terms of an agreement (in particular, by original equipment or vessel manufacturers), interruption of a third party's operations due to various risks beyond our control or counterparty credit risks in the event that a third party ceases its business due to insolvency or otherwise and increased costs to find alternative providers. In addition, we may be exposed to additional risks or other unforeseen circumstances, such as a failure of a contractor to comply with applicable legal and regulatory requirements or our policies and difficulty in managing the contractors' workforce, labour unrest or other employment issues. In the past, we have had to pay certain contractors additional costs, such as COVID-related quarantine costs, and were not able to offset these higher costs by increasing our prices.

In particular, the ability and willingness of our ship manufacturers or parties to our charterparties to perform their obligations under a vessel purchase agreement or charterparties with us depend on a number of factors that may be beyond our control and include, among other things, general economic and political conditions, the condition of the shipping market and the overall financial condition of such counterparty. If such parties fail to meet their obligations, we could suffer financial losses and may have to enter into new contracts at possibly lower rates in respect of our charter-out arrangements, higher rates for our charter-in arrangements or incur higher prices for vessels to be acquired by us or services to be rendered to us by such parties. Any such instance may require management's time to be diverted from other pressing or strategic business matters. Furthermore, there can be no assurance that third parties with whom we have charters will not be impacted by the events in Russia and Ukraine or related sanctions, which , in turn, could result in negative publicity and reputational damage to us.

In addition, the various facilities where we provide our logistics services and ports at which our vessels call may need spare parts to be provided in order to replace old or damaged parts in the normal course of their operations. Given the increased activity in the maritime industry and the industry that supplies it, the manufacturers of key equipment for our vessels and the ports (such as engine makers, propulsion systems makers, control system makers and others) may not have the spare parts needed available immediately, or off the shelf, and may have to produce them when required. Delivery disruptions may also occur for reasons out of our control, such as poor handling, transportation bottlenecks, labour strikes, adverse climate conditions and other factors affecting changes in supply and distribution chains. If this were to occur, such facilities may be unable to operate at full capacity or at all while waiting for such spare parts to be produced, delivered, installed and tested, resulting in a loss of revenue for us. There can be no assurance that we would be able to negotiate or maintain terms commercially acceptable to us or locate replacement service providers on a timely basis. The occurrence of one or more of these risks could have a material adverse effect on our business, results of operations, financial condition and prospects.

We face competition from existing competitors and new entrants to the market.

As an integrated maritime logistics and shipping business, we compete with global, regional and local shipping and logistics service providers in each of our business units. We believe that our closest competitors are global and regional companies operating in the energy, shipping and logistics services industry and local companies operating in the infrastructure industry.

In the future, we may face competition from other service providers, including state-owned and government-subsidised entities, smaller competitors as well as new entrants. The competitive landscape is differentiated regionally by numerous factors, such as the number of competitors operating in a specific market, the national and regional infrastructure investment plans by governments, the pricing policies, the level of overhead expenses and the products and services of such competitors, their market penetration, scheduling, vessel availability, size, age and condition of the vessel, quality, experience and reputation of ship operators, the pre-existing relationships with clients or clients' prior experience with specific contractors, the total capacity serving the market, up-to-date technology in terms of methods and equipment, properties, quality, logistics, availability, reliability and innovation, market barriers to entry, and the proximity of natural resources, as well as general economic conditions and demand within the market. In addition, certain of our competitors may be better positioned and have greater financial resources than us and may therefore be able to offer more attractive schedules, services and rates.

Furthermore, the formation of larger alliances could disrupt the competitive landscape. Market participants may engage in vessel pooling activities to gain from cost efficiencies and optimise revenues. In addition, while we are currently not a party to any strategic alliance, our competitors may establish alliances aimed at gaining a competitive edge through cost synergies, joint procurement and joint operations. The occurrence of one or more of these risks could have a material adverse effect on our business, results of operations, financial condition and prospects.

We rely on our senior management and internal and outsourced qualified personnel.

Our ability to operate facilities and manage our business is dependent on our ability to attract and retain qualified personnel, including our experienced senior management, seafarers, specialist engineers and operators and technicians. Additionally, our business is managed by a number of key executive and operational officers who are of particular importance to running our business and operations and we are therefore dependent upon retaining such individuals in our organisation. An increase in the demand for qualified personnel may result in us being unable to hire and retain a sufficient skilled labour force necessary to support our operating requirements and growth strategy. Our labour expenses may increase as a result of a shortage in the supply of skilled personnel and we may also be forced to incur significant training expenses if we are unable to hire employees with the requisite skills. Labour shortages, increased labour or training costs, or the loss of key personnel could materially adversely affect our business, results of operations, financial condition and prospects.

Furthermore, each of our vessels requires a crew which provides a wide-ranging set of expertise in both maritime and jacking operations. While we have historically not experienced any issues with sourcing of our vessel crew, there can be no assurance that we will continue to source sufficient crew members for our operations going forward. In particular, as the majority of the crew for certain positions come from Eastern Europe, Indonesia and the Philippines, finding of qualified crew members by our outsourcing agencies is impacted by a number of factors beyond our control, including political instability and other factors affecting availability of such workers. Any crew members provided by such crewing agencies remain subject to our security clearance, limits on nationalities, visa restrictions policies and procedures in the UAE, which could result in delays or otherwise impact our ability to source crew members.

Any inability to retain our senior management or retain or develop our internal personnel, replace departing personnel or source vessel crew or technical specialists may have an adverse effect on our ability to ensure our vessels are appropriately staffed and operated, and may also result in increased personnel costs.

We have relied and will continue to rely on ADNOC to use the ADNOC brand, infrastructure, personnel and to provide us with certain corporate services.

We believe that the success of our operations is dependent in part on the continuing favourable reputation, market value and name recognition associated with the ADNOC brand, as the ADNOC brand is used in a wide range of different economic sectors in the UAE and internationally. In addition to our operations, the ADNOC brand is associated with the operations of the ADNOC Group companies. Erosion of the value of the ADNOC brand for any reason, including due to the activities and operations of these other ADNOC-affiliated companies over which we have no visibility or control, could have a material adverse effect on our business, financial condition and results of operations.

Our operations are conducted under the ADNOC brand name. On or prior to the Listing, the Company intends to enter into a Brand Usage Agreement with ADNOC pursuant to which ADNOC intends to grant the Company a limited, revocable, non-transferable, non-sublicensable, non-exclusive licence to use certain of ADNOC's trademarks, logo and materials in Africa, Asia, Australia, Europe, North America, South America and any other countries or territories as may be agreed to in writing from time to time, in connection with all operations and any other activities that the Company is currently engaged in. The licence expected to be granted under the Brand Usage Agreement is royalty-free for the first five years. The Brand Usage Agreement is expected to continue in force unless terminated by ADNOC on twelve (12) months' prior written notice to the Company. There can be no assurance we will be successful in negotiating the continued use of the ADNOC brand name, or that the royalties we will be obligated to pay to ADNOC will not have a material adverse effect on our results, operations or financial condition.

As a wholly-owned subsidiary of ADNOC, we have historically relied on ADNOC for the provision of support services, infrastructure and certain personnel. Following the Listing, we expect to enter into a corporate services agreement with ADNOC on an arm's-length basis. If executed, the agreement will set out the terms, conditions and pricing for ADNOC to provide certain corporate services to us, including an option for ADNOC to provide certain additional services to us upon our request. The corporate services are expected to include, among other things: corporate governance, treasury and accounting, human resources, business support services, procurement, communication services, health, safety and environmental (HSE) services, legal services, insurance services, and IT services. If ADNOC were to fail to provide us with the support services we currently rely upon, or if we fail to enter into the corporate services agreement after Listing, we would be required either to contract with another provider of these services, or to develop the capability to perform these services internally, either of which could take a considerable amount of time and increase our costs and in such circumstances, we may not be able to cover our needs at all, or at the same or commercially acceptable costs.

We may be unsuccessful in enhancing the integrity, reliability and efficiency of our internal controls over financial reporting.

Our business relies on internal controls and procedures that regulate client and management information, finance, credit exposure and other aspects of our business. In preparation for the Global Offering, we have implemented a number of new policies, processes, systems and controls intended to permit us to operate and provide reports and other information consistent with a company listed on the Abu Dhabi Securities Exchange. In addition, certain corporate services have been, and are expected to continue to be, provided to us by ADNOC. See "*—We have relied and will continue to rely on ADNOC to use the ADNOC brand, infrastructure, personnel and to provide us with certain corporate services*".

However, we have a limited or no operating history with certain of these policies, processes, systems and controls, and therefore can provide no assurance that we will be able to implement them successfully, and that we will be able to operate and provide reports and other information on a timely and accurate basis. Moreover, there can be no assurances that these policies, processes, systems and controls will be adequate for our requirements generally or our requirements as a publicly owned company. If material weaknesses in our internal control over financial reporting are identified in the future, these may result in our financial statements containing material misstatements, which would require us to restate our financial results, resulting in loss of investor confidence in our reported financial information. In addition, if we are unable to produce accurate and timely financial statements, the market price of our shares may be adversely affected.

We may be involved in disputes and legal proceedings that, if determined unfavourably to us, could have a material adverse effect on us.

In the ordinary course of business, we may be subject to risks relating to legal and regulatory proceedings. Although we are currently involved in ordinary course legal proceedings which we believe are not material, we may be involved in material disputes, in the future, including those initiated by regulatory, competition and tax authorities as well as proceedings with competitors, suppliers, clients, employees and other parties. Our involvement in litigation, arbitration and/or regulatory proceedings may result in the imposition of fines or penalties or reputational damage. Certain of these disputes may relate to key operational matters, such as our permits, and if determined adversely, could have a material adverse effect on our business, results of operations, financial condition and prospects. Furthermore, CO_2-emitting companies are increasingly the target of climate change litigation, whether initiated by organisations or individuals, which may have a material adverse effect on our business. Any such disputes or legal proceedings, whether with or without merit, could be expensive and time consuming, could divert the attention of our management and, if resolved adversely to us, could harm our reputation, result in the payment of monetary damages, injunctive relief and/or increase our costs, all of which could have a material adverse effect on our business, results of operations, financial condition and prospects.

We are exposed to cybersecurity risks and risks associated with the use of information technology which could result in disruptions in business operations and adverse operating results.

We rely on information technology and computer systems to carry out our day-to-day operations, including internal and external communications, the management of our accounting systems and our operations, including the management of vessels and facilities at which we provide our services.

As a result of the increasing complexity of electronic information and communication technology, we are exposed to various risks, ranging from the loss or theft of data, cyber-attacks, stoppages and interruptions to the business, to systems failure and technical obsolescence of information technology systems. Increased global information security threats and more sophisticated cyber-crimes pose a risk to the confidentiality, availability and integrity of our data, operations and infrastructure of the information technology systems, networks, facilities, products and services. Cyber security risks include attacks on information technology and infrastructure by hackers, damage or loss of information due to viruses or ransomware, the unintended disclosure of confidential information, the misuse or loss of control over computer control systems, and breaches due to employee error. Our exposure to cyber security risks includes exposure through third parties on whose systems we place significant reliance for the conduct of our business and exposure through third party suppliers whose systems may be vulnerable to cyber-attacks. The non-availability, violation of confidentiality, or the manipulation of data in critical information technology systems and applications can lead to the uncontrolled outflow of data and expertise and have an adverse effect on our business and operations. Any such violation of confidentiality, manipulation of data or uncontrolled outflow of data could be in breach of the UAE’s Federal Decree by Law No. 45 of 2021 Concerning the Protection of Personal Data which may in turn result in penalties being imposed on us.

While we maintain back-up systems and have implemented security procedures and measures to protect our systems and information from being vulnerable to cyber-attacks and other risks associated with the use of information technology, there can be no assurances that these backup systems and security procedures and measures will prove effective at preventing cyberattacks or other disruptions of our systems or will enable us to recover our systems and data in a timely manner or at all. Should such threats overcome the information security measure implemented by us, they could potentially lead to the compromise of confidential information, improper use of systems and networks, manipulation and destruction of data and operations disruptions, which in turn could have a material and adverse effect on our business, results of operations, financial condition and prospects.

We must continue to invest in technical innovation and continuously improve our quality standards.

Our clients have a high and increasing focus on quality standards with their suppliers across the entire supply chain, including the shipping and transportation industries. Our continued compliance with these standards and quality requirements is vital for our operations.

Technological advancements and innovations in the logistics industry will require us to make substantial investments in digitalisation and automation, as clients seek new and more efficient ways to interact with their shipping and logistics providers. In particular, as part of our business and growth strategy, we are developing a new integrated logistics services digital platform for our operations which is built on three key pillars: (i) smart shipping, (ii) integrated logistics services, including a marketplace, integrated planning centre, field resources enablement, supply chain automation and warehouse and material management, and (iii) advanced marine services, including integrated planning, business analytics and artificial intelligence enabled unified data platform. However, there can be no assurance that our digital platform or any other similar measures which may be implemented by us, will not result in cost overruns relating the implementation of our digital platform or that they will achieve intended results or result in expected efficiencies, which could have a material and adverse effect on our business, results of operations, financial condition and prospects.

Our business involves numerous operating hazards.

Our operations are subject to the hazards typically inherent in marine and shipping operations and the offshore and logistics industry, such as personal injury or loss of life, severe damage to or destruction of property and equipment, pollution and environmental damage, mechanical failures capsizing, grounding, collision, sinking, loss or damage from severe weather, marine life infestations claims and cargo 'off-spec' claims by third parties or clients and suspension of operations, which may be damaging to our reputation and have an adverse effect on our business, financial condition, results of operations and prospects. While some of these claims may only affect the relevant vessel, other claims may affect the overall company operations. In addition, damage to our vessels caused by unsafe port/berth and collision could potentially force us to suspend operations for significant periods of time until the damage can be repaired.

Furthermore, breakdowns and incidents could result in our vessels and facilities being deemed a constructive total loss or an actual total loss, which could result in reputational damage or the termination of a contract by our client or charterer (as the case may be) and, consequently, financial losses to us. In addition, oil facilities, shipyards, vessels, pipelines and oil and natural gas fields could be the target of future terrorist attacks, and our vessels and/or our clients' installations could be the targets of pirates or hijackers. Any such attacks could lead to, among other things, bodily injury or loss of life, payment of ransom, delay in vessel arriving at destination with associated, potential cargo deterioration, vessel or other property damage and increased operational costs, including insurance costs, any of which could have a material adverse effect on our business, results of operations, financial condition and prospects.

We are not fully insured against all potential hazards and risks incidental to our business and our insurance coverage may not adequately cover all losses.

We maintain property, casualty and liability insurance policies, however, we may not be fully insured against all potential hazards and risks incidental to our business, as is typical of insurance policies in our industry. If we were to incur significant liability for which we were not fully insured, it could have a material adverse effect on our business, results of operations, financial condition and prospects. We are subject to various self-retentions, deductibles and limits under our insurance policies. The policies also contain exclusions and conditions that could have a material adverse impact on our ability to receive indemnification thereunder. Our policies are generally subject to annual renewal. As a result of market conditions, our premiums, self-retentions and deductibles for certain insurance policies can increase substantially and, in some instances, certain insurance may become unavailable or available only for reduced amounts of coverage. In addition, significantly increased costs could lead us to decide to reduce, or possibly eliminate, coverage.

Our operations are dependent on maintaining permits and meeting certain requirements from governmental authorities.

We are required by various governmental and quasi-governmental agencies to obtain certain licenses, certificates, approvals, permits and financial assurances with respect to our operations. Our failure to maintain necessary licenses, certificates, approvals, permits or financial assurances could require us to incur substantial costs or temporarily suspend operation of one or more of the vessels in our fleet, or lead to the invalidation or reduction of our insurance coverage.

We hold permits and approvals authorising operations at our facilities in Ruwais and Mussafah in the Emirate of Abu Dhabi and in the Emirates of Fujairah and Sharjah, such as our commercial licences and branch professional licences which are renewed on an annual basis. A decision by a government agency to deny or delay issuing a new or renewed material permit or approval, or to revoke or substantially modify an existing permit or approval, could have a material adverse effect on our ability to continue operations and on its business, financial condition, results of operations and prospects. In certain cases, as a condition to procure such permits and approvals or as a condition to maintain existing approvals, we may be required to comply with regulatory financial assurance requirements. The purpose of these requirements is to assure local or national government agencies that we will have sufficient funds available for the ultimate closure, post-closure care and/or reclamation at our facilities. Additional financial assurance requirements or other increases in local regulations and taxes could have a material adverse effect on our business, results of operations, financial condition and prospects.

Negative publicity may harm our business and results of operations.

We may be exposed to the risk of negative publicity and press speculation concerning our business. The development of negative social perceptions for the energy industry in general, or our processes or the marine and logistics services in particular, or the incorrect use and handling of products by third parties could also have a negative impact and harm on our reputation. In addition, concerns about product and services safety and environmental protection involving the industry or the Group specifically (including as a result of incidents involving the Group or another company in the industry) could influence public perceptions regarding our services and operations, the viability of certain services and products, our reputation, and the ability to attract and retain employees. Any significant damage to our reputation could cause existing clients to terminate their relationship with us or prevent us from winning new contracts. Such general concerns may also lead to the increased scrutiny of authorities and more restrictive legislation.

Furthermore, companies are increasingly being judged by their performance on a variety of environmental, social and governance matters ("**ESG**") which are considered to contribute to the long-term sustainability of companies' performance. In addition, investment in funds that specialise in companies that perform well in such assessments are increasingly popular, and major institutional investors have publicly emphasised the importance of such ESG measures to their investment decisions. Topics taken into account in such assessments include, among others, the company's efforts and impacts on climate change and human rights, ethics and compliance with law, and the role of the company's board of directors in supervising various sustainability issues. We have set a number of targets with respect to ESG matters, however, there can be no assurance that we will be able to achieve our targets within the set timeframe, or at all, or without incurring prohibitive costs. See "*Business—Environmental, Social and Governance (ESG)*". Furthermore, there can be no assurance that we will implement ESG measures fully, manage such matters successfully, or that we will successfully meet investors' or society's expectations as to our proper role. Any failure or perceived failure by us in this regard could have a material adverse effect on our reputation as well as business, results of operations, financial condition and prospects, including the sustainability of our business over time.

Our business could be impacted by acrimonious employee relations or activities and improper acts of our employees.

Our crew contracts are subject to the International Transport Workers' Federation ("**ITF**") regulations, which impose certain minimum standards (such as minimum pay). Any failure to comply with ITF regulations may result in potential limitations for trading in locations where the focus of such regulations is high, such as in Australia, the EU and Scandinavia, and could adversely impact our reputation. It is the responsibility of the crew manager to comply with all regulations, internationally and nationally, for all standards of training, certification and watchkeeping related matters. If the vessel is undertaking any specific activity apart from sailing from one port to another, then the vessel owner should advise the crew manager to check any ITF requirements in the country that the vessel will be stationed at. The terms and conditions of the contract may require amendments to cover any additional costs. Nevertheless, if any incident occurs, the vessel owner's business will be directly impacted. Furthermore, although we consider our employee relations to be good, there can be no assurance that disputes will not emerge with employees, or that union activity will not occur in the future. In addition, we are subject to the risk of improper acts by our employees, including fraud, asset misappropriation and money laundering activities. Such disputes or acts could impact employee performance and workplace relations, result in reputational damage and legal consequences, which, in turn, could adversely affect our business, results of operations, financial condition and prospects.

We could incur expenses related to our post-employment benefit plans.

We operate an un-funded post-employment benefit plan (employees' end of service benefits) for our expatriate employees in the UAE, in accordance with our internal policy and the applicable UAE labour laws. The entitlement to these benefits is based upon the employees' final salary and length of service, subject to the completion of a minimum service period. Payment for employees' end of service benefits is made when an employee leaves, resigns or completes his or her service. With respect to GCC national employees, the contributions are made to the pension funds or agencies of their respective countries. With respect to UAE national employees, contributions are made to the Abu Dhabi Retirement Pensions and Benefits Fund calculated in accordance with the fund's regulations. During the year ended 31 December 2021, we recorded a pension adjustment expense in the amount of USD 90.9 million which was charged to us by ADNOC towards UAE national employees' pension charges. The charge relates to the differential amount paid previously by ADNOC to Abu Dhabi Retirement Pensions and Benefits Fund for services of employees taken over by us for a period since our formation until 31 December 2019. Future changes in the UAE, GCC or international pensions regulation may in the future trigger the necessity for additional pension-related payments which could adversely affect our business, results of operations, financial condition and prospects.

We are subject to numerous environmental, health and safety laws, regulations and permitting requirements, as well as potential environmental liabilities (including pollution, major collisions, oil spills, and carbon

emissions), which may require us to make substantial expenditures or impact our ability to conduct our activities.

We are subject to numerous environmental, health and safety laws and regulations in the UAE and in the countries in which our services are provided, including laws and regulations relating to pollutant emissions, carbon emissions, oil pollution, wastewater discharges, solid and hazardous waste management, the use, composition, handling and distribution and transportation of hazardous materials. Many of these laws and regulations are becoming increasingly stringent, and the cost of compliance with these requirements can be expected to increase over time. We may be subject to more stringent enforcement of existing or new environmental, health and safety laws in the future. Additionally, future environmental, health and safety laws and regulations or reinterpretation of current laws and regulations may require us to make substantial expenditures. Our costs to comply with, or any liabilities under, these laws and regulations could have a material adverse effect on our business, results of operations, financial condition and prospects.

We are not able to predict the impact of new or changed laws or regulations or changes in the ways that such laws or regulations are administered, interpreted or enforced. The requirements to be met, as well as the technology and length of time available to meet those requirements, continue to develop and change. To the extent that the costs associated with meeting any of these requirements are substantial and not adequately provided for, our business, results of operations, financial condition and prospects could be adversely affected.

Furthermore, our ability to comply with health, safety and environmental conventions, laws and regulations could adversely affect our reputation and our ability to win new contracts. In the offshore marine services industry, there is a particular focus on health and safety, and clients evaluate the health and safety track record of a service provider in significant detail when deciding whether to engage a vessel operator. In addition, our clients require us to meet certain quality and safety targets, and may impose service levels in their contracts that require us to maintain health, safety and environmental standards and certifications in addition to those required by applicable laws. Our failure to obtain and/or maintain these certifications or meet these standards may result in our failure to win a new contract, the early termination of an existing contract or the failure to be considered for future contracts, any of which could damage our reputation and have a material adverse effect on our business, results of operations, financial condition and prospects.

Violations of environmental, health and safety laws can result in substantial penalties, court orders to install pollution-control equipment, civil and criminal sanctions (including regarding management), permit revocations, blacklisting of fleet and/or negative discrimination against and facility shutdowns. Additionally, environmental laws often impose strict, joint and several liability for remediation of spills and releases of oil and hazardous substances, which could subject us to liability without regard to whether we were negligent or at fault. Environmental remediation obligations can result in significant costs associated with the investigation and clean-up of contaminated land, ecosystems or water bodies, as well as claims for damage to property. In addition, we could face claims of death or injury to persons resulting from exposure to hazardous materials or of adverse impacts on natural resources resulting from our operations. There can be no assurance that any such obligation will not result in reputational damage and have a material adverse effect on our business, results of operations, financial condition and prospects.

The operation of any company owning vessels is affected by the requirements set out in the IMO's International Management Code for the Safe Operation of Ships and Pollution Prevention, or the ISM Code, promulgated by the IMO under the International Convention for the Safety of Life at Sea of 1974, or SOLAS. The ISM Code requires the party with operational control of a vessel to develop and maintain an extensive "Safety Management System" that includes, among other things, the adoption of a safety and environmental protection policy setting forth instructions and procedures for safe operation and describing procedures for dealing with emergencies. As at the date of this Offering Memorandum we comply with the ISM Code and IMO regulations. However, if we fail to comply with such regulations or if such regulations change in the future, we may be subject to increased liability, invalidation of our existing insurance or a reduction in available insurance coverage for our affected vessels. Non-compliance with the ISM Code and other IMO regulations may subject the shipowner or bareboat charterer to increased liability, may lead to decreases in, or invalidation of, available insurance coverage for affected vessels and may result in the denial of access to, or detention in, some ports.

Risks Related to Our Business Segments

Our new clients other than the ADNOC Group companies may stop outsourcing or begin in-sourcing their logistics activities thereby reducing demand for our services.

Our growth strategy is partially based on the assumption that outsourcing of logistics services provided by our Integrated Logistics business unit will continue in the future as we expand our services to clients other than the ADNOC Group companies. Such clients may see risks in relying on third party service providers or may begin to define these activities as within their own core competencies and, consequently, decide to perform supply chain operations themselves. If such clients are able to improve the cost structure of their in-house supply chain activities, including in particular their labour-related costs, we may not be able to provide them with an attractive alternative for their logistics needs. If such clients in-source significant aspects of their logistics operations, or if such potential new clients decide to continue to perform their own logistics activities, it could have a material adverse effect on our business, results of operations, financial condition and prospects.

Demand for our offshore logistics services is largely linked to the level of operating and maintenance and capital expenditure in the energy sector.

In the energy sector in which the ADNOC Group companies operate and, particularly in relation to our Integrated Logistics business unit, we depend on our clients' willingness and ability to fund their operating and maintenance expenditures, including inspecting, maintaining, repairing and decommissioning offshore production platforms and processing and storage facilities and providing additional offshore accommodation to support a workforce that cannot be accommodated on an installation's own facilities. Operations and maintenance may be impacted by a number of factors, including: (i) the demand for and consumption of energy, which is affected by worldwide population growth, general economic, political and business conditions and technological advances as well as energy diversification plans which may limit the demand for oil and gas and, consequently, our offshore logistics services; (ii) expectations regarding future oil and gas prices; (iii) the level of worldwide oil exploration and production activity and advances in related technology; (iv) the policies of various governments regarding exploration and development of their oil and gas reserves; (v) the cost of exploring for, producing and delivering oil and gas; (vi) the availability of pipeline, storage and refining capacity; and (vii) other factors that could decrease the demand for oil and gas, including taxes on oil and gas, pricing activities undertaken by OPEC and alternative fuels.

Sustained lower expenditure and significantly reduced investment or capital expenditure in the offshore energy industry may result in lower levels of maintenance being performed on existing platforms and facilities and lower levels of construction and capital expenditure in respect of new installations, which would adversely affect our offshore logistics business. In the past, this risk has been exacerbated in periods of low global and/or regional oil and gas prices, which resulted, in such periods, in a reduction of hire/freight rates and increased competition from and alternative offshore support vessel suppliers. Such periods of low global and/or regional oil and gas prices leading to a reduction in hire/freight rates and increased competition could occur again in future market cycles.

We are subject to certain risks associated with the performance of obligations by builders of vessels.

With respect to our Shipping business unit, we currently have (i) five new-build VLGC's which were delivered in 2022 and 2023; and (ii) four new-build VLCC's still to be delivered in 2023. Furthermore, we have six new-build LNG carriers currently being built with scheduled dates between 2025 and 2026. The delivery of these vessels to our Shipping business unit, other vessels on order or any other vessel type which can be deployed in the Shipping or the other business units, could be delayed, not completed or cancelled, result in cost overruns or changes in technical specifications which would delay or eliminate our expected receipt of revenues from the employment of these vessels. In addition, we plan to grow our shipping fleet further in the coming years with vessels that have not yet been ordered or subject to definitive contractual agreements, and there can be no assurance that we will be able to receive such vessels within the timeframe we anticipate or on commercially acceptable terms.

The delivery of vessels that are on order and any future vessels could fail, be delayed or cancelled due to a number of factors:

- work stoppages or other labour disturbances or other events that disrupt the operations of the shipyard building the vessels;
- changes in governmental regulations or maritime self-regulatory organisation standards;
- lack of raw materials or supply chain issues for vessel parts and components;
- bankruptcy or other financial crisis of the shipyard building the vessels;
- our inability to obtain requisite financing or make timely payments;

- a backlog of orders at the shipyard building the vessels;
- hostilities, political, health or economic disturbances in the countries where the vessels are being built;
- weather interference or a catastrophic event, such as a major earthquake, typhoon or fire;
- inadequate quality not meeting our contractual specifications or otherwise;
- shortages or delays in the receipt of necessary construction materials, such as steel;
- our inability to obtain requisite corporate and other permits or approvals for the purchase of new-build vessels;
- a dispute with the shipyard building the vessels, non-performance of the purchase or construction agreement with respect to a vessel by the seller or the shipyard as applicable;
- non-performance of the vessel purchase agreement by the seller;
- our inability to obtain requisite permits, approvals or financings; or
- damage to or destruction of vessels while being operated by the seller prior to the delivery date.

We do not derive any revenue from a vessel until after its delivery and are required to pay substantial sums as progress payments during construction of a newbuilding or for the purchase of a second-hand vessel. In addition, if we enter into charterers related to a vessel to be delivered in the future and, if a shipbuilder or a seller fails to deliver the vessel in the agreed specifications or on time, we may breach our obligations under such charters with our charterers. If we are in breach of those contracts, our charterers may terminate them and, in addition to the resulting loss of revenues, we may be responsible for damages. In addition, while new vessels have warranties with a usual producer warranty period of twelve months from becoming aware of any defect, there can be no assurance that structural, mechanical and electrical problems or defects will be discovered before the expiry of the warranty and as a result we may be required, in such circumstances, to expend significant resources to resolve such defects or procure a replacement.

Adverse changes in the oil, refined products, dry bulk, LPG and LNG industries may materially adversely affect our financial results.

Our Shipping business unit offers commercial and ship management as well as shipping services for transport of crude oil, refined products, dry bulk, LPG and LNG to the end clients of our clients. Consequently, our operating results depend in part on the levels of demand for such products in the geographic areas to which our vessels deliver cargo. As a result, we may be materially adversely affected by a number of factors relating to the energy industry, related products and derivative materials as well as dry bulk, including political instability, natural disasters, terrorist activity, military action, changes to regulatory regimes or other conditions disrupt the availability or supply of such products or otherwise the business operations of our clients. Furthermore, producers of such products may reduce or shut down production during times of lower product prices or higher production costs to the extent production becomes uneconomic, which would impact demand for, and rates of, our shipping services. Commodity prices and tax incentives may not remain at levels that encourage producers to explore for and develop additional reserves, produce existing marginal reserves or renew transportation contracts as they expire. Producers in areas served by us may not be successful in exploring for and developing additional reserves, decreasing the supply of oil and gas and related products, and as a result we may not be able to maintain existing volumes of throughput. Increasing growth of electric vehicles and renewable fuels could lead to a decrease in trading and the movement of crude oil and petroleum products worldwide. Any of the foregoing may have a material adverse effect on our business, results of operations, financial condition and prospects.

Shipping business, including freight rates, is cyclical and volatile in nature.

The shipping market has historically exhibited volatility and cyclicality in demand and supply and consequently, spot and charter rates have fluctuated significantly in recent years. Factors that influence the demand for vessels, contracting and scrapping activity in the shipping section, and, consequently, freight rates, include, but are not limited to the following, many of which are beyond our control:

- bunker prices;
- the particular dominant route on which the cargo is transported;

- average vessel size in specific trades;
- loading and discharge ports selected by the buyer/consignee;
- global and regional supply of and demand for oil and gas resources, commodities, related products and derivative materials;
- the location of consuming regions for oil and gas resources, commodities, related products and derivative materials;
- waiting days in ports;
- domestic and foreign tax policies;
- currency exchange rates;
- energy prices;
- the distance over which products/goods are to be moved by sea;
- competition from alternative sources of energy;
- the globalisation of production and manufacturing;
- the price of refined petroleum products, including the effects of existing or contemplated local government subsidies;
- legal and regulatory changes and developments in the regions where we operate including regulations adopted by supranational authorities and/or industry bodies, such as safety and environmental regulations and requirements;
- global and regional economic and political conditions, including terrorist activities and armed conflicts (including the impact of conflict in Ukraine), international sanctions, embargoes, import and export restrictions, nationalisations, piracy, strikes, tariffs and "trade wars";
- weather, acts of God, natural disasters and other disruptions affecting the supply of commodities to be transported on our vessels;
- developments and disruptions in international trade;
- changes in transportation patterns and the supply of and rates for alternative means of transportation; and
- economic slowdowns caused by public health events such as the COVID-19 pandemic.

Factors that influence the supply of vessels, and, consequently freight rates, include, but are not limited to the following, many of which are beyond our control:

- the number and size of vessels being constructed;
- the scrapping rate of older vessels and vessel casualties;
- the number of vessels that are in dry dock at a given time;
- quality of technical specifications of vessels;
- vessel casualties;
- mergers and acquisitions, bankruptcies, restructurings and alliances;
- the conversion of tankers to other uses, including conversion of vessels from transporting oil and petroleum products to carrying dry bulk cargo and the reverse conversion;
- availability of financing for new or second-hand vessels;
- the price of steel;
- changes in licensing regulations and environmental and other regulations that may limit licenses, the useful life, carrying capacity or the operations of our fleet;
- port or canal traffic and congestion;

- trade and export controls; and
- sanctions.

Global tanker, LNG, and LPG fleet growth rates have varied considerably over the last two decades, reflecting the changing dynamics of the energy markets and the shipping industry. According to the Industry Report, the global fleet capacity is projected to increase in the future. The shipping industry may continue to face oversupply in the coming years. Excess capacity depresses freight rates and can lead to lower utilisation of vessels, which may adversely affect our revenues, profitability and asset values. Until such capacity is fully absorbed by the shipping market and, in particular, the shipping lines on which our operations are focused, the industry will continue to experience downward pressure on freight rates and such prolonged pressure could have a material adverse effect on our business, financial condition, results of operations and prospects.

As a result, we anticipate that the future demand for our vessels will be dependent upon the global economic growth, related cyclicality and regional changes in demand, changes in the capacity of the global commodities vessel fleet and the sources and supply of oil and gas and products transported by sea.

Chartered-in and chartered-out vessels make us sensitive to revenue and cost fluctuations in the charter market.

We charter in vessels from other owners and charter those and our own vessels out to other companies. As a result, we are exposed to fluctuations in the charter market which affect our revenue and cost.

Our Shipping business unit contributed 44% of our total revenue for the year ended 31 December 2022. The transportation of crude oil and other clean petroleum products for our clients and our dry-bulk shipping services operate on a spot basis with prices determined predominantly at market rates (typically at the prevailing market charter rate) at the time of shipment while the transportation of LNG, LPG and molten sulphur operates predominantly under long-term time charters. Furthermore, we charter on a spot basis for time charters (where a vessel is chartered for a period of time) and voyage charters (where a vessel is chartered for a specific destination rather than a period of time) across tankers, LNG and dry bulk.

Spot and index-linked charter rates, such as the shipping industry indices provided by the Baltic Exchange or Worldscale, have historically been volatile and cyclical as a result of prevailing demand and supply dynamics in the market and consequently, spot and charter rates have fluctuated significantly in recent years. In particular, the freight rates for tankers increased sharply in the first quarter of 2020 followed by a rate decrease in the second part of 2020 and in 2021. The charter market became more volatile in 2022 due to geopolitical challenges, including the war between Ukraine and Russia, current trade tension between the United States and China, the COVID-related policy of China which resulted in closure of ports and political instability in the South China Sea region. Since many spot charter rates are fixed to a single voyage, which can last several weeks, there can be delays in realising the benefits of increases in the spot charter rate market.

Vessels operating on period time charters provide more predictable cash flows but can yield lower profit margins than vessels operating in the spot charter market during periods characterised by favourable market conditions. Vessels operating in the spot charter market generate revenues that are less predictable and more volatile but may enable us to capture increased profit margins during periods of improvements in charter rates. Involvement in the spot charter market increases the relative volatility of our cash flows from operations and exposes us to the risk of declining charter rates.

There can be no assurance that the spot and/or charter rates will not continue to be volatile in the future or that we will be successful in keeping our vessels fully employed in these spot markets which may result in a reduction of revenue received from spot chartering. Any significant volatility in the spot and charter rates may adversely affect our business, results of operations, financial condition and prospects.

Bunker fuel prices and manpower cost increases may materially adversely affect our results of operations.

Bunker fuel and other consumption expenses as well as manpower costs (which are costs directly attributable to operations of crew and other operational management and staff) constitute significant components of our direct costs.

The cost of bunker fuel is a significant factor in negotiating charter rates for voyage charters. While increases in bunker prices are generally passed on to charterers on time charters, we are exposed to bunker prices increases in respect of voyage charters. As a result, an increase in the price of bunker fuel may adversely affect our profitability. The pricing and supply of bunker fuel is unpredictable and fluctuates based on events outside our control, including geopolitical developments and market conditions, developments in the international trade, supply and demand for oil and gas, laws or regulations, interruptions in production by suppliers, imposition of restrictions on energy supply by governments, actions by members of OPEC and other oil and gas producers, war and unrest in oil producing countries and regions, regional production patterns and environmental concerns and regulations, including as a result of the developments in Ukraine and the sanctions against Russia, the imposition of sulphur oxide emissions limits in January 2020 and reductions of carbon emissions from January 2023 under new regulations adopted by the International Maritime Organization ("**IMO**"), which may reduce the profitability and competitiveness of our business versus other forms of transportation. Our costs of bunker fuel and other consumption has increased since 2020 and represented 36%, 15% and 11% of our direct costs for the years ended 31 December 2022, 2021 and 2020, respectively.

Manpower costs represented 24%, 31% and 34% of our direct costs for the years ended 31 December 2022, 2021 and 2020, respectively. Manpower remuneration is typically reviewed in light of prevailing market demand and manpower requirements for the asset base and utilisation outlook. Limited supply of and increased demand for suitably-qualified crew in the broader shipping sector has historically created upward pressure on manpower costs (in particular in 2021 and 2020), which we generally bear under our time and spot charters. Furthermore, our manpower costs are expected to increase as we grow our fleet in the future.

Any increases in such costs in the future could have an impact on our direct costs and, consequently, a material adverse effect on our business, results of operations, financial condition and prospects.

We are subject to risks and costs associated with the aging of our vessels and facilities.

Our business and operations depend upon the performance of our assets, including our vessels, and various facilities, including warehouses, logistics bases where we provide such services and handling equipment where we provide our services. As the assets age, their performance or effectiveness become impaired, which may lead to decreased productivity as well as delays and costly maintenance. In addition, we acquire, from time to time, assets as part of an acquisition and such equipment and assets may require significant maintenance or replacement which may exceed the costs anticipated at the time of acquisition. In the event that we are unable to replace, maintain or repair our assets and facilities in a timely manner, we may experience decreased performance and increased maintenance costs, delays and lost revenue due to unscheduled stoppages.

In particular, costs to maintain a vessel in good operating condition tend to increase with the age of the vessel. Older vessels are typically less fuel efficient than more recently constructed vessels due to improvements in engine technology. In addition, the age and utilisation of the current fleet are important factors to take into consideration when developing a vessel portfolio and replacement plan. The older the fleet, the higher the maintenance costs and the more likely the need for replacement, or reduced trading opportunities. Potential charterers may also choose not to charter older vessels, in part because older vessels typically have higher cargo insurance rates.

Furthermore, governmental regulations, safety, and other equipment standards related to the age of vessels may require expenditures for alterations or the addition of new equipment to some of our vessels and may restrict the type of activities in which these vessels may engage. There can be no assurance that, as our vessels age, market conditions will justify those expenditures or enable us to operate our vessels profitably during the remainder of their useful lives. As a result, any such regulations and standards could have a material adverse effect on our business, results of operations, financial condition and prospects.

We are subject to risks relating to the impairment of assets.

As at 31 December 2022, the carrying value of our vessels and marine equipment amounted to USD 2.9 billion. Depreciation is calculated using the straight-line method to allocate the assets' costs to their residual values over their estimated useful lives which is assessed at between 20-40 years for vessels (excluding the dry docking component). Asset impairments can occur due to damage or loss of value as a result of changes in market conditions driving down market prices of assets. In cases where the market value of an asset falls below its carrying value, we may be required to impair the value of that asset on the balance sheet according to external valuation. Maritime assets are typically revalued on at least an annual basis using professional external valuations.

While historically we have not recorded any significant impairments, if the value of our assets (including vessels) declines in the future, we may have to record an impairment adjustment in our financial statements, which could adversely affect our financial results. Furthermore, if we sell any of our vessels when vessel prices have fallen, the sale price may be less than the vessel's carrying value on our carve-out financial statements, resulting in a loss on sale or an impairment loss being recognised, leading to a reduction in earnings. As at the end of each of our reporting periods, we examine whether there have been any events or changes in circumstances which may indicate an impairment. When there are indications of an impairment, an examination is made as to whether the carrying amount of the operating assets or cash generating units exceeds the recoverable amount and, if necessary, an impairment loss is recognised in our financial statements.

We are subject to certain operating risks affecting facilities where we provide our services and ports where our vessels call.

Our operations are subject to a number of risks affecting the various facilities where we provide our services as well as the ports where our vessels call. These risks include, but are not limited to, mechanical and electrical failure, personal injury, loss, theft or damage of cargo, or damage, fires, explosions, business interruption, political conditions and hostilities, adverse weather conditions such as floods (including severe weather events), natural disasters, incidents at sea or in coastal routes or incidents in our loading or unloading terminals, including environmental incidents and collisions, each of which could potentially result in damages, penalties, fines, indemnities or costs payable to third parties and other claims against us. Further, public health or safety concerns and governmental restrictions, including those caused by outbreaks of pandemic disease such as the recent global outbreak of novel coronavirus disease (COVID-19), may cause us or our clients to suspend operations in affected areas. Our exposure to these operating risks in such facilities may adversely affect our capacity to duly perform our contractual obligations under our contracts. In addition, these operating risks may result in additional repair costs for terminal loading or discharge chutes/arms and equipment, including cranes, conveyor belts, stacker-reclaimer, shiploaders, or piers, which are unpredictable and can be substantial. The loss of earnings while these damages are being repaired, as well as the actual cost of these repairs, could decrease our revenues and earnings substantially, particularly if this leads to a default under our contracts, which could materially affect our business, results of operations, financial condition and prospects.

We are subject to certain operating risks relating to vessels.

We charter in vessels from other owners and charter those and our own vessels out to other companies. Most operating risks, including maintenance and related expenses, relating to vessels which are chartered in remain with their owners while we bear operating risks in respect of our vessels which are chartered out. Our vessels and their cargoes are at risk of being damaged or lost because of events such as marine disasters, bad weather, mechanical failures, human error, environmental incidents, war, terrorism, piracy and other circumstances or events. In addition, transporting cargoes across a wide variety of international jurisdictions creates a risk of business interruptions due to political circumstances in foreign countries, hostilities, labour strikes, port and canal closings and boycotts, the potential for changes in tax rates or policies, changes in international sanctions and the potential for government expropriation of our vessels. In addition, if our vessels are found with contraband, placed with or without the knowledge of any member of our crew, we may face reputational damage and governmental or other regulatory claims or penalties, such as forfeiture of the vessel in question.

Such vessels travel extensively on a daily basis to deliver products across our network. As a result, we are exposed to the risk of incidents involving our vessels as well as other risks inherent in sea transportation of potentially hazardous materials, including injuries or other damage. Risks include fuel spills, environmental incidents, equipment failure, work incidents, fires, explosions, collisions, vapour emissions that occur in the ordinary course of business. These hazards may cause personal injuries or the loss of life, business interruptions and/or property, equipment and environmental contamination and damage. Such incidents may expose us to potential costs that far exceed the value of the cargoes carried and the ships on which they are transported, give rise to statutory claims (including clean-up and remediation claims, and claims from third parties who are negatively affected by any such incident), damage our reputation and cause us to lose client certification status.

Furthermore, while we will typically inspect second-hand vessels before purchase, this does not provide us with the same knowledge about their condition that we would have had if these vessels had been built for and operated exclusively by us. Accordingly, we may not discover defects or other problems with such vessels before purchase. Any such hidden defects or problems, when detected, may be expensive to repair, and if not detected, may result in incidents for which we may become liable to third parties. In addition, when purchasing second-hand vessels, we do not receive the benefit of any builder warranties if the vessels we buy are older than one year.

If any of such vessels in our fleet suffers damage, it may need to be repaired at a drydocking facility. The costs of drydocking are unpredictable and can be substantial. The loss of earnings while such vessels are being repaired and repositioned, as well as the actual cost of these repairs, could decrease our revenues and earnings substantially, particularly if a number of vessels are damaged or drydocked at the same time. Breakdowns, incidents or drydocking costs involving our vessels and losses relating to chartered vessels that are not covered by insurance would result in a loss of revenue from the affected vessels, which may materially and adversely affect our business, results of operations, financial condition and prospects.

Our vessels could be subject to seizure through maritime arrest or government requisition.

Crew members, suppliers of goods and services to a vessel, barge or other maritime asset, charterers, bill of lading holders, and other parties may be entitled to a maritime lien against a vessel for unsatisfied debts, claims or damages. In many jurisdictions, a maritime lien holder may enforce its lien by arresting the vessel or attaching a vessel through foreclosure proceedings that is subject to the claimant's maritime lien or any other vessels owned or controlled by the same owner. In addition, a government could seize one of our vessels or take control of a vessel and effectively become its charterer at charter rates dictated by the government. Generally, such requisitions occur during a period of war or emergency. The maritime arrest, government requisition or any other seizure of one or more of our vessels could interrupt our operations, reducing related revenue and earnings, and may require us to pay very large sums of money to have the arrest lifted.

Sulphur regulations to reduce air pollution from ships have required retrofitting of vessels and may cause us to incur significant costs.

Since 1 January 2020, IMO regulations have required vessels to comply with a global limit on the sulphur levels in fuel oil used on board vessels of 0.5%, down from the previous cap of 3.5%. The interpretation of "fuel oil used on board" includes use in main engine, auxiliary engines and boilers. Compliance with this regulation is achieved by (i) using 0.5% sulphur fuels on board, which are available at a higher cost; (ii) installing "scrubbers" for cleaning of the exhaust gas; or (iii) retrofitting vessels to be powered by LNG. As at the date of this Offering Memorandum, those regulations apply to a relatively limited number of vessels in our fleet. More than 50% of our fleet of 245 owned vessels, including LNG tankers and LPG dual-fuel tankers, use very low sulphur fuel oil ("**VLSFO**") such as diesel and marine gas for propulsion which does not contain sulphur. Our existing very large crude carrier ("**VLCC**") vessels have fitted scrubbers while the new built VLCC vessels are designed to be dual fuelled (fuel/LNG). However, there can be no assurance that we will be able to pass increased costs associated with using VLSFO, installing "scrubbers" in the future to the extent required or retrofitting vessels to be powered by LNG on to clients, or that the regulations may not change further, which may have a material adverse effect on our business, results of operations, financial condition and prospects.

We are subject to changes in the broader regulatory regime applicable to our business and operations.

We are subject to various regulatory regimes in the UAE and certain other countries where we provide our services. In the UAE, our business is subject to federal laws and regulations governing all aspects of our shipping and logistics business, including protection of the marine environment, handling of hazardous substances and hazardous wastes, the import and export of products as well as certain specific laws and regulations governing and controlling the trading of petroleum products. The UAE law is not capable of conclusive interpretation, as there is no system of binding precedent in the UAE and a court is not required to follow decisions of another court (although previous judgments can be viewed as persuasive). Case reporting is also not comprehensive and judgments are not always publicly available. In addition, legislation may come into effect in the UAE without being made publicly available and local authorities have wide discretion to apply the law and may, in practice, develop policies or rules that are similarly not made publicly available.

In addition to the federal laws and regulations in the UAE, our business is also subject to international industry standards, laws and regulations as well as guidance rules which have been implemented by certain countries in addition to certain jurisdictions-specific laws and regulations when trading in certain international waters, including in the United States, the European Union, Canada and Japan. See "*Regulation*". The regulatory regime applicable to our business and operations is extensive and subject to change. While we seek to comply with all such applicable regulations, there can be no assurance that we will achieve full compliance in any period or that such regulations will not change in the future which could affect our compliance costs, overall liability scheme and insurance premium levels. Any changes to such laws and regulations may result in increased capital, operating and compliance costs, which could have a material adverse effect on our business, results of operations, financial condition and prospects.

A failure to pass inspection by classification societies could result in one or more vessels being unemployable unless and until they pass inspection.

The hull and machinery of every commercial vessel with certain characteristics must be classed by a classification society that is authorised and is customarily a member of the International Association of Classification Societies Ltd. ("**IACS**"). The classification society must certify that a vessel has been built and maintained in accordance with the rules of such organisation and complies with the applicable rules and regulations of the country whose flag such vessel flies and the international conventions of which that country is a member. The classification society certifies that a vessel is safe and seaworthy in accordance with the applicable rules and regulations of the country of registry of the vessel and with international conventions such as the United Nations Safety of Life at Sea Convention ("**SOLAS**"). Most of our owned fleet is currently enrolled with our ship management register. Each registered owner has a ship management agreement with our operating company.

Vessels and jack-up barges must undergo an initial survey after construction, an annual survey, an intermediate survey and a special survey. For certain vessels, in lieu of a special survey, a vessel's machinery may be on a continuous survey cycle, under which the machinery and/or its hull would be surveyed periodically over a five-year period. Certain of our vessels are on continuous survey cycles for machinery inspection. The majority of fleet surveys are typically required every five years, with intermediate surveys every two and half years.

If any vessel fails any initial surveys, annual survey, intermediate survey or special survey, the vessel will not be allowed to carry cargo between ports and, therefore, would be unemployable until any issues are rectified, resulting in the loss of revenues from such vessel until it was able to trade again.

We are exposed to the risk of acts of piracy, which could result in increased costs of operations and vessel loss.

Piracy remains a threat along the Somali Coast of the Gulf of Aden, the Gulf of Guinea, the Indian Ocean and Southeast Asia. While we have not experienced any piracy incidents in the past, there may in the future be attempted attacks on our fleet. As a result, we may need to obtain additional war risk insurance (in addition to the kidnap and ransom cover for international vessels that we currently have in place) when our vessels operate in high-risk areas, the costs of which depend on the frequency and severity of piracy attacks. While such extra costs (paid at a premium) are typically passed back to charterers or factored into freight payments for voyage charters, this might not be always the case and, consequently, could result in an increase in our manpower costs. Consequently, we may not be adequately insured to cover losses from these incidents, which could have a negative impact on us. The foregoing could have a material adverse effect on our business, results of operations, financial condition and prospects.

Risks Relating to Geographical, Political and Economic Conditions

We are subject to risks associated with operating in numerous jurisdictions.

Our global business operations are subject to numerous risks and uncertainties, including: difficulties and costs associated with complying with a wide variety of complex laws, treaties and regulations; unexpected changes in regulatory environments; inflation levels; currency fluctuations; changes to tax treaties or tax rates; changes to domestic and international tax law; earnings that may be subject to withholding requirements; and the imposition of tariffs, exchange controls or other restrictions.

We, the Selling Shareholder, and our employees, are subject to applicable anti-corruption laws and regulations and economic and trade sanctions and export control programs in various jurisdictions, including the UAE Federal Penal Code No. 31 of 2021, U.S. Foreign Corrupt Practices Act of 1977, the UK Bribery Act of 2010, and economic sanctions programs administered by the United Nations, the European Union, the United Kingdom and the United States, including the Office of Foreign Assets Control of the U.S. Department of the Treasury, and regulations set out under the Comprehensive Iran Sanctions, Accountability and Divestment Act of 2010 as well as the wide-ranging sanctions against Russia, Belarus, the Crimea region, the so-called Donetsk People's Republic and the so-called Luhansk People's Republic introduced in 2022. As a result of doing business internationally, we are exposed to a risk of violating anti-corruption laws and sanctions regulations applicable in those countries where we, our partners or agents operate. Violations of anti-corruption and sanctions laws and regulations are punishable by civil penalties, including fines, denial of export privileges, injunctions, asset seizures, debarment from government contracts (and termination of existing contracts) and revocations or restrictions of licenses, as well as criminal fines and imprisonment. Any violation of applicable laws, including by our employees, consultants, agents or partners, could subject us to penalties and reputational damage and could have a material adverse effect on our business, results of operations, financial condition and prospects.

We and the Selling Shareholder are subject to antitrust and competition laws in various countries throughout the world. We cannot predict how these laws or their interpretation, administration and enforcement will change over time. Changes in antitrust laws globally, or in their interpretation, administration or enforcement, may limit our existing or future operations and growth. Violation of these laws and regulations could result in penalties, which could have a material adverse effect on our business, results of operations, financial condition and prospects.

We are exposed to the tax laws of certain jurisdictions, including risks in connection with challenges to our tax positions.

We provide services to clients in more than 50 countries across a number of jurisdictions and are subject to the tax laws and regulations in such countries. In addition, our future expansion into new jurisdictions could adversely affect our tax profile and increase our future cash tax payments. Given that tax laws and regulations are subject to change and may not provide clear-cut or definitive doctrines, the tax regime applied to us is sometimes based on our interpretations of such laws and regulations. There is a risk that our understanding and interpretation of tax laws, double tax treaties and other provisions is not correct in all respects. There is also a risk that tax authorities in the relevant jurisdictions may audit us and make assessments, including potentially interest, fines and penalties, and decisions that differ from our understanding and interpretation of the aforementioned laws, tax treaties and other provisions, which could have an adverse effect on our business, results of operations, financial condition and prospects. Further, there is a risk that new or amended laws, tax treaties or other provisions, which may apply retroactively, may have a material adverse effect on our business, results of operations, financial condition and prospects.

We face risks associated to the changes in the global economic and political environment and global trade.

The economic and political environment as well as other factors, such as the COVID-19 pandemic, unemployment, inflation, inclination to invest, economic growth, conflicts, military action, terrorist attacks and general instability throughout the world and in the UAE, as well as the development of the world economy have a fundamental influence on our business and operations.

New strains of the COVID-19 virus were discovered in late 2020 and early 2021, which are characterised by higher transmission rates. In response to the highly contagious and sometimes fatal COVID-19 virus, the United States, certain EU countries and countries in the Middle East, including the UAE, began imposing quarantine and travel restrictions, as well as other restrictions, which aim to reduce in-person interactions, some of which remain in place as at the date of this Offering Memorandum.

Although the global recovery from the COVID-19 pandemic has been underway, the global economy has been suffering from elevated levels of inflation, which has triggered a cost-of-living crisis in many regions. Paired with an energy crisis triggered by the war in Ukraine and subsequent redirection of energy sources away from Russian producers, the prices of oil and gas have become more volatile. As described in "Industry Overview", recent events, including those related to the Russian invasion of Ukraine, have caused volatility in trade patterns, trade volumes and demand which could impact our business, financial condition, results of operations and prospects.

A slowdown of, or persistent weakness in, economic activity and global trade caused by a deterioration of global market and economic conditions could adversely affect our business in the following ways, among others: conditions in the credit markets could affect the ability of our clients and their clients to obtain sufficient credit to support their operations, and the failure of our clients to fulfil their obligations could result in increases in bad debts. We also may experience declining demand and falling rates for shipping services, in particular in the spot and time charter market. The overall impact of a global economic downturn or deterioration in the global trade patterns on us is difficult to predict, and our business, results of operations, financial condition and prospects could be materially adversely impacted. In addition, declines in consumer confidence and/or consumer spending, changes in unemployment, significant inflationary or deflationary changes or disruptive regulatory or geopolitical events could contribute to increased volatility and diminished expectations for the economy and our markets, including the market for our products and services, and lead to demand or cost pressures.

The overall global economic outlook remains uncertain and we cannot reliably predict it. Any downturn in regional or worldwide economies, global trade, market crisis or prolonged periods of instability could have a material and adverse effect on our business, results of operations, financial condition and prospects.

We are exposed to general economic, financial and political conditions, in the UAE and especially in Abu Dhabi.

General economic, financial, and political conditions, in the UAE and especially in Abu Dhabi, may have a material adverse effect on our business, results of operations, financial condition and prospects. The UAE's economy may be adversely affected by tightening global economic conditions and external shocks, including financial market volatility, trade disruptions and protectionist trade policies or threats thereof. In particular, a global shift in policies, including towards protectionism, with lower global growth due to reduced trade, migration and cross-border investment flows, could slow non-hydrocarbon growth in the UAE and Abu Dhabi and adversely impact trade and shipping volumes. Conditions which could adversely affect our business include:

- a general or prolonged decline in, or shocks to, regional or broader macro-economies;
- regulatory changes that could impact our services and operations; and
- deflationary economic pressures, which could hinder our ability to operate profitably in view of the challenges inherent in making corresponding deflationary adjustments to our cost structure.

The nature of these types of risks makes them unpredictable and difficult to plan for or otherwise mitigate, compounding their potential impact to our business, results of operations, financial condition and prospects. In particular, the UAE's economy is currently highly dependent on the oil industry. The UAE Federal Government has a long-term strategy of diversifying the UAE's economy away from its reliance on oil and gas and a long-term vision to turn the UAE into a knowledge-based economy and reduce its dependence on the oil sector. However, there can be no assurance that the UAE's efforts to diversify its economy and reduce its dependence on oil will be completely successful. If the UAE's efforts to transition its economy away from its reliance on oil are successful, it could have a material adverse effect on our business, results of operations, financial condition and prospects.

Abu Dhabi's economy is significantly affected by volatility in international crude oil prices and its economy has in the past been, and may in the future to continue to be, materially adversely affected by lengthy periods of low crude oil prices.

Abu Dhabi's economy is highly dependent on crude oil revenue which is significantly impacted by international crude oil prices. The hydrocarbon sector accounted for 50.3% of Abu Dhabi's nominal GDP in 2021 compared to 51.3% in 2020 and 49.3% in 2019, with the growth generally reflecting increasing crude oil prices (source: Statistics Centre Abu Dhabi 2021). Abu Dhabi's economy has in the past been adversely affected by periods of low international crude oil prices, including being adversely affected by the sustained period of low international oil prices that commenced in mid-2014.

Crude oil prices have historically fluctuated in response to a variety of factors beyond our control, including (without limitation):

- economic and political developments both in oil-producing regions, particularly in the Middle East, and globally (see "*—Risks Relating to Geographical, Political and Economic Conditions—We are exposed to general economic, financial and political conditions, in the UAE and especially in Abu Dhabi*");
- global and regional supply and demand, and expectations regarding future supply and demand, for oil and gas products;
- the ability of the members of OPEC and OPEC+ to agree upon and maintain specified global production levels and prices; and
- the impact of international environmental regulations designed to reduce carbon emissions, and global weather and environmental conditions (see "*—Risks Related to Our Business—We are subject to numerous environmental, health and safety laws, regulations and permitting requirements, as well as potential environmental liabilities (including pollution, major collisions, oil spills, and carbon emissions), which may require us to make substantial expenditures or impact our ability to conduct our activities*").

Many economic sectors within Abu Dhabi and the wider UAE, including Dubai, remain in part dependent, directly or indirectly, on crude oil prices, so extended periods of low crude oil prices may have a negative impact across the economic landscape of Abu Dhabi and other Emirates. For example, the government may decide to reduce government expenditures in light of the budgetary pressures caused by lower crude oil prices, which may, in turn reduce fiscal spending on infrastructure and other projects that create revenue streams for both public and private entities. Local financial institutions may experience lower liquidity (if significant government and government-owned company deposits are withdrawn to fund deficits) or higher loan losses or impairments. Furthermore, businesses that are dependent on household consumption, including consumer products, education, healthcare and housing, may be adversely affected by lower levels of economic activity created by extended periods of low crude oil prices.

Any of the factors described above, including further developments with respect to the COVID-19 pandemic (and the possibility of additional waves or resurgences thereof) and OPEC or OPEC+ agreements, could have a material adverse effect on the economic, political and fiscal position of Abu Dhabi (and the UAE generally, including Dubai), and may consequently have a material adverse effect on the trading prices of the Shares and our business, results of operations, financial condition and prospects.

Continued instability and unrest in the MENA region, or the escalation of armed conflict, may materially adversely affect the UAE economy.

Although Abu Dhabi and the UAE enjoy domestic political stability and generally healthy international relations, since early 2011 there has been political unrest in a number of countries in the MENA region, including Bahrain, Egypt, Iran, Iraq, Libya, Syria, Tunisia and Yemen. The unrest has ranged from public demonstrations to, in extreme cases, armed conflict, proxy wars and civil war, increased tensions and political uncertainty, in addition to the escalating threats of terrorism and extremism across the MENA region. It is not possible to predict the occurrence of events or circumstances such as war or other hostilities, or the impact that such events or occurrences might have on Abu Dhabi or the UAE. The MENA region currently is subject to a number of armed conflicts.

More recently, heightened tensions between the United States and Iran have resulted in increased provocations by Iran and acts of violence against the United States, friendly states and its and their interests in the MENA region. In particular, on 14 September 2019, the Abqaiq processing facility and the Khurais oil field in the Kingdom of Saudi Arabia were significantly damaged in attacks by unmanned aerial vehicles and missiles, which caused an immediate significant reduction in the oil output of the Kingdom of Saudi Aramco, Saudi Arabia's national oil company. In January 2020, the United States carried out a military strike that killed a senior Iranian military commander. As a result of this military strike, Iran launched missiles at a United States base in Iraq. There have since been repeated attacks by militia groups on Iraqi military bases housing foreign soldiers and retaliatory strikes by the United States. On 11 April 2021, a major power failure occurred at the Natanz complex south of Tehran, Iran, as a result of an explosion which has been reported to be caused by an attack on the Natanz complex.

In 2015, the UAE participated in an intervention by an Arab coalition to restore Yemen's internationally recognised government to power. Although the UAE withdrew most of its forces from Yemen in 2019, tensions with Iran and the Yemeni Houthi militia have escalated in recent months. In August 2021, armed personnel backed by Iran were suspected of seizing an oil tanker off the coast of the UAE. Iran denied involvement. In January 2022, a UAE-flagged cargo vessel was seized by the Houthi militia in the Red Sea. This was then followed by missile and drone attacks on Abu Dhabi, including one on an ADNOC fuel depot in Mussafah, which claimed the lives of three people and resulted in the outbreak of a fire. Although the UAE continues to exercise de-escalation diplomacy and self-restraint, any continuation of, or increase in, international or regional tensions or any military action may have a destabilising impact on the MENA region. There can be no assurance that tensions will not continue to escalate in the region, or that further attacks will not happen, which could have a direct impact on our operations. Any further incidents, including cyber-terrorism, in or affecting the UAE and increased regional geopolitical instability (whether or not directly involving the UAE), or any heightened levels of military conflict in the region or globally, including the conflict in Ukraine, may have a material adverse effect on the UAE's (and, consequently, Abu Dhabi's) attractiveness for foreign investment and capital, its ability to engage in international trade, its tourism industry and, consequently, its economic, external and fiscal positions. Furthermore, there can be no assurance what impact future incidents will have on global oil prices.

Our business may be affected by the financial, political and general economic conditions prevailing from time to time in the UAE and the MENA region. The occurrence of any of these events or circumstances may result in a general loss of business confidence, which could potentially lead to an economic recession and reduced demand for hydrocarbon products, including crude oil, and have a material adverse effect on our business, results of operations, financial condition and prospects. Prospective purchasers of the Shares should also note that our business and financial performance could be adversely affected by political, economic or related developments both within and outside the MENA region because of inter-relationships within the global financial markets. Although the UAE have enjoyed significant economic growth and stability, there can be no assurance that such growth or stability will continue.

We are exposed to geopolitical security threats and acts of terrorism or sabotage could negatively affect our business.

Similar to other logistics and shipping companies, we may be targets of terrorist activities or sabotage. For example, in January 2022, Abu Dhabi was the subject of missile and drone attacks, including one on an ADNOC fuel depot in Mussafah, which claimed the lives of three people and resulted in the outbreak of a fire (see "*—Continued instability and unrest in the MENA region, or the escalation of armed conflict, may materially adversely affect the UAE economy*")**.**

Facilities where we provide our services are distributed across different emirates in the UAE. Credible threats that have been evidenced internationally, and which may pose a degree of risk to our business include, but are not limited to: vehicle-borne improvised explosive devices; person-borne improvised explosive devices; unmanned aerial vehicle improvised explosive devices; delivered devices; active shooter(s); chemical, biological, radiological or nuclear attacks; security breaches (e.g., crime, including theft and criminal damage); and unauthorised access to controlled areas. Any damage to such facilities, or injury to employees, who could be direct targets or indirect casualties of an act of terrorism or sabotage, may affect our operations. Furthermore, due to concerns related to terrorism or sabotage or the potential use of certain chemical substances such as explosives or poisonous materials, Abu Dhabi or the UAE may implement new regulations impacting the security of our vessels and the facilities where we provide our services.

If shipping of products by our clients is delayed or prevented or if there are significant increases in the cost of our operations as a result of geopolitical issues, acts of war, trade blockades and piracy or equipment, our revenue and cost of operations could be adversely affected. For example, the closing of shipping routes and supply chain issues triggered by the war in Ukraine may cause disruptions and additional costs to our operations. Any disruption of our ability to produce or distribute our products could result in a significant decrease in revenue and significant additional costs to replace, repair or insure our assets, which could have a material adverse effect on our business, results of operations, financial condition and prospects.

Governments in the MENA region have exercised and continue to exercise significant influence over their respective economies, and legal and regulatory systems in the MENA region, which may create an uncertain environment for investment and business activities.

The governments in the MENA region, including the UAE, have frequently intervened in the economic policy of their respective countries. This intervention has included, but not been limited to, regulation of market conditions, including foreign investment, foreign trade, financial services and oil and gas services. Any unexpected changes in the political, social, economic or other conditions in the MENA region or neighbouring countries could have a material adverse effect on our business, results of operations, financial condition and prospects. These changes include:

- an increase in inflation and government measures to curb such inflation, including through policies such as price controls;
- governments' actions or interventions, including tariffs, protectionism, foreign exchange and currency controls and subsidies;
- regulatory and legal structure changes, including foreign ownership restrictions, cancellation of contractual rights, expropriation of assets and potential lack of certainty as to title to real estate property;
- changes to the availability of, requirements for, and cost to secure, employment and residence visas for expatriate staff and their dependents;
- income and other taxation;
- policies of nationalisation of assets and requirements to employ local national employees;
- difficulties and delays in obtaining new permits and consents for new operations or renewing existing permits; and
- an inability to repatriate profits and/or dividends.

Unexpected changes in these policies or regulations could lead to increased operating or compliance expenses and could have the effect of decreasing our competitiveness. Any such changes could have a material adverse effect on our business, results of operations, financial condition and prospects.

A downgrade in the credit rating of Abu Dhabi could adversely affect us.

As at the date of this Offering Memorandum, ADNOC holds 100% of our issued share capital, and immediately following the Global Offering, ADNOC will continue to hold at least 85% of our share capital (assuming all Shares offered by the Selling Shareholder will be sold). ADNOC is owned by the government of Abu Dhabi. Abu Dhabi has a long-term foreign currency debt rating of "AA" with a stable outlook from Standard & Poor's Financial Services, a long-term foreign currency issuer default rating of "AA" with a stable outlook from Fitch Ratings, and a long-term credit rating of "Aa2" from Moody's Investor Service. ADNOC's ratings are constrained by the government of Abu Dhabi due to the strong links between the company and the sovereign. Any downgrade or withdrawal at any time of a credit rating assigned to Abu Dhabi by any rating agency could have a material adverse effect on their cost of borrowing and could limit their access to debt capital markets, which could in turn adversely affect companies owned by the Abu Dhabi government, including ADNOC and us, or companies which have significant operations in the UAE. Should we seek to obtain a separate credit rating for us in the future, there can be no assurance that such credit rating will be the same as ADNOC's rating. There can be no assurance that the credit ratings of Abu Dhabi will remain for any given period of time or that any such credit rating will not be downgraded or withdrawn entirely by any of the rating agencies in the future. Any such downgrade or withdrawal could have a material adverse effect on borrowing costs and access to debt capital markets for us, which could negatively impact our ability to grow and execute our strategy, and result in a material adverse effect on our business, results of operations, financial condition and prospects.

Additional security requirements, or the failure to pass security reviews, may increase our operating costs and restrict our ability to conduct our business.

In recent years, various international bodies and governmental agencies and authorities have implemented numerous security measures, such as the International Code for Security of Ships and of Port Facilities and amendments Chapter XI of SOLAS (ISPS Code), including in relation to inspection and customs procedures, that affect our transport operations and the costs associated with such operations. Any failure to comply with the security requirements applicable to us or to obtain relevant security-related certifications may, among other things, prevent certain clients from using our facilities or result in higher insurance premiums. New security measures or updated regulatory compliance requirements may be introduced at any time. Ensuring our compliance with such measures or requirements may involve considerable time, cost and resources on our part. The costs associated with existing and any additional or updated security measures may negatively affect our results of operations to the extent that we are unable to recover the full amount of such costs from our clients, who generally may have also faced increased security-related costs. Similarly, additional security measures that require us to increase the scope of our operating procedures may negatively impact our ability to transport oil and gas, related products and derivative materials. Continued or increased costs of compliance with transportation and other security requirements applicable to us could have a material adverse effect on our business, results of operations, financial condition and prospects.

Developing legal systems in emerging market economies, including in the UAE, and the introduction of new laws and regulations can create an uncertain or changed environment for investment and business activity.

Emerging market economies generally, including the UAE, are characterised by less comprehensive legal and regulatory environments than are found in more developed regions. Changes in laws and regulations of foreign jurisdictions, including with regards to tax matters, or changes in their implementation by local authorities could affect our vessels if chartered to foreign clients as well as our vessels calling to foreign ports and could have a material adverse impact on our business, financial condition, results of operations and prospects.

The following risk factors relating to these legal systems create uncertainty with respect to the legal and business decisions that we make and such uncertainties may not exist in countries with more developed market economies:

- inconsistencies between and among the constitution, federal law, presidential, governmental and ministerial decrees, and conflicts between federal, regional and local legislation;
- lack of fully developed corporate and securities laws;

- lack of judicial and administrative guidance on interpreting legislation;
- gaps in the regulatory structure due to delay or absence of implementing legislation;
- the relative inexperience of judges and courts in interpreting legislation;
- lack of an independent judiciary;
- difficulty in enforcing court orders;
- a high degree of discretion on the part of governmental authorities, which could result in arbitrary actions such as suspension or termination of our licenses; and
- under-developed bankruptcy or insolvency procedures that are subject to abuse.

The rapid evolution of these legal systems in ways that may not always coincide with market developments can result in ambiguities, inconsistencies and anomalies in the law and judicial practice. These weaknesses affect our ability to protect our rights under our licenses and contracts, or to defend ourselves against claims by others, including challenges by regulatory and governmental authorities in relation to our compliance with applicable laws and regulations and could have a material adverse effect on our business, results of operations, financial condition and prospects. The UAE has its own economic and trade sanctions regime which may differ from similar regimes implemented by the European Union, the United Kingdom and the United States.

Further, as these economies mature, and in part due to the desire of certain countries in the MENA region, including in particular the UAE, to accede to the World Trade Organisation, the governments of these countries have begun, and we expect will continue, to implement new laws and regulations that could impact the way we conduct our business and have a material adverse effect on our business, results of operations, financial condition and prospects. Changes in investment policies or in the prevailing political climate could result in the introduction of changes to government regulations with respect to:

- price controls;
- export and import controls;
- income and other taxes;
- foreign ownership restrictions;
- foreign exchange and currency controls; and
- labour and welfare benefit policies.

There can be no assurance that the introduction of any changes to current laws would not increase our costs or otherwise materially adversely affect our business, results of operations, financial condition and prospects.

The UAE's Emiratisation initiative may increase our costs and may reduce our ability to rationalise our workforce.

Emiratisation is an initiative by the UAE government to employ its citizens in a meaningful and efficient manner in the public and private sectors and to reduce its reliance on foreign workers. Under the initiative, companies are encouraged to employ Emiratis in management, administrative and technical positions. However, the cost of employing UAE nationals typically is significantly higher than the cost of employing foreign workers. In addition, meeting and maintaining our Emiratisation targets reduces our flexibility to rationalise our workforce, which limits our ability to reduce costs in many areas of our operations and may be made further difficult as a result of the COVID-19 pandemic (particularly if additional waves or resurgences thereof occur). As a result, there can be no assurance that meeting and maintaining our Emiratisation targets will not have a material adverse effect on our business, results of operations, financial condition and prospects.

Climate change concerns and impacts could cause us to incur significant costs or make significant investments.

As the international community has reached consensus on the importance and urgency of addressing climate change, various industries, including the logistics and shipping industry in which we operate and the energy industry where ADNOC, as our main client, operates, are drawing increasing scrutiny with respect to its contribution to global climate change in recent years. A number of international, national and regional measures to reduce greenhouse gas ("**GHG**") emissions have been enacted. For example, the Paris Agreement became effective in November 2016, and many of the countries that have ratified the Paris Agreement are adopting domestic measures to meet the Paris Agreement goals, which include reducing their use of fossil fuels and increasing their use of alternative energy sources. The Green Deal of December 2019 proposes new EU legislation, which includes a "carbon border tax" or "border carbon adjustment" implementation. In addition, the European Commission recently proposed a 2030 target to reduce GHG emissions by 55% compared to 1990 and a new Carbon Border Adjustment Mechanism, which will put a carbon price on imports of a targeted selection of products to prevent "carbon leakage" and to encourage industries outside the EU to take steps in the same direction. More recently, the Glasgow Climate Pact, which aims to accelerate action towards the goals of the Paris Agreement, was signed at COP26 in October-November 2021. The implementation of such measures in a number of countries and other potential legislation limiting emissions could negatively affect the global demand for oil and gas, and result in a shift away from fossil fuels towards alternative fuels. The energy transition away from carbon-based fuels could increase if the feasibility of alternative fuels, which continues to improve as new technologies emerge that could further disrupt the gas sector. Additionally, the UAE will host the COP 28 UN climate summit in 2023. If the UAE enacts new laws that focus on limiting GHG emissions, it could result in substantial additional capital expenditure to comply with these laws, thus increasing the cost of revenue generation and strategic growth opportunities.

Carbon dioxide ("**CO2**") is a by-product of the burning of fossil fuels and is considered a GHG. Our operations, and the use of our clients' products, result in the emission of CO2. In 2021 alone, the GHG emissions released as a result of our operations (without counting client use of our products) were approximately three million tonnes. The UAE is a signatory and ratifying party of the Paris Agreement and has agreed to the Glasgow Climate Pact. Furthermore, the UAE has announced its ambition to reach net zero emissions by 2050. Compliance with the Paris Agreement may require the reduction of CO2 emissions in the UAE, and the environmental responsibilities of UAE companies under UAE law may change following the implementation of any resulting CO2 mitigation regulations. Such regulations could result in, for example, increased costs to install new emission controls and administer and manage GHG emissions, and/or an increased risk in litigation in the case of non-compliance with any government directives related to the reduction of greenhouse gas emissions.

In addition, there is increasing concern that a gradual increase in global average temperatures will cause significant changes in weather patterns around the globe, and an increase in the frequency and severity of natural disasters or other effects that are impossible to predict. Increased frequency or duration of extreme weather conditions could result in a disruption of shipping routes around the globe and have a negative effect on the ability to provide our services at the various facilities. To the extent that such unfavourable weather conditions are exacerbated by global climate change or otherwise, our shipping operations in particular may be adversely affected to a greater degree than we have previously experienced, including increased delays and higher costs. However, the uncertain nature of changes in and causes of extreme weather events (including in respect of their increased frequency, duration, and severity) and the long period of time over which any changes would take place limit our ability to make any specific estimations of future financial risk to our operations caused by these potential physical risks of climate change. Moreover, the regulation of GHG emissions and the physical impacts of climate change in the areas in which we, our clients and the end users of our clients' products operate could adversely impact our operations and the demand for our clients' products, which would, in turn, impact demand for our services. Any or all of these hazards, as well as possible legal liability to us or governmental or regulatory action against us arising therefrom, could have a material adverse effect on our business, results of operations, financial condition and prospects

Risks Relating to the Global Offering and to the Shares

Following completion of the Global Offering, ADNOC will continue to be able to exercise control over us, our management and our operations.

As at the date of this Offering Memorandum, ADNOC holds 100% of our issued share capital, and, immediately following the Global Offering, ADNOC will continue to hold at least 85% of our issued share capital (assuming all Shares offered by the Selling Shareholder will be sold). See "*Presentation of Financial Information—General*" and "*Principal and Selling Shareholder*". As a result, ADNOC will be able to exercise control over our management and operations, such as in relation to the payment of dividends and the election of the members of our Board of Directors and other matters. There can be no assurance that the interests of ADNOC will coincide with the interests of purchasers of the Shares.

Furthermore, ADNOC's significant ownership of the Shares may: (i) delay or deter a change of control of the Company (including deterring a third party from making a takeover offer for the Company); (ii) deprive shareholders of an opportunity to receive a premium for their Shares as part of a sale of the Company; and (iii) affect the liquidity of the Shares, any of which could have a material adverse effect on the market price of the

Shares. In addition, there may be circumstances where our businesses compete directly or indirectly with ADNOC's businesses, and ADNOC may take decisions with respect to those businesses, or its own business, that are adverse to the interests of our other shareholders.

Substantial sales of Shares by ADNOC in the future could depress the price of the Shares.

Sales of a substantial number of Shares by ADNOC following the completion of the Global Offering may significantly reduce our share price. ADNOC have agreed in the Underwriting Agreement to certain restrictions on its ability to sell, transfer and otherwise deal in its Shares for a period of 12 months from Listing, except in certain limited circumstances, unless otherwise consented to by the Joint Global Coordinators (such consent not to be unreasonably withheld or delayed). See "*Details of the Global Offering—Lock-up Arrangements*". Nevertheless, we are unable to predict whether substantial amounts of Shares (in addition to those which will be available in the Global Offering) will be sold in the open market following the completion of the Global Offering. Any sales of substantial amounts of Shares in the public market, or the perception that such sales might occur, could materially and adversely affect the market price of the Shares.

Future issuances of Shares may dilute the holdings of shareholders and may depress the price of the Shares.

We are subject to a 12-month lock-up period following Listing pursuant to the terms of the Underwriting Agreement. It is possible that we may decide to offer additional Shares or securities convertible into Shares in the future, including in the form of stock-based compensation. Future sales could dilute the holdings of shareholders, adversely affect the prevailing market price of the Shares and impair our ability to raise capital through future sales of equity securities.

Trading price of the Shares may be subject to volatility.

The trading price of the Shares may be volatile and fluctuate significantly due to a variety of factors, many of which are outside our control, which could result in significant losses to prospective investors. These include:

- changes affecting market valuations of companies in the energy industry, including changes in the price of oil and gas and their derivatives, or the willingness of investors to invest in such securities;
- variations in the Company's results of operations;
- announcements regarding the Company's earnings that are not consistent with market expectations;
- terrorist incidents in or affecting Abu Dhabi or the UAE and increased regional geopolitical instability (whether or not directly involving Abu Dhabi or the UAE), or any heightened levels of military conflict in the region or elsewhere;
- publication of industry data by third parties, including government statistical agencies, that differ from expectations of industry or financial analysts;
- downgrades or changes in research coverage by securities research analysts;
- changes in eligibility for the Shares to be included in certain financial indices;
- press reports, whether or not factual, about the Company and ADNOC L&S;
- changes in the regulatory environment;
- additions to or departures of key personnel;
- changes to the policy of pegging the exchange rate between the AED and the USD;
- release or expiry of lock up or other transfer restrictions on the Shares; and
- sales or perceived potential sales of additional Shares by the Selling Shareholder.

Any of the foregoing factors may result in large and sudden changes in the trading volume and market price of the Shares which in turn could lead to potential losses for investors.

The Global Offering may not result in an active or liquid market for the Shares, trading prices of the Shares may be volatile and may decline and the ADX is significantly smaller in size than other established securities markets, which may also affect liquidity in the Shares.

Prior to the Global Offering, there has been no public trading market for the Shares. We cannot guarantee that an active trading market will develop or be sustained following the completion of the Global Offering, or that the market price of the Shares will not decline thereafter below the offer price. The trading price of the Shares may be subject to wide fluctuations in response to many factors, as well as stock market fluctuations and general economic conditions or changes in political sentiment that may adversely affect the market price of the Shares, regardless of our actual performance or conditions in the UAE.

The Company has applied for the Shares to be listed on the ADX. The ADX was established in 2000, but its future success and liquidity in the market for the Shares cannot be guaranteed. The ADX is substantially smaller in size and trading volume than other established securities markets, such as those in the U.S. and the UK. As at 31 December 2022, there were 98 companies with securities traded on the ADX with a total market capitalisation of approximately AED 2,624.8 billion. The ADX had a total regular trading volume of 80.7 billion shares in 2022. Brokerage commissions and other transaction costs on the ADX are generally higher than those in Western European countries.

These factors could generally decrease the liquidity and increase the volatility of share prices on the ADX, which in turn could increase the price volatility of the Shares and impair the ability of a holder of Shares to sell any Shares on the ADX in the desired amount and at the price and time achievable in more liquid markets.

Because we are a holding company and substantially all of our operations are conducted through our subsidiaries and the AW Shipping Limited joint venture, our ability to pay dividends on the Shares depends on our ability to obtain cash dividends or other cash payments or obtain loans from such entities.

We currently conduct all of our operations through our subsidiaries and the AW Shipping Limited joint venture, and such entities generate substantially all of our operating income and cash flow. Because we have no direct operations or significant assets other than the capital stock of these entities, we rely on those entities for cash dividends, investment income, financing proceeds and other cash flows to pay dividends, if any, on the Shares and, in the long term, to pay other obligations at the holding company level that may arise from time to time.

The ability of such entities to make payments to us depends largely on their financial condition and ability to generate profits. In addition, because our subsidiaries are separate and distinct legal entities, they will have no obligation to pay any dividends or to lend or advance us funds and may be restricted from doing so by contract, including other financing arrangements, other shareholders or applicable laws and regulations of the various countries in which they operate. Similarly, because of our holding company structure, claims of the creditors of our subsidiaries, including trade creditors, banks and other lenders, effectively have priority over any claims that we may have with respect to the assets of these entities. Further, we cannot be certain that, in the long term, our subsidiaries will generate sufficient profits and cash flows, or otherwise prove willing or able, to pay dividends or lend or advance to us sufficient funds to enable it to meet our obligations and pay interest, expenses and dividends, if any, on the Shares.

The inability of one or more of these entities to pay dividends or lend or advance us funds and currency control restrictions and restrictions on the repatriation of dividends imposed on us or our subsidiaries may adversely affect not only our ability as a holding company to pay dividends, but also our business, results of operations, financial condition and prospects.

We may not pay any cash dividends on the Shares and investors may not receive any return on investment unless they sell their Shares at a price higher than their purchase price.

While we intend to pay dividends in respect of the Shares, there can be no assurance that we will do so. Any decision to declare and pay dividends in the future will be made at the discretion of our Board of Directors and will depend on, among other things, applicable laws and regulations, our results of operations, financial condition, cash requirements, contractual restrictions, our future projects and plans and other factors that our Board of Directors may deem relevant. As a result, you may not receive any return on an investment in the Shares unless you sell your Shares for a price greater than that which you paid for them. See "*Dividend Policy*".

Holders of the Shares in certain jurisdictions outside of the UAE, including the U.S., may not be able to exercise their pre-emptive rights if we increase our share capital.

Under our Articles to be adopted in connection with the Global Offering, holders of the Shares generally have the right to subscribe and pay for a sufficient number of our ordinary shares to maintain their relative ownership percentages prior to the issuance of any new ordinary shares in exchange for cash consideration. U.S. holders of the Shares may not be able to exercise their pre-emptive rights unless a registration statement under the Securities Act is effective with respect to such rights and the related ordinary shares or an exemption from the registration requirements of the Securities Act is available. Similar restrictions exist in certain other jurisdictions outside the UAE. We currently do not intend to register the Shares under the Securities Act or the laws of any other jurisdiction, and no assurance can be given that an exemption from such registration requirements will be available to enable U.S. or other holders of the Shares to exercise their pre-emptive rights or, if available, that we will utilise such exemption. To the extent that the U.S. or other holders of the Shares are not able to exercise their pre-emptive rights, the pre-emptive rights would lapse and the proportional interests of such U.S. or other holders would be reduced.

USE OF PROCEEDS

The Company will not receive any proceeds from the Global Offering. All expenses of the Global Offering (including underwriting commissions and any discretionary fees) will be borne by the Selling Shareholder. The Global Offering is being conducted, among other reasons, to allow the Selling Shareholder to sell part of its shareholdings to more actively manage and optimise its portfolio of assets, while providing increased trading liquidity in the Shares and raising the Group's profile with the international investment community.

DIVIDEND POLICY

The Board has adopted a dividend policy for the Group which will look to maximise shareholder value and reflect its strong earnings potential and cash flow generation, while allowing it to retain sufficient capital to fund ongoing operating requirements and to invest in our long-term growth (including opportunistic capital expenditures and acquisitions).

The Company's ability to pay dividends is dependent on a number of factors, including:

- the availability of distributable reserves, the Company's capital expenditure plans, the Company's financial framework and other cash requirements in support of achieving our strategy in future periods,
- existing and future debt finance capacity, debt covenants and other factors impacting continuing availability of credit and compliance with existing and anticipated financing terms,
- market conditions, the then-current operating environment in our markets and the outlook for our business,
- levels of expected future profits and our business plan (including our ability to perform in accordance with the expectations in our business plan),
- the discretion of our Board, based on the outlook for our business, and
- approval of any dividend payment at a general meeting of our shareholders.

See "*Risk Factors—Risks Relating to the Global Offering and to the Shares—Because we are a holding company and substantially all of our operations are conducted through our subsidiaries and the AW Shipping Limited joint venture, our ability to pay dividends on the Shares depends on our ability to obtain cash dividends or other cash payments or obtain loans from such entities" and "Risk Factors—Risks Relating to the Global Offering and to the Shares—We may not pay any cash dividends on the Shares and investors may not receive any return on investment unless they sell their Shares at a price higher than their purchase price*".

Subject to the foregoing, the Company intends to pay dividends twice each financial year, with an initial payment of the first-half results being paid in the fourth quarter of that year, and a second payment following second-half results being paid in the second quarter of the following calendar year.

Subject to the foregoing, the Company intends to pay a fixed dividend amount of USD 195 million for the second quarter and the second half of the year 2023 (equivalent to annualised dividends of USD 260 million relating to the performance for the year 2023), out of which USD 65 million for the second quarter of the year 2023 is expected to be paid in the fourth quarter of the year 2023 and the remaining USD 130 million for the second half of the year 2023 is expected to be paid in the second quarter of the year 2024. The Company intends to pay dividends in cash. Also see "*Capitalisation*".

Thereafter, the Company expects to increase the 2023 annual dividend per share on a progressive basis by at least 5% annual growth over the medium term, while regularly reviewing the policy in light of value-accretive growth opportunities.

CAPITALISATION

The following table sets out the unaudited consolidated cash and cash equivalents, and capitalisation of ADNOC L&S as at 31 March 2023. The cash and cash equivalents, and capitalisation information has been extracted, without material adjustment, from the ADNOC L&S Interim Financial Information as at 31 March 2023.

The summary data presented below should be read in conjunction with "*Presentation of Financial and Other Information", "Management's Discussion and Analysis of Financial Condition and Results of Operations*" and the ADNOC L&S Annual Financial Statements and the ADNOC L&S Interim Financial Information, including the related notes, included elsewhere in this Offering Memorandum.

ADNOC L&S

	As at 31 March 2023
	USD million
Cash and cash equivalents	**333**
Debt(1), (2)	
Current and non-current lease liabilities	74
Total Debt	**74**
Equity	**3,995**
Capitalisation(3)	**4,069**

(1) On 5 May 2023, ADNOC L&S entered into a USD 350 million revolving credit facility with ADNOC. As at the date of this Offering Memorandum, we have not drawn any amount thereunder. See "*Business—Material Agreements—Financing Arrangements—Revolving Facility Agreement*". We do not expect to draw any amount under this facility by the Closing Date.

(2) On 5 May 2023, ADNOC L&S entered into a USD 1,500 million term loan facility with ADNOC, which is undrawn as of the date of this Offering Memorandum. As at the date of this Offering Memorandum, we have not drawn any amount thereunder. See "*Business—Material Agreements—Financing Arrangements—Term Loan Agreement*". We expect to draw up to USD 250 million in aggregate under this facility by the Closing Date.

(3) Total capitalisation is calculated as the sum of total debt and equity.

The Company

The Company was incorporated on 19 April 2023. On the date of incorporation, the Company's total issued share capital was USD 50,000 consisting of 50,000 ordinary shares with a nominal value of USD 1.00 each, which was subscribed for in full by the Selling Shareholder. The Company had no debt on the date of incorporation.

The Company and ADNOC entered into a subscription and transfer agreement dated 25 April 2023 (the "**Subscription and Transfer Agreement**") whereby ADNOC became the sole shareholder of the Company which, in turn, holds 100% of the share capital of ADNOC L&S. See "*Description of Share Capital*".

SELECTED HISTORICAL FINANCIAL AND KEY OPERATING INFORMATION

The tables below present the selected historical financial data of ADNOC L&S derived from the ADNOC L&S Financial Statements (including the financial information as at and for the year ended 31 December 2020 derived from the unaudited comparative financial information as at and for the year ended 31 December 2020 included in the audited consolidated financial statements as at and for the year ended 31 December 2021) and of ZMI Holdings derived from the ZMI Holdings Financial Statements and certain key operating information.

The Company was incorporated in the ADGM on 19 April 2023 for the purpose of facilitating the Listing of the Company. At the time of this Offering Memorandum, the Company has had limited corporate activity since its formation other than (i) the issuance of shares in connection with its capitalisation; and (ii) in preparation for this Global Offering. Consequently, no standalone audited financial information of the Company is presented in this Offering Memorandum.

This section includes certain financial measures of the ADNOC L&S that are not defined, and thus not calculated, in accordance with IFRS, or any other generally accepted accounting principles to assess the financial performance of our business that are termed "non-IFRS measures" because they exclude amounts that are included in, or include amounts that are excluded from, the most directly comparable measure calculated and presented in accordance with IFRS, or are calculated using financial measures that are not calculated in accordance with IFRS. These non-IFRS measures include Adjusted EBITDA, Adjusted EBITDA Margin, Adjusted Net Income, Capital Expenditure, Capital Expenditure as a percentage of revenue, EBITDA, EBITDA Margin, Free Cash Flow, Levered Free Cashflow, Net Debt and Cash, Operating Free Cash Flow and Total Working Capital Adjustments. We present such non-IFRS measures because we believe that these and other similar measures are widely used by certain investors, securities analysts and other interested parties as supplemental measures of performance and liquidity. Because these non-IFRS measures are not standardised, these may not be comparable to other similarly-titled measures used by other companies and have limitations as analytical tools and should not be considered in isolation or as a substitute for analysis of our operating results as reported under IFRS. An explanation of the relevance of each of the non-IFRS measures, a reconciliation of the non-IFRS measures to the most directly comparable measures calculated and presented in accordance with IFRS and a discussion of their limitations is set out below. We do not regard these non-IFRS measures as a substitute for, or superior to, the equivalent measures calculated and presented in accordance with IFRS or those calculated using financial measures that are calculated in accordance with IFRS.

The information set out below should be read in conjunction with "Presentation of Financial and Other Information" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" and the ADNOC L&S Financial Statements and ZMI Holdings Financial Statements, including the related notes, included elsewhere in this Offering Memorandum.

ADNOC L&S

Consolidated statement of comprehensive income data

	For the three-month period ended 31 March			
	2023		2022	
	USD '000	*AED '000*	*USD '000*	*AED '000*
Revenue	592,177	2,174,770	312,957	1,149,335
Direct costs	(426,409)	(1,565,987)	(272,013)	(998,968)
Gross profit	**165,768**	**608,783**	**40,944**	**150,367**
General and administrative expenses	(31,288)	(114,905)	(22,591)	(82,965)
Reversal of expected credit losses	3,895	14,304	242	889
Other income	2,834	10,408	579	2,126
Operating profit	**141,209**	**518,590**	**19,174**	**70,417**
Share of profit from joint venture	3,732	13,706	613	2,251
Finance income	1,386	5,090	388	1,425
Finance costs	(1,131)	(4,154)	(3,936)	(14,455)
Profit before tax for the period	**145,196**	**533,232**	**16,239**	**59,638**
Income tax	(267)	(981)	-	-
Profit for the period	**144,929**	**532,252**	**16,239**	**59,638**
Other comprehensive income / (loss)				
Items that will not be subsequently reclassified to profit or loss				
Re-measurement gain / (loss) on employee defined benefit obligation	-	-	-	-
Total comprehensive income for the period	**144,929**	**532,252**	**16,239**	**59,638**

	For the year ended 31 December		
	2022	2021	2020

	USD '000	AED '000	USD '000	AED '000	USD '000	AED '000
Revenue	1,952,173	7,169,354	1,190,803	4,373,223	1,015,892	3,730,863
Direct costs	(1,543,025)	(5,666,759)	(964,203)	(3,541,034)	(798,980)	(2,934,254)
Gross profit	**409,148**	**1,502,595**	**226,600**	**832,189**	**216,912**	**796,609**
General and administrative expenses	(105,604)	(387,830)	(83,474)	(306,558)	(78,353)	(287,751)
Pension adjustment	-	-	(90,916)	(333,888)	-	-
(Provision for) / reversal of expected credit losses, net	(5,880)	(21,595)	5,565	20,439	14,674	53,890
Other expense[(1)]	(3,792)	(13,926)	-	-	-	-
Other income[(1)]	1,003	3,685	-	-	-	-
Other income, net[(1)]	-	-	2,248	8,251	16,732	61,447
Operating profit	**294,875**	**1,082,929**	**60,023**	**220,433**	**169,965**	**624,195**
Share of profit/(loss) from joint venture	2,026	7,441	1,062	3,900	(20)	(75)
Finance income	3,717	13,650	1,639	6,020	4,441	16,308
Finance costs	(38,475)	(141,300)	(7,920)	(29,086)	(7,093)	(26,049)
Profit before tax for the year	**262,143**	**962,720**	**54,804**	**201,267**	**167,292**	**614,379**
Income tax	(1,350)	(4,959)	-	-	-	-
Profit for the year	**260,793**	**957,761**	**54,804**	**201,267**	**167,292**	**614,379**
Other comprehensive income / (loss)						
Items that will not be subsequently reclassified to profit or loss						
Re-measurement gain / (loss) on employee defined benefit obligation	10,418	38,261	(1,527)	(5,609)	(5,319)	(19,534)
Total comprehensive income for the year	**271,211**	**996,022**	**53,277**	**195,658**	**161,973**	**594,845**

(1) Other expenses and other income are expressed gross in the ADNOC L&S consolidated financial statements as at and for the year ended 31 December 2022 but are expressed net in the ADNOC L&S consolidated financial statements as at and for the year ended 31 December 2021.

Consolidated statement of financial position data

	As at 31 March		As at 31 December					
	2023		2022		2021		2020	
	USD '000	AED '000	USD '000	AED '000	USD '000	AED '000	USD '000	AED '000
ASSETS								
Non-current assets								
Property, plant and equipment	3,191,860	11,722,106	3,151,384	11,573,455	1,652,430	6,068,548	1,030,332	3,783,894
Right-of-use assets	65,153	239,274	67,208	246,821	36,582	134,348	31,943	117,310
Intangible assets	13,534	49,704	14,716	54,045	17,691	64,972	14,546	53,420
Investment properties	98,530	361,851	99,757	366,357	30,268	111,159	28,855	105,969
Investment in a joint venture	66,373	243,755	62,641	230,051	73,842	271,184	20,380	74,846
Goodwill	15,697	57,647	15,697	57,646	-	-	-	-
Trade and other receivables	124,299	456,488	124,252	456,316	2,556	9,386	-	-
Sub-lease receivables	14,622	53,699	15,474	56,829	19,933	73,204	21,434	78,716
Total non-current assets	**3,590,068**	**13,184,525**	**3,551,129**	**13,041,520**	**1,833,302**	**6,732,801**	**1,147,489**	**4,214,155**
Current assets								
Inventories	95,272	349,886	105,570	387,705	57,700	211,904	42,734	156,939
Trade and other receivables	224,601	824,847	216,963	796,798	82,833	304,204	78,439	288,067
Due from related parties	482,154	1,770,711	465,954	1,711,215	338,618	1,243,573	509,970	1,872,865
Sub-lease receivables	3,473	12,755	3,911	14,363	6,314	23,188	6,847	25,144
Cash and cash equivalents	333,333	1,224,165	164,933	605,717	368,447	1,353,121	97,103	356,610
Total current assets	**1,138,833**	**4,182,364**	**957,331**	**3,515,798**	**853,912**	**3,135,990**	**735,092**	**2,699,625**
TOTAL ASSETS	**4,728,901**	**17,366,889**	**4,508,460**	**16,557,318**	**2,687,214**	**9,868,791**	**1,882,581**	**6,913,780**
EQUITY AND LIABILITIES								
Equity								
Share capital	2,529,779	9,290,613	272,294	1,000,000	272,294	1,000,000	272,294	1,000,000
General reserve	103,226	379,097	103,226	379,097	77,147	283,321	71,666	263,194
Retained earnings	1,212,214	4,451,856	1,067,285	3,919,603	822,153	3,019,357	774,357	2,843,826
Shareholder contribution	149,920	550,581	357,485	1,312,865	357,485	1,312,865	357,485	1,312,865
Total equity	**3,995,139**	**14,672,148**	**1,800,290**	**6,611,565**	**1,529,079**	**5,615,543**	**1,475,803**	**5,419,885**
Non-current liabilities								
Shareholder loan	-	-	1,900,000	6,977,750	600,000	2,203,500	-	-
Lease liabilities	64,665	237,482	69,269	254,391	41,625	152,869	41,313	151,723
Dismantling liability	1,778	6,530	1,727	6,341	1,324	4,861	1,233	4,530
Due to related parties	35,743	131,266	35,743	131,266	53,176	195,288	-	-
Other payable	-	-	69,490	255,202	-	-	-	-
Employees' end of service benefits	31,193	114,556	31,464	115,551	40,695	149,453	36,695	134,763
Total non-current liabilities	**133,379**	**489,834**	**2,107,693**	**7,740,501**	**736,820**	**2,705,971**	**79,242**	**291,016**
Current liabilities								
Trade and other payables	458,957	1,685,520	462,899	1,699,997	229,975	844,585	237,564	872,455
Lease liabilities	9,239	33,930	9,768	35,874	9,451	34,710	7,416	27,236
Due to related parties	132,187	485,457	127,810	469,381	181,889	667,982	82,556	303,188
Total current liabilities	**600,383**	**2,204,907**	**600,477**	**2,205,252**	**421,315**	**1,547,277**	**327,537**	**1,202,879**
Total liabilities	**733,762**	**2,694,741**	**2,708,170**	**9,945,753**	**1,158,135**	**4,253,248**	**406,779**	**1,493,895**
Total Equity and Liabilities	**4,728,901**	**17,366,889**	**4,508,460**	**16,557,318**	**2,687,214**	**9,868,791**	**1,882,581**	**6,913,780**

Summary consolidated statement of cash flow data

	As at and for the three-month period ended 31 March			
	2023		2022	
	USD '000	*AED '000*	*USD '000*	*AED '000*
Profit for the period	144,929	532,252	16,239	59,638
Net cash generated from / (used in) operating activities	216,825	796,290	(38,707)	(142,151)
Net cash used in investing activities	(42,162)	(154,840)	(168,547)	(618,989)
Net cash used in financing activities	(6,263)	(23,001)	(6,776)	(24,885)
Net increase / (decrease) in cash and cash equivalents	168,400	618,449	(214,030)	(786,025)
Cash and cash equivalents at end of the period	333,333	1,224,165	154,417	567,096

	As at and for the year ended 31 December					
	2022		2021		2020	
	USD '000	*AED '000*	*USD '000*	*AED '000*	*USD '000*	*AED '000*
Profit for the year	260,793	957,761	54,804	201,267	167,292	614,379
Net cash generated from operating activities	281,364	1,033,306	502,810	1,846,568	56,827	208,697
Net cash used in investing activities	(1,744,246)	(6,405,739)	(816,916)	(3,000,123)	(330,656)	(1,214,335)
Net cash generated from / (used in) financing activities	1,259,368	4,625,029	585,450	2,150,066	(367,467)	(1,349,521)
Net (decrease) / increase in cash and cash equivalents	(203,514)	(747,404)	271,344	996,511	(641,296)	(2,355,159)
Cash and cash equivalents at end of the year	164,933	605,717	368,447	1,353,121	97,103	356,610

ZMI Holdings

Consolidated statement of comprehensive income data

	For the ten-month period ended 31 October		For the year ended 31 December	
	2022	2021	2021	2020
	USD			
Revenue	348,038,857	264,144,045	316,972,854	282,852,221
Direct costs	(192,616,239)	(145,610,502)	(174,841,680)	(171,616,211)
Loss on sale of vessels, plant and equipment	(23,201,128)	(231,145)	-	-
Gross profit	**132,221,490**	**118,302,398**	**142,131,174**	**111,236,010**
General and administrative expenses	(31,625,548)	(19,550,895)	(26,786,574)	(23,387,393)
Provision for impairment of trade receivables	(16,730,771)	(4,919,651)	(5,903,581)	(648,916)
Written off capital work in progress	-	-	-	(2,759,139)
Other income	-	3,652,193	4,382,632	3,130,364
Operating profit for the period/year	**83,865,171**	**97,484,045**	**113,823,651**	**87,570,926**
Finance cost	(35,303,709)	(21,632,571)	(22,801,881)	(26,093,600)
Profit before tax for the period/year	**48,561,462**	**75,851,474**	**91,021,770**	**61,477,326**
Income tax	(1,199,109)	(250,000)	(300,000)	(619,022)
Profit for the period/year	**47,362,353**	**75,601,474**	**90,721,770**	**60,858,304**
Other comprehensive income	-	-	-	-
Total comprehensive income for the period/year	**47,362,353**	**75,601,474**	**90,721,770**	**60,858,304**

Consolidated statement of financial position data

	As at 31 October	As at 31 December	
	2022	2021	2020
	USD		
Assets			
Non-current assets			
Vessels, plant and equipment	952,925,340	894,942,471	752,294,926
Right of use assets	1,957,884	-	127,366,898
Total non-current assets	**954,883,224**	**894,942,471**	**879,661,824**
Current assets			
Inventories	16,320,806	9,525,089	9,939,060
Trade receivables	107,614,384	80,648,166	69,000,457
Advances, prepayments and other receivables	3,488,654	15,951,948	15,895,196
Margin deposits	2,675,718	7,495,783	5,907,682
Cash and cash equivalents	47,819,985	47,987,297	19,154,491
Total current assets	**177,919,547**	**161,608,283**	**119,896,886**
TOTAL ASSETS	**1,132,802,771**	**1,056,550,754**	**999,558,710**
EQUITY AND LIABILITIES			
Equity			
Share capital	50,000	50,000	50,000

	As at 31 October	As at 31 December	
	2022	2021	2020
Merge reserve	2,110,000	2,110,000	2,030,000
Additional contribution	545,103,906	-	
Retained earnings	503,389,474	484,638,120	393,916,350
Total equity	**1,050,653,380**	**486,798,120**	**395,996,350**
Non-current liabilities			
Bank borrowings	-	447,578,134	301,264,786
Barge supplier obligations	-	-	24,870,000
Employees' end of service benefits	2,511,140	2,206,041	1,934,573
Lease liabilities	1,960,868	-	29,792,704
Total non-current liabilities	**4,472,008**	**449,784,175**	**357,862,063**
Current liabilities			
Bank borrowings	-	52,866,638	126,262,802
Barge supplier obligations	-	-	7,440,000
Trade and other payables	77,677,383	67,101,821	76,600,212
Lease liabilities	-	-	24,485,965
Due to shareholder	-	-	10,911,318
Total current liabilities	**77,677,383**	**119,968,459**	**245,700,297**
Total liabilities	**82,149,391**	**569,752,634**	**603,562,360**
Total Equity and Liabilities	**1,132,802,771**	**1,056,550,754**	**999,558,710**

Summary consolidated statement of cash flows data

	As at and for the ten-month period ended 31 October		As at and for the years ended 31 December	
	2022	2021	2021	2020
	USD			
Profit for the period/year	47,362,353	75,601,474	90,721,770	60,858,304
Net cash generated from operating activities	133,867,438	95,565,229	136,520,775	138,405,446
Net cash used in investing activities	(114,690,669)	(28,862,090)	(59,878,111)	(31,953,746)
Net cash used in financing activities	(19,344,081)	(72,801,442)	(47,809,859)	(99,500,762)
Net (decrease) / increase in cash and cash equivalents	(167,312)	(6,098,303)	28,832,805	6,950,938
Cash and cash equivalents at end of the period/year	47,819,985	13,056,188	47,987,297	19,154,491

Other Historical Financial Data

The following table sets out certain financial measures that are not defined, and thus not calculated, in accordance with IFRS, or any other generally accepted accounting principles, and where applicable, by business units, which are used by us as key indicators of ADNOC L&S's financial performance for three-month periods ended 31 March 2023 and 2022 and the years ended 31 December 2022, 2021 and 2020:

	For the three-month period ended 31 March		For the year ended 31 December		
	2023	2022	2022	2021	2020
	USD '000, except percentages and ratios				
EBITDA (1), (2)	**198,526**	**51,473**	**453,303**	**168,294**	**248,537**
Integrated Logistics	100,574	21,987	164,024	103,341	99,804
Shipping	83,091	29,205	275,441	125,700	86,472
Marine Services	8,132	3,129	27,089	35,923	40,311
Others	6,729	(2,848)	(13,251)	(96,670)	21,950
EBITDA Margin(1)	**34%**	**16%**	**23%**	**14%**	**24%**
Integrated Logistics	29%	17%	18%	24%	23%
Shipping	41%	19%	32%	21%	20%
Marine Services	20%	9%	16%	21%	26%
Adjusted EBITDA(1), (2)	**198,526**	**51,473**	**453,303**	**259,210**	**248,537**
Integrated Logistics	100,574	21,987	164,024	103,341	99,804
Shipping	83,091	29,205	275,441	125,700	86,472
Marine Services	8,132	3,129	27,089	35,923	40,311
Others	6,729	(2,848)	(13,251)	(5,754)	21,950
Adjusted EBITDA Margin(1)	**34%**	**16%**	**23%**	**22%**	**24%**
Integrated Logistics	29%	17%	18%	24%	23%
Shipping	41%	19%	32%	21%	20%
Marine Services	20%	9%	16%	21%	26%
Operating Free Cash Flow (OFCF) (1), (2)	225,824	(38,801)	264,325	501,817	58,571
Free Cash Flow (FCF) (1), (2)	179,884	(166,543)	(35,615)	(261,382)	(274,234)
Levered Free Cash Flow (LFCF) (1), (2)	179,884	(166,543)	(60,212)	(262,111)	(274,234)

Adjusted Net Income [(1), (2)]	144,929	16,239	260,793	145,720	167,292
Capital Expenditure [(1)]	(45,940)	(127,742)	(299,940)	(763,199)	(332,805)
Capital Expenditure as a percentage of revenue[(1)]	8%	41%	15%	64%	33%
Total Working Capital Adjustments [(1), (3)]	27,565	(90,274)	(187,628)	242,607	(189,966)
Net Debt and Cash [(1), (4)]	(259,429)	n.a.	1,814,104	282,629	(48,373)
Net Debt and Cash / EBITDA[(1)]	(1.3x)	n.a.	4.0x	1.7x	(0.2x)
Net Debt and Cash / Adjusted EBITDA[(1)]	(1.3x)	n.a.	4.0x	1.1x	(0.2x)

(1) For definitions of the Non-IFRS Measures presented in this table, see "*Presentation of Financial and Other Information—Non-IFRS Measures*".

(2) The following tables set out the reconciliation of EBITDA, Adjusted EBITDA, Adjusted Net Income, Operating Free Cash Flow, Free Cash Flow and Levered Free Cash Flow to profit for the period which is the most directly comparable measure calculated and presented in accordance with IFRS:

	For the three-month period ended 31 March		For the year ended 31 December		
	2023	**2022**	**2022**	**2021**	**2020**
			USD '000		
Profit for the period/year	144,929	16,239	260,793	54,804	167,292
Depreciation and amortisation	53,585	31,686	156,402	107,209	78,593
Finance income	(1,386)	(388)	(3,717)	(1,639)	(4,441)
Finance costs	1,131	3,936	38,475	7,920	7,093
Income tax	267	-	1,350	-	-
EBITDA	**198,526**	**51,473**	**453,303**	**168,294**	**248,537**
Pension adjustment[(*)]	-	-	-	90,916	-
Adjusted EBITDA	**198,526**	**51,473**	**453,303**	**259,210**	**248,537**
Total Working Capital Adjustments	27,565	(90,274)	(187,628)	242,607	(189,966)
Income tax	(267)	-	(1,350)	-	-
Operating Free Cash Flow	**225,824**	**(38,801)**	**264,325**	**501,817**	**58,571**
Capital Expenditure	(45,940)	(127,742)	(299,940)	(763,199)	(332,805)
Free Cash Flow	**179,884**	**(166,543)**	**(35,615)**	**(261,382)**	**(274,234)**
Interest paid on shareholder loan	-	-	(24,597)	(729)	-
Levered Free Cash Flow	**179,884**	**(166,543)**	**(60,212)**	**(262,111)**	**(274,234)**

	For the three-month period ended 31 March		For the year ended 31 December		
	2023	**2022**	**2022**	**2021**	**2020**
			USD '000		
Profit for the period/year	144,929	16,239	260,793	54,804	167,292
Pension adjustment[(*)]	-	-	-	90,916	-
Adjusted Net Income	**144,929**	**16,239**	**260,793**	**145,720**	**167,292**

(*) Reflects pension adjustments recharged by ADNOC towards UAE national employees' pension charges. See Note 24 to the ADNOC L&S consolidated financial statements as at and for the year ended 31 December 2022 included in this Offering Memorandum.

(3) Total Working Capital Adjustments are calculated as set out in the following table.

	For the three-month period ended 31 March		For the year ended 31 December		
	2023	**2022**	**2022**	**2021**	**2020**
			USD '000		
Working capital adjustments - Inventories	10,298	(3,754)	(37,827)	(14,967)	(7,654)
Working capital adjustments - Trade and other receivables	48,228	(10,239)	(27,888)	(4,987)	(8,473)
Working capital adjustments - Due from related parties	(16,138)	(25,654)	(127,043)	178,817	(197,009)
Working capital adjustments - Trades and other payables	(19,200)	13,224	84,870	25,740	31,232
Working capital adjustments - Due to related parties	4,377	(63,851)	(60,788)	58,004	(8,062)
Working capital adjustments - Pension liability paid	-	-	(18,952)	-	-
Total Working Capital Adjustments	**27,565**	**(90,274)**	**(187,628)**	**242,607**	**(189,966)**

(4) Net Debt and Cash is calculated as follows:

		As at 31 December		
	As at 31 March 2023	**2022**	**2021**	**2020**
		USD '000		
Cash and cash equivalents	333,333	164,933	368,447	97,103
Debt and debt-like items	73,904	1,979,037	651,076	48,729
Shareholder loan	-	1,900,000	600,000	-
Current and non-current lease liabilities	73,904	79,037	51,076	48,729
Net Debt and Cash	**(259,429)**	**1,814,104**	**282,629**	**(48,373)**

Reportable Segments of ADNOC L&S

The following table sets out the income statement and reconciliation of EBITDA to profit for the three-month period ended 31 March 2023 for our four business units, which are mapped to our reportable segments by combining the tankers, gas carriers and dry-bulk shipping reportable segments to form one Shipping business unit (see "*Presentation of Financial and Other Information*"):

	For the three-month period ended 31 March 2023							
	Integrated Logistics		**Shipping (Total)[(1)]**		**Marine Services**		**Others**	
	USD '000	*AED '000*	*USD '000*	*AED '000*	*USD '000*	*AED '000*	*USD '000*	*AED '000*
Revenue	350,956	1,288,886	200,567	736,582	40,654	149,302	-	-
Direct costs	(260,611)	(957,094)	(132,585)	(486,918)	(33,213)	(121,975)	-	-
COVID-19 costs	-	-	-	-	-	-	-	-
Gross profit	**90,345**	**331,792**	**67,982**	**249,664**	**7,441**	**27,327**	**-**	**-**
General and administrative expenses	(20,335)	(74,680)	(7,199)	(26,438)	(3,754)	(13,787)	-	-
Reversal of provision for expected credit losses, net	-	-	-	-	-	-	3,895	14,304
Other income	-	-	-	-	-	-	2,834	10,408
Operating profit	**70,010**	**257,112**	**60,783**	**223,226**	**3,687**	**13,541**	**6,729**	**24,712**
Share of profit from joint venture	-	-	3,732	13,706	-	-	-	-
Finance income	267	981	-	-	-	-	1,119	4,110
Finance costs	(1,130)	(4,150)	-	-	-	-	(1)	(4)
Profit before tax for the period	**69,147**	**253,942**	**64,515**	**236,931**	**3,687**	**13,541**	**7,847**	**28,818**
Income tax	(267)	(981)	-	-	-	-	-	-
Profit for the period	**68,880**	**252,962**	**64,515**	**236,931**	**3,687**	**13,541**	**7,847**	**28,818**
Depreciation and amortisation in direct costs	29,173	107,138	18,083	66,410	4,188	15,380	-	-
Depreciation and amortisation in general and administrative expenses	1,391	5,108	493	1,811	257	944	-	-
Income tax	267	981	-	-	-	-	-	-
Finance income	(267)	(981)	-	-	-	-	(1,119)	(4,110)
Finance costs	1,130	4,150	-	-	-	-	1	4
EBITDA	**100,574**	**369,358**	**83,091**	**305,152**	**8,132**	**29,865**	**6,729**	**24,712**

(1) Shipping is a business unit which comprises the tankers, gas carriers and dry-bulk shipping reportable segments as set out below:

The following table sets out the income statement and reconciliation of EBITDA to profit for the three-month period ended 31 March 2023 for the reportable segments which are included in our Shipping business unit:

	For the three-month period ended 31 March 2023					
	Shipping					
	Tankers		**Gas carriers**		**Dry-bulk shipping**	
	USD '000	*AED '000*	*USD '000*	*AED '000*	*USD '000*	*AED '000*
Revenue	95,800	351,826	45,378	166,651	59,389	218,106
Direct costs	(59,117)	(217,107)	(25,212)	(92,591)	(48,256)	(177,220)
COVID-19 costs	-		-		-	
Gross profit	**36,683**	**134,718**	**20,166**	**74,060**	**11,133**	**40,886**
General and administrative expenses	(3,081)	(11,315)	(1,823)	(6,695)	(2,295)	(8,428)
Reversal of provision for expected credit losses, net	-	-	-	-	-	-
Other income	-	-	-	-	-	-
Operating profit	**33,602**	**123,403**	**18,343**	**67,365**	**8,838**	**32,458**
Share of profit from joint venture	-	-	3,732	13,706	-	-
Finance income	-	-	-	-	-	-
Finance costs	-	-	-	-	-	-
Profit before tax for the period	**33,602**	**123,403**	**22,075**	**81,070**	**8,838**	**32,458**
Income tax	-	-	-	-	-	
Profit for the period	**33,602**	**123,403**	**22,075**	**81,070**	**8,838**	**32,458**
Depreciation and amortisation in direct costs	8,720	32,024	6,758	24,819	2,605	9,567
Depreciation and amortisation in general and administrative expenses	211	775	125	459	157	577
Income tax	-	-	-	-	-	-
Finance income	-	-	-	-	-	-
Finance costs	-	-	-	-	-	-
EBITDA	**42,533**	**156,202**	**28,958**	**106,348**	**11,600**	**42,601**

The following table sets out the income statement and reconciliation of EBITDA to profit for the three-month period ended 31 March 2022 for our four business units, which are mapped to our reportable segments by combining the tankers, gas carriers and dry-bulk shipping reportable segments to form one Shipping business unit (see "*Presentation of Financial and Other Information*"):

	For the three-month period ended 31 March 2022							
	Integrated Logistics		**Shipping (Total)[(1)]**		**Marine Services**		**Others**	
	USD '000	*AED '000*	*USD '000*	*AED '000*	*USD '000*	*AED '000*	*USD '000*	*AED '000*
Revenue	127,232	467,260	150,199	551,606	35,526	130,469	-	-

Direct costs	(105,023)	(385,697)	(131,766)	(483,911)	(32,219)	(118,324)	-	-
COVID-19 costs	-	-	-	-	-	-	(3,005)	(11,036)
Gross profit / (loss)	**22,209**	**81,563**	**18,433**	**67,695**	**3,307**	**12,145**	**(3,005)**	**(11,036)**
General and administrative expenses	(11,613)	(42,649)	(6,902)	(25,348)	(4,076)	(14,969)	-	-
Reversal of provision for expected credit losses, net	-	-	-	-	-	-	242	889
Other income	664	2,439	-	-	-	-	(85)	(312)
Operating profit / (loss)	**11,260**	**41,352**	**11,531**	**42,348**	**(769)**	**(2,824)**	**(2,848)**	**(10,459)**
Share of profit from joint venture	-	-	613	2,251	-	-	-	-
Finance income	353	1,296	-	-	-	-	35	129
Finance costs	(1,224)	(4,495)	-	-	-	-	(2,712)	(9,960)
Profit / (loss) before tax for the period	**10,389**	**38,154**	**12,144**	**44,599**	**(769)**	**(2,824)**	**(5,525)**	**(20,291)**
Income tax	-	-	-	-	-	-	-	-
Profit / (loss) for the period	**10,389**	**38,154**	**12,144**	**44,599**	**(769)**	**(2,824)**	**(5,525)**	**(20,291)**
Depreciation and amortisation in direct costs	9,965	36,596	16,608	60,993	3,631	13,335	-	-
Depreciation and amortisation in general and administrative expenses	762	2,798	453	1,664	267	981	-	-
Finance income	(353)	(1,296)	-	-	-		(35)	(129)
Finance costs	1,224	4,495	-	-	-		2,712	9,960
EBITDA	**21,987**	**80,747**	**29,205**	**107,255**	**3,129**	**11,491**	**(2,848)**	**(10,459)**

(1) Shipping is a business unit which comprises the tankers, gas carriers and dry-bulk shipping reportable segments as set out below:

The following table sets out the income statement and reconciliation of EBITDA to profit for the three-month period ended 31 March 2022 for the reportable segments which are included in our Shipping business unit:

	For the three-month period ended 31 March 2022					
	Shipping					
	Tankers		Gas carriers		Dry-bulk shipping	
	USD '000	*AED '000*	*USD '000*	*AED '000*	*USD '000*	*AED '000*
Revenue	42,304	155,361	36,869	135,401	71,026	260,843
Direct costs	(57,076)	(209,612)	(19,648)	(72,157)	(55,042)	(202,142)
COVID-19 costs	-	-	-	-	-	-
Gross (loss) / profit	**(14,772)**	**(54,250)**	**17,221**	**63,244**	**15,984**	**58,701**
General and administrative expenses	(2,527)	(9,280)	(1,913)	(7,025)	(2,462)	(9,042)
Reversal of provision for expected credit losses, net	-	-	-	-	-	-
Other income	-	-	-	-	-	-
Operating (loss) / profit	**(17,299)**	**(63,531)**	**15,308**	**56,219**	**13,522**	**49,660**
Share of profit from joint venture	-	-	613	2,251	-	-
Finance income	-	-	-	-	-	-
Finance costs	-	-	-	-	-	-
(Loss) / profit before tax for the period	**(17,299)**	**(63,531)**	**15,921**	**58,470**	**13,522**	**49,660**
Income tax	-	-	-	-	-	-
(Loss) / profit for the period	**(17,299)**	**(63,531)**	**15,921**	**58,470**	**13,522**	**49,660**
Depreciation and amortisation in direct costs	8,894	32,663	5,243	19,255	2,471	9,075
Depreciation and amortisation in general and administrative expenses	166	610	125	459	162	595
Finance income	-	-	-	-	-	-
Finance costs	-	-	-	-	-	-
EBITDA	**(8,239)**	**(30,258)**	**21,289**	**78,184**	**16,155**	**59,329**

The following table sets out the income statement and reconciliation of EBITDA to profit for the year ended 31 December 2022 for our four business units, which are mapped to our reportable segments by combining the tankers, gas carriers and dry-bulk shipping reportable segments to form one Shipping business unit (see "*Presentation of Financial and Other Information*"):

	For the year ended 31 December 2022							
	Integrated Logistics		Shipping (Total)(1)		Marine Services		Others	
	USD '000	*AED '000*	*USD '000*	*AED '000*	*USD '000*	*AED '000*	*USD '000*	*AED '000*
Revenue	923,015	3,389,771	861,815	3,165,017	167,343	614,566	-	-
Direct costs	(768,155)	(2,821,054)	(630,130)	(2,314,150)	(138,778)	(509,661)	-	-
COVID-19 costs	-	-	-	-	-	-	(5,962)	(21,894)
Gross profit / (loss)	**154,860**	**568,717**	**231,685**	**850,867**	**28,565**	**104,905**	**(5,962)**	**(21,894)**
General and administrative expenses	(57,838)	(212,405)	(29,534)	(108,467)	(18,232)	(66,958)	-	-
Provision for expected credit losses, net	-	-	-	-	-	-	(5,880)	(21,595)
Other expense	(2,380)	(8,742)	-	-	-	-	(1,412)	(5,184)
Other income	1,000	3,672	-	-	-	-	3	13
Operating profit / (loss)	**95,642**	**351,242**	**202,151**	**742,400**	**10,333**	**37,947**	**(13,251)**	**(48,660)**
Share of profit from joint venture	-	-	2,026	7,441	-	-	-	-
Finance income	1,241	4,556	-	-	-	-	2,476	9,094
Finance costs	(4,686)	(17,208)	(7)	(26)	-	-	(33,782)	(124,066)
Profit / (loss) before tax for the year	**92,196**	**338,590**	**204,170**	**749,815**	**10,333**	**37,947**	**(44,556)**	**(163,632)**
Income tax	(1,350)	(4,959)	0	-	-	-	-	-
Profit / (loss) for the year	**90,846**	**333,631**	**204,170**	**749,815**	**10,333**	**37,947**	**(44,556)**	**(163,632)**

Depreciation and amortisation in direct costs	63,804	234,318	68,832	252,785	15,255	56,025	-	-
Depreciation and amortisation in general and administrative expenses	4,578	16,810	2,432	8,932	1,501	5,514	-	-
Income tax	1,350	4,959	-	-	-	-	-	-
Finance income	(1,241)	(4,556)	-	-	-	-	(2,476)	(9,094)
Finance costs	4,686	17,208	7	26	-	-	33,782	124,066
EBITDA	**164,024**	**602,370**	**275,441**	**1,011,558**	**27,089**	**99,486**	**(13,251)**	**(48,660)**

(1) Shipping is a business unit which comprises the tankers, gas carriers and dry-bulk shipping reportable segments as set out below:

The following table sets out the income statement and reconciliation of EBITDA to profit for the year ended 31 December 2022 for the reportable segments which are included in our Shipping business unit:

	For the year ended 31 December 2022					
	Shipping					
	Tankers		Gas carriers		Dry-bulk shipping	
	USD '000	*AED '000*	*USD '000*	*AED '000*	*USD '000*	*AED '000*
Revenue	334,570	1,228,709	169,117	621,083	358,128	1,315,225
Direct costs	(265,373)	(974,581)	(100,898)	(370,548)	(263,859)	(969,021)
COVID-19 costs	-	-	-	-	-	-
Gross profit	**69,197**	**254,128**	**68,219**	**250,535**	**94,269**	**346,204**
General and administrative expenses	(11,972)	(43,968)	(7,517)	(27,607)	(10,045)	(36,892)
(Provision for) / Reversal of expected credit losses, net	-	-	-	-	-	-
Other expense	-	-	-	-	-	-
Other income	-	-	-	-	-	-
Operating profit	**57,225**	**210,160**	**60,702**	**222,928**	**84,224**	**309,312**
Share of profit from joint venture	-	-	2,026	7,441	-	-
Finance income	-	-	-	-	-	-
Finance costs	(7)	(26)	-	-	-	-
Profit before tax for the year	**57,218**	**210,134**	**62,728**	**230,369**	**84,224**	**309,312**
Income tax	-	-	-	-	-	-
Net profit for the year	**57,218**	**210,134**	**62,728**	**230,369**	**84,224**	**309,312**
Depreciation and amortisation in direct costs	35,269	129,524	23,563	86,535	10,000	36,726
Depreciation and amortisation in general and administrative expenses	986	3,621	619	2,273	827	3,038
Income tax	-	-	-	-	-	-
Finance income	-	-	-	-	-	-
Finance costs	7	26	-	-	-	-
EBITDA	**93,480**	**343,305**	**86,910**	**319,177**	**95,051**	**349,076**

The following table sets out the income statement and reconciliation of EBITDA to profit for the year ended 31 December 2021 for our four business units, which are mapped to our reportable segments by combining the tankers, gas carriers and dry-bulk shipping reportable segments to form one Shipping business unit (see "*Presentation of Financial and Other Information*"):

	For the year ended 31 December 2021							
	Integrated Logistics		Shipping (Total)(1)		Marine Services		Others	
	USD '000	*AED '000*	*USD '000*	*AED '000*	*USD '000*	*AED '000*	*USD '000*	*AED '000*
Revenue	428,616	1,574,090	589,731	2,165,787	172,456	633,346	-	-
Direct costs	(324,891)	(1,193,157)	(494,872)	(1,817,418)	(133,343)	(489,704)	-	-
COVID-19 costs	-	-	-	-	-	-	(11,097)	(40,755)
Gross profit / (loss)	**103,725**	**380,933**	**94,859**	**348,369**	**39,113**	**143,642**	**(11,097)**	**(40,755)**
General and administrative expenses	(37,927)	(139,287)	(28,318)	(103,996)	(17,229)	(63,275)	-	-
Pension adjustment	-	-	-	-	-	-	(90,916)	(333,888)
(Provision for) / Reversal of expected credit losses, net	-	-	-	-	-	-	5,565	20,439
Other expense	-	-	-	-	-	-	(1,196)	(4,396)
Other income	2,470	9,070	-	-	-	-	974	3,577
Operating profit / (loss)	**68,268**	**250,716**	**66,541**	**244,373**	**21,884**	**80,367**	**(96,670)**	**(355,023)**
Share of profit from joint venture		-	1,062	3,900	-	-	-	-
Finance income	1,373	5,043	-	-	-	-	266	977
Finance costs	(2,998)	(11,010)	(7)	(25)	-	-	(4,915)	(18,051)
Profit / (loss) for the year	**66,643**	**244,749**	**67,596**	**248,248**	**21,884**	**80,367**	**(101,319)**	**(372,097)**
Depreciation and amortisation in direct costs	32,732	120,207	56,349	206,939	12,976	47,656	-	-
Depreciation and amortisation in general and administrative expenses	2,341	8,596	1,748	6,417	1,063	3,905	-	-
Finance income	(1,373)	(5,043)	-	-	-	-	(266)	(977)
Finance costs	2,998	11,010	7	25	-	-	4,915	18,051
EBITDA	**103,341**	**379,519**	**125,700**	**461,629**	**35,923**	**131,928**	**(96,670)**	**(355,023)**

(1) Shipping is a business unit which comprises the tankers, gas carriers and dry-bulk shipping reportable segments as set out below:

The following table sets out the income statement and reconciliation of EBITDA to profit for the year ended 31 December 2021 for the reportable segments which are included in our Shipping business unit:

	For the year ended 31 December 2021					
	Shipping					
	Tankers		Gas carriers		Dry-bulk shipping	
	USD '000	*AED '000*	*USD '000*	*AED '000*	*USD '000*	*AED '000*
Revenue	158,100	580,622	136,770	502,289	294,861	1,082,876
Direct costs	(191,034)	(701,572)	(86,992)	(319,479)	(216,846)	(796,367)
COVID-19 costs	-	-	-	-	-	-
Gross (loss) / profit	**(32,934)**	**(120,950)**	**49,778**	**182,810**	**78,015**	**286,509**
General and administrative expenses	(9,815)	(36,044)	(8,301)	(30,485)	(10,202)	(37,467)
Pension adjustment	-	-	-	-	-	-
(Provision for) / Reversal of expected credit losses, net	-	-	-	-	-	-
Other expense	-	-	-	-	-	-
Other income	-	-	-	-	-	-
Operating (loss) / profit	**(42,749)**	**(156,994)**	**41,477**	**152,325**	**67,813**	**249,042**
Share of profit from joint venture	-	-	1,062	3,900	-	-
Finance income	-	-	-	-	-	-
Finance costs	-	-	-	-	(7)	(25)
(Loss) / profit for the year	**(42,749)**	**(156,994)**	**42,539**	**156,225**	**67,806**	**249,017**
Depreciation and amortisation in direct costs	27,293	100,232	19,213	70,559	9,843	36,148
Depreciation and amortisation in general and administrative expenses	606	2,224	512	1,881	630	2,312
Finance income	-	-	-	-	-	-
Finance costs	-	-	-	-	7	25
EBITDA	**(14,850)**	**(54,538)**	**62,264**	**228,665**	**78,286**	**287,502**

The following table sets out the income statement and reconciliation of EBITDA to profit for the year ended 31 December 2020 for our four business units, which are mapped to our reportable segments by combining the tankers, gas carriers and dry-bulk shipping reportable segments to form one Shipping business unit (see "*Presentation of Financial and Other Information*"):

	For the year ended 31 December 2020							
	Integrated Logistics		Shipping (Total)[1]		Marine Services		Others	
	USD '000	*AED'000*	*USD '000*	*AED '000*	*USD '000*	*AED '000*	*USD '000*	*AED '000*
Revenue	428,314	1,572,985	432,724	1,589,178	154,854	568,700	-	-
Direct costs	(320,184)	(1,175,877)	(357,134)	(1,311,575)	(112,206)	(412,077)	-	-
COVID-19 costs	-	-	-	-	-	-	(9,455)	(34,725)
Gross profit / (loss)	**108,130**	**397,108**	**75,590**	**277,603**	**42,648**	**156,623**	**(9,455)**	**(34,725)**
General and administrative expenses	(36,836)	(135,282)	(28,977)	(106,418)	(12,540)	(46,051)	-	-
(Provision for) / Reversal of expected credit losses, net	-	-	-	-	-	-	14,674	53,890
Other income, net	-	-	-	-	-	-	16,732	61,447
Operating profit	**71,294**	**261,826**	**46,613**	**171,185**	**30,108**	**110,572**	**21,950**	**80,612**
Share of (loss) from joint venture	-	-	(20)	(75)	-	-	-	-
Finance income	2,509	9,215	-	-	-	-	1,931	7,093
Finance costs	(2,830)	(10,391)	(28)	(104)	-	-	(4,235)	(15,554)
Net profit for the year	**70,973**	**260,650**	**46,564**	**171,006**	**30,108**	**110,572**	**19,646**	**72,151**
Depreciation on property, plant and equipment in direct costs	23,934	87,902	38,167	140,169	9,753	35,818	-	-
Depreciation on right-of-use assets	1,850	6,795	673	2,470	-	-	-	-
Depreciation on investment properties	1,404	5,155	-	-	-	-	-	-
Amortisation of intangible assets	341	1,253	269	986	116	427	-	-
Depreciation on property, plant and equipment in general and administrative expenses	981	3,601	771	2,832	334	1,225	-	-
Finance income	(2,509)	(9,215)	-	-	-	-	(1,931)	(7,093)
Finance costs	2,830	10,391	28	104	-	-	4,235	15,554
EBITDA	**99,804**	**366,532**	**86,472**	**317,567**	**40,311**	**148,042**	**21,950**	**80,612**

(1) Shipping is a business unit which comprises the tankers, gas carriers and dry-bulk shipping reportable segments as set out below:

The following table sets out the income statement and reconciliation of EBITDA to profit for the year ended 31 December 2020 for the reportable segments which are included in our Shipping business unit:

	For the year ended 31 December 2020
	Shipping

	Tankers		Gas carriers		Dry-bulk shipping	
	USD '000	*AED '000*	*USD '000*	*AED '000*	*USD '000*	*AED '000*
Revenue	169,100	621,020	124,500	457,226	139,124	510,932
Direct costs	(154,079)	(565,855)	(76,979)	(282,706)	(126,076)	(463,014)
COVID-19 costs	-	-	-	-	-	-
Gross profit	**15,021**	**55,165**	**47,521**	**174,520**	**13,048**	**47,918**
General and administrative expenses	(12,600)	(46,274)	(8,900)	(32,685)	(7,477)	(27,459)
(Provision for) / Reversal of expected credit losses, net	-	-	-	-	-	-
Other income, net	-	-	-	-	-	-
Operating profit	**2,421**	**8,891**	**38,621**	**141,835**	**5,571**	**20,459**
Share of (loss) from joint venture	-	-	(21)	(75)	-	-
Finance income	-	-	-	-	-	-
Finance costs	-	-	-	-	(28)	(104)
Profit for the year	**2,421**	**8,891**	**38,600**	**141,760**	**5,543**	**20,355**
Depreciation on property, plant and equipment in direct costs	12,640	46,420	17,127	62,900	8,400	30,849
Depreciation on right-of-use assets	-	-	-	-	673	2,470
Depreciation on investment properties	-	-	-	-	-	-
Amortisation of intangible assets	117	429	83	303	69	254
Depreciation on property, plant and equipment in general and administrative expenses	335	1,231	237	870	199	731
Finance income	-	-	-	-	-	-
Finance costs	-	-	-	-	28	104
EBITDA	**15,513**	**56,971**	**56,047**	**205,833**	**14,912**	**54,763**

Operating Segments of ZMI Holdings

The following tables set out the operating segments of ZMI Holdings for the ten-month periods ended 31 October 2022 and 2021:

	For the ten-month period ended 31 October					
	2022	**2021**	**2022**	**2021**	**2022**	**2021**
	United Arab Emirates and Other		**Saudi Arabia**		**Qatar**	
	USD					
Revenue	137,760,980	148,362,627	122,655,183	71,584,511	87,622,694	44,196,907
Direct costs (excluding depreciation)	(75,821,186)	(61,884,117)	(55,645,269)	(31,394,446)	(24,178,765)	(17,385,339)
Loss on sale of vessels, plant and equipment	(23,201,128)	(231,145)	-	-	-	-
General and administrative expenses (excluding depreciation)	(12,372,268)	(12,450,808)	(10,360,445)	(6,183,133)	(7,452,263)	(3,382,831)
Depreciation included in direct costs and general and administrative expenses	(19,883,793)	(16,852,001)	(12,440,585)	(9,667,109)	(6,087,213)	(5,961,613)
Provision for impairment loss on trade receivables	(7,268,308)	(2,771,563)	(5,952,620)	(732,694)	(3,509,843)	(1,415,394)
Other income, net	-	3,600,025	-	52,168	-	-
Income tax	-	-	(989,819)	(166,667)	(209,290)	(83,333)
Finance costs, net	(15,882,336)	(13,232,573)	(12,233,769)	(5,283,385)	(7,187,604)	(3,116,613)
(Loss) / profit for the period	**(16,668,039)**	**44,540,445**	**25,032,676**	**18,209,245**	**38,997,716**	**12,851,784**

The following tables set out the operating segments of ZMI Holdings for the years ended 31 December 2021 and 2020:

	For the year ended 31 December					
	2021	**2020**	**2021**	**2020**	**2021**	**2020**
	United Arab Emirates and Other		**Saudi Arabia**		**Qatar**	
	USD					
Revenue	178,035,152	211,785,408	85,901,413	45,429,733	53,036,289	25,637,080
Direct costs (excluding depreciation)	(75,576,642)	(93,307,182)	(36,777,221)	(21,572,409)	(20,366,165)	(14,947,983)
General and administrative expenses (excluding depreciation)	(13,026,502)	(16,051,201)	(8,499,567)	(4,858,887)	(4,650,168)	(1,967,419)
Depreciation included in direct costs and general and administrative expenses	(23,895,652)	(32,143,122)	(11,651,172)	(5,874,982)	(7,185,165)	(4,280,419)
Written off capital work in progress	-	(2,759,139)		-	-	-
Provision for impairment loss on trade receivables	(3,325,876)	(554,112)	(879,233)	-	(1,698,472)	(94,804)
Other income, net	4,320,030	2,721,825	62,602	44,229	-	364,310
Finance costs, net	(12,721,884)	(19,629,415)	(6,340,062)	(4,132,255)	(3,739,935)	(2,331,930)
Profit before tax for the year	**53,808,626**	**50,063,062**	**21,816,760**	**9,035,429**	**15,396,384**	**2,378,835**

Selected Fleet Size Data

The following table sets out details of our owned fleet as at 31 March 2023:

	As at 31 March 2023 [(1)]
Dry bulk	9
Container	3

Tanker	22[2]
Gas	22[3]
Offshore logistics	101
Jack-up barges[4]	23
Marine Services	65[5]

(1) Including vessels which are either contractually committed or contracted and under construction for scheduled delivery between 2023 and 2026.

(2) Including four vessels which have been ordered and are scheduled to be delivered within 2023.

(3) Including (i) six VLGCs owned by AW Shipping Limited and (ii) six LNG carriers which have been ordered for scheduled delivery between 2025 and 2026.

(4) Jack-up barges acquired as part of the ZMI Holdings Acquisition.

(5) Including 39 vessels for marine terminal operations and 26 oil spill response vessels. Includes two mini dive support vessels and two ASD tugs under construction.

SELECTED UNAUDITED PRO FORMA FINANCIAL INFORMATION AND OTHER ADJUSTED UNAUDITED PRO FORMA FINANCIAL INFORMATION DATA

The tables below present the selected unaudited pro forma financial information derived from the Unaudited Pro Forma Financial Information. The tables should be read in conjunction with ADNOC L&S Financial Statements, ZMI Holdings Financial Statements and the unaudited pro forma statement of comprehensive income of ADNOC L&S for the year ended 31 December 2022 with the related explanatory notes thereto.

The Unaudited Pro Forma Financial Information has been prepared for illustrative purposes only. Due to its nature, the Unaudited Pro Forma Financial Information addresses a hypothetical situation and, therefore, does not represent ADNOC L&S's actual financial performance and may not give a true picture of its financial performance. In addition, the Unaudited Pro Forma Financial Information does not reflect forward-looking information and is not intended to present the expected future results of ADNOC L&S, given that it has been prepared solely for the purposes of illustrating the ZMI Holdings Acquisition applied to the historical financial information of ADNOC L&S for the year ended 31 December 2022 as if such acquisition had occurred on 1 January 2022. The Unaudited Pro forma Financial Information does not purport to project ADNOC L&S' results of operations for any future period and it also does not reflect the impact of any potential synergies deriving from the ZMI Holdings Acquisition. The Unaudited Pro forma Financial Information set out in this Offering Memorandum is based on available information and certain assumptions and estimates that we believe are reasonable and may differ materially from the actual amounts that would have been achieved had the ZMI Holdings Acquisition occurred on 1 January 2022. It is derived from, and should be read in conjunction with, the consolidated financial statements of ADNOC L&S as at and for the year ended 31 December 2022 prepared in accordance with IFRS, and the unaudited condensed consolidated financial information of ZMI Holdings as at and for the ten-month period 31 October 2022, prepared in accordance with IAS 34. The Unaudited Pro Forma Financial Information is prepared, unless otherwise specified, on a basis that is consistent with the accounting policies used in the preparation of ADNOC L&S Financial Statements.

Unaudited Pro Forma Statement of Comprehensive Income Data

The following table sets out a summary of Unaudited Pro Forma Financial Information which has been prepared to illustrate the impact of the ZMI Holdings Acquisition on the consolidated statement of comprehensive income of ADNOC L&S as if the ZMI Holdings Acquisition had taken place on 1 January 2022:

	Unaudited Pro Forma Financial Information for the year ended 31 December 2022
	USD '000
Revenue	2,287,234
Direct costs	(1,730,697)
Loss on sale of property, plant and equipment	(23,201)
Gross profit	**533,336**
General and administrative expenses	(137,214)
Provision for expected credit losses	(22,611)
Other expenses	(3,792)
Other income	1,003
Operating profit	**370,722**
Share of profit from joint venture	2,026
Finance income	3,717
Finance costs	(110,336)
Profit before tax for the year	**266,129**
Income tax	(2,549)
Profit for the year	**263,580**
Other comprehensive income	
Items that will not be subsequently reclassified to profit or loss	
Re-measurement loss on employee defined benefit obligation	**10,418**
Total comprehensive income for the year	**273,998**

Other Unaudited Pro Forma Financial Information Data

The following table sets out a summary of revenue for our business units and reportable segments on a pro forma basis to illustrate the impact of the ZMI Holdings Acquisition on ADNOC L&S as if the ZMI Holdings Acquisition had taken place on 1 January 2022:

	Unaudited Pro Forma Financial Information for the year ended 31 December 2022
	USD '000
Integrated Logistics	**1,258,076**
Shipping	**861,815**
Tankers	*334,570*
Gas carriers	*169,117*
Dry-bulk shipping	*358,128*
Marine Services	**167,343**
Total revenue	**2,287,234**

The following table sets out Pro forma EBITDA and Pro forma EBITDA Margin for the year ended 31 December 2022 on a pro forma basis to illustrate the impact of the ZMI Holdings Acquisition on ADNOC L&S as if the ZMI Holdings Acquisition had taken place on 1 January 2022. For further information, see "*Presentation of Financial and Other Information—Unaudited Pro Forma Financial Information*" and "*Unaudited Pro Forma Financial Information*".

	For the year ended 31 December 2022
	USD '000 except for percentages
Unaudited Pro forma EBITDA[(1), (2)]	**576,054**
Integrated Logistics	326,707
Shipping	275,441
Marine Services	27,089
Others	(53,183)
Unaudited Pro forma EBITDA Margin[(1)]	**25%**
Integrated Logistics	26%
Shipping	32%
Marine Services	16%

(1) For definitions of Pro forma EBITDA and Pro forma EBITDA Margin, see "*Presentation of Financial and Other Information—Non-IFR Measures—Unaudited Pro Forma Non-IFRS Measures*". For reconciliations of Pro forma EBITDA to pro forma profit for the year, see footnote (2) under "*—Other Adjusted Unaudited Pro Forma Financial Information Data"* below.

Other Adjusted Unaudited Pro Forma Financial Information Data

Unaudited Pro forma EBITDA is further adjusted to remove the impact of the loss on sale of a vessels, plant and equipment by ZMI Holdings which is included in the Others segment.

	For the year ended 31 December 2022
	USD '000 except for percentages
Adjusted unaudited pro forma EBITDA[(1)]	**599,255**
Integrated Logistics	326,707
Shipping	275,441
Marine Services	27,089
Others	(29,982)
Adjusted unaudited pro forma EBITDA Margin[(1)]	**26%**
Integrated Logistics	26%
Shipping	32%
Marine Services	16%

(1) For definitions of Adjusted pro forma EBITDA and Adjusted pro forma EBITDA Margin, see "*Presentation of Financial and Other Information—Non-IFRS Measures—Adjusted Unaudited Pro Forma Non-IFRS Measures*".

(2) The following table sets out the reconciliation of Adjusted pro forma EBITDA to pro forma profit for the year ended 31 December 2022 as set out in the Unaudited Pro Forma Financial Information included in the "*Unaudited Pro Forma Financial Information*" section of this Offering Memorandum:

	For the year ended 31 December 2022
	USD '000
Unaudited Pro forma profit for the year	263,580
Unaudited Pro forma depreciation and amortisation	203,306
Unaudited Pro forma finance income	(3,717)
Unaudited Pro forma finance costs	110,336
Unaudited Pro forma income tax	2,549
Unaudited Pro forma EBITDA	**576,054**
Loss on sale of vessels, plant and equipment[*]	23,201
Adjusted unaudited pro forma EBITDA	**599,255**

(*) Reflects loss on sale of vessels, plant and equipment by ZMI Holdings reflected in the Others segment.

The following table sets out the pro forma profit for the year ended 31 December 2022 which is then further adjusted to remove the impact of the loss on sale of vessels, plant and equipment by ZMI Holdings.

	For the year ended 31 December 2022
	USD '000
Unaudited Pro forma profit for the year	**263,580**
Loss on sale of vessels, plant and equipment[1]	23,201
Adjusted pro forma Net Income[2]	**286,781**

(1) Reflects loss on sale of vessels, plant and equipment by ZMI Holdings reflected in the Others segment.

(2) For a definition of Adjusted pro forma Net Income, see "*Presentation of Financial and Other Information—Non-IFRS Measures—Adjusted Unaudited Pro Forma Non-IFRS Measures*".

Net Debt and Cash / Adjusted pro forma EBITDA calculated as Net debt and Cash, as at 31 December 2022 of USD 1,814,104 thousand, divided by Adjusted pro forma EBITDA of USD 599,255 thousand for the year ended 31 December 2022 was 3.0x. Net Debt and Cash / Adjusted pro forma EBITDA calculated as Net Debt and Cash, as at 31 March 2023 of USD (259,429) thousand, divided by Adjusted pro forma EBITDA of USD 599,255 thousand for the year ended 31 December 2022 was (0.4x). For a definition of Net Debt and Cash / Adjusted pro forma EBITDA, see "*Presentation of Financial and Other Information—Non-IFRS Measures—Adjusted Unaudited Pro Forma Non-IFRS Measures*".

UNAUDITED PRO FORMA FINANCIAL INFORMATION

Prospective investors should read this Unaudited Pro Forma Financial Information in conjunction with accompanying explanatory notes and the ADNOC L&S Financial Statements and the ZMI Holdings Financial Statements included elsewhere in this Offering Memorandum.

Background

ADNOC L&S is a public joint stock company. ADNOC L&S was established in 2016 under Law No. 15 of 2016. ADNOC L&S is a wholly owned subsidiary of ADNOC (or the "**ultimate holding company**"). ADNOC L&S is exempt from the provisions of Federal Commercial Companies Law No. 2 of 2015. ADNOC L&S and its subsidiaries (collectively referred to in this section, as the "**Group**").

The Unaudited Pro Forma Financial Information is prepared in connection with the listing of shares of the Company on the Abu Dhabi Securities Exchange.

On 12 July 2022, shareholders of the Group approved to acquire 100% of the share capital of ZMI Holdings (also referred to as "**ZMI**") through a wholly owned subsidiary Zinc HoldCo RSC LTD, a restricted scope company duly incorporated under the laws of the Abu Dhabi Global Market with company number 7990 and whose registered office is at Floor 28, Al Sarab Tower, Abu Dhabi Global Market Square, Al Maryah Island, P.O. Box 764652, Abu Dhabi, United Arab Emirates (the "**Purchaser**"). ZMI is an Abu Dhabi-based owner and operator of offshore support vessels, with the world's largest fleet of self-propelled jack-up barges.

On 1 November 2022, Zinc HoldCo RSC Limited acquired 100% of the shares of ZMI. The acquisition of ZMI will enable further strengthening of the Groups' leading position as the region's largest shipping and integrated logistics company. The ZMI Holdings Acquisition has been accounted for using acquisition method. Further details are outlined within Note 29 of ADNOC L&S consolidated financial statements for the year ended 31 December 2022 (referred to in this section as the "**Group's Financial Statements**").

The Unaudited Pro Forma Financial Information has been prepared to illustrate the impact of the ZMI Holdings Acquisition, the increase in depreciation charge as a result of the fair value uplift of property, plant and equipment from the purchase price allocation and the increase in finance cost resulting from ADNOC L&S' shareholder loan used to finance the ZMI Holdings Acquisition on the statement of comprehensive income for the year ended 31 December 2022, as if the acquisition had taken place on 1 January 2022.

The ZMI Holdings Acquisition is already reflected in the Group's latest statement of financial position as at 31 December 2022, using the IFRS 3 – Business Combinations as per Note 29 of the consolidated financial statements of ADNOC L&S, that will be used for the purposes of this Offering Memorandum, accordingly, no additional proforma statement of financial position is required.

This unaudited pro forma statement of comprehensive income has been compiled in a manner consistent with the accounting policies adopted by ADNOC L&S. The historical financial statements of ADNOC L&S and ZMI Holdings are prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board and there are no differences between the accounting policies applied in preparing the historical consolidated financial statements of ADNOC L&S for the year ended 31 December 2022 and ZMI Holdings condensed interim consolidated financial information for the ten-month period ended 31 October 2022. Therefore, no adjustments have been made to the Unaudited Pro Forma Financial Information to reflect alignment of accounting policies.

The Unaudited Pro Forma Financial Information has been prepared in accordance with the accompanying notes to the Unaudited Pro Forma Financial Information as described below. The Unaudited Pro Forma Financial Information has not been prepared in accordance with Regulation S-X of the Securities Act or Annex 20 of the UK Prospectus Regulation. The pro forma adjustments are described in the accompanying notes, should be read in conjunction with this Unaudited Pro Forma Financial Information.

Neither the assumptions underlying the pro forma adjustments, nor the resulting Unaudited Pro Forma Financial Information have been audited or reviewed in accordance with any generally accepted auditing standards. Any reliance you place on this information should fully take this into consideration.

The Unaudited Pro Forma Financial Information has been prepared by, and is the responsibility of, the Company's management. The Unaudited Pro Forma Financial Information has been prepared for illustrative purpose only and because of its nature, the Unaudited Pro Forma Financial Information addresses a hypothetical situation and, therefore, does not represent the Group's actual financial performance and may not give a true picture of its financial performance. The Unaudited Pro Forma Financial Information is based on available information and certain assumptions that management believes are reasonable under the circumstances. In addition, the Unaudited Pro Forma Financial Information does not reflect forward-looking information and is not intended to present the expected future results of the Group.

The Unaudited Pro Forma Financial Information has been prepared solely for the purposes of illustrating the identifiable and objectively measurable effects of the acquisition of ZMI Holdings, applied to historical financial information of ADNOC L&S and ZMI Holdings. The unaudited pro forma adjustments give effect to events that are directly attributable to the ZMI Holdings Acquisition, are factually supportable and are expected to have a continuing impact on the consolidated comprehensive income of the Company. Further, the Unaudited Pro Forma Financial Information does not take into account of the potential effects resulting from changes in management strategy and operational decisions resulting from acquisition of ZMI Holdings.

The Unaudited Pro Forma Financial Information is based on available information and certain assumptions and estimates that we believe to be reasonable and may differ materially from the actual amounts that would have been achieved had the ZMI Holdings Acquisition occurred on the respective dates mentioned above. The Unaudited Pro Forma Financial Information does not include all information required for financial statements under IFRS and should be read in conjunction with the Group's Financial Statements.

For the purposes of this illustration, it has been assumed that the fair value uplift of the acquired net assets determined as at 1 November 2022 is also applicable as at 1 January 2022. Similarly, the shareholder loan drawn by ADNOC L&S for the acquisition of ZMI Holdings has been assumed to be effective 1 January 2022 (the hypothetical date of acquisition) thereby resulting in additional finance cost. Furthermore, it is also assumed that this shareholder loan was used to repay the borrowings of ZMI Holdings as at 1 January 2022 thereby resulting in elimination of any finance costs recorded in ZMI Holdings during the ten-month period ended 31 October 2022.

These pro forma adjustments are described in the accompanying notes. The Unaudited Pro Forma Financial Information presented herein should be read in conjunction with the historical financial statements of ADNOC L&S as at and for the year ended 31 December 2022 and of ZMI Holdings as at and for the ten-month period ended 31 October 2022.

Unaudited pro forma statement of comprehensive income
For the year ended 31 December 2022

			Adjustments			
	ADNOC L&S *(Note 1)*	**ZMI Holdings** *(Note 2)*	**Inter-Company Eliminations** *(Note 3)*	**Proforma Adjustments** *(Note 4)*	*Notes*	**Proforma**
	USD'000	*USD'000*	*USD'000*	*USD'000*		*USD'000*
Revenues	1,952,173	348,039	(12,978)	-		**2,287,234**
Direct costs	(1,543,025)	(192,616)	12,978	(8,034)	*4a*	**(1,730,697)**
Loss on sale of property, plant & equipment	-	(23,201)	-	-		**(23,201)**
Gross profit	409,148	132,222	-	(8,034)		**533,336**
General and administrative expenses	(105,604)	(31,626)	-	16	*4b*	**(137,214)**
Provision for expected credit losses	(5,880)	(16,731)	-	-		**(22,611)**
Other expenses	(3,792)	-	-	-		**(3,792)**
Other income	1,003	-	-	-		**1,003**
Operating profit	294,875	83,865	-	(8,018)		**370,722**
Share of profit from joint venture	2,026	-	-	-		**2,026**
Finance income	3,717	-	-	-		**3,717**
Finance costs	(38,475)	(35,304)	-	(36,557)	*4c*	**(110,336)**
Profit before tax for the year	262,143	48,561	-	(44,575)		**266,129**
Income tax	(1,350)	(1,199)	-	-		**(2,549)**
Profit for the year	260,793	47,362	-	(44,575)		**263,580**
Other comprehensive income / (loss) *Items that will not be subsequently reclassified to profit or loss*	-	-	-	-		**-**
Re-measurement loss on employee defined benefit obligation	10,418	-	-	-		10,418
Total comprehensive income for the year	271,211	47,362	-	(44,575)		**273,998**

Unaudited pro forma statement of comprehensive income
For the year ended 31 December 2022

			Adjustments			
	ADNOC L&S *(Note 1)*	**ZMI Holdings** *(Note 2)*	**Inter-Company Eliminations** *(Note 3)*	**Proforma Adjustments** *(Note 4)*	*Notes*	**Proforma**
	AED'000	*AED'000*	*AED'000*	*AED'000*		*AED'000*
Revenues	7,169,354	1,278,173	(47,663)	-		**8,399,864**
Direct costs	(5,666,759)	(707,383)	47,663	(29,504)	*4a*	**(6,355,983)**
Loss on sale of property, plant & equipment	-	(85,206)	-	-		**(85,206)**
Gross profit	1,502,595	485,584	-	(29,504)		**1,958,675**
General and administrative expenses	(387,830)	(116,145)	-	59	*4b*	**(503,916)**
Provision for expected credit losses	(21,595)	(61,444)	-	-		**(83,039)**
Other expenses	(13,926)	-	-	-		**(13,926)**
Other income	3,685	-	-	-		**3,685**
Operating profit	1,082,929	307,995	-	(29,445)		**1,361,479**
Share of profit from joint venture	7,441	-	-	-		**7,441**
Finance income	13,650	-	-	-		**13,650**
Finance costs	(141,300)	(129,653)	-	(134,256)	*4c*	**(405,209)**
Profit before tax for the year	962,720	178,342	-	(163,701)		**977,361**
Income tax	(4,959)	(4,404)	-	-		**(9,363)**
Profit for the year	957,761	173,938	-	(163,701)		**967,998**
Other comprehensive income / (loss)						
Items that will not be subsequently reclassified to profit or loss	-	-	-	-		**-**
Re-measurement loss on employee defined benefit obligation	38,261	-	-	-		38,261
Total comprehensive income for the year	996,022	173,938	-	(163,701)		**1,006,259**

Notes to Unaudited Pro Forma Financial Information

1. Historical financial information of ADNOC L&S

ADNOC L&S's historical financial information has been extracted without any adjustment from the audited consolidated financial statements of ADNOC L&S as at and for the year ended 31 December 2022 prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board. This historical financial statements of ADNOC L&S reflects the accounting of ZMI Holdings Acquisition on 1 November 2022 using the acquisition method (as outlined in note 29 of ADNOC L&S consolidated financial statements for the year ended 31 December 2022) and includes post acquisition financial performance for the two months period ended 31 December 2022.

2. Historical financial information of ZMI Holdings

ZMI Holdings historical financial information has been extracted without any adjustment from the unaudited interim condensed consolidated financial statements of ZMI Holdings for the ten-month period ended 31 October 2022 prepared in accordance with International Accounting Standard 34: Interim Financial Reporting ("**IAS 34**"), issued by the International Accounting Standard Board (IASB).

3. Intercompany eliminations

Elimination of intercompany revenue and direct costs for the ten-month period 1 January 2022 to 31 October 2022, as a portion of ZMI Holdings revenue is derived from its charter of vessels and barges to ADNOC L&S.

4. Proforma adjustments

a) Reflects additional depreciation charge for ten-month period 1 January 2022 to 31 October 2022 in relation to fair value uplift on Property, Plant and Equipment (Vessels and Barges) recorded during purchase price allocation of ZMI Holdings Acquisition carried out on 1 November 2022. The additional depreciation is calculated based on the assumption that the fair value uplift of acquired net assets as at 1 January 2022 is considered to be the same as determined at the date of acquisition (1 November 2022).

b) Reflects reduction in depreciation charge for the ten-month period 1 January 2022 to 31 October 2022 in relation to downward valuation of the ZMI Holdings office building during purchase price allocation of ZMI Holdings Acquisition carried out on 1 November 2022 as if this reduction in value was applied on 1 January 2022.

c) Reflects interest expense, including amortisation of transaction costs, related to debt financing, net of finance costs recorded in ZMI Holdings statement of comprehensive income for the year ended 31 December 2022.

   (i) USD 71,772 thousand (AED 263,583 thousand) additional finance cost in relation to an amount of USD 1,300,000 thousand shareholder loan drawn by ADNOC L&S under its existing loan facility agreement with ADNOC (Holding Company) for financing the acquisition of ZMI Holdings. This finance cost is determined using the interest rate of 6.69% per year which is based on the six (6) months LIBOR plus a margin of 1.2% per annum as per terms and conditions of the loan facility agreement with ADNOC (Holding Company).

   (ii) USD 35,215 thousand (AED 129,327 thousand) elimination of finance costs on the borrowings of ZMI Holdings reflected in its statement of comprehensive income for the year ended 31 December 2022 under the proforma assumption that ZMI Holdings borrowings were repaid as of 1 January 2022 (*i.e.*, the date on which ADNOC L&S has acquired ZMI Holdings for the purpose of this proforma statement of comprehensive income) from the shareholder loan taken by ADNOC L&S referred in 4 c) (i) above. The borrowings carried various interest rates.

5. Pro forma Non-IFRS Measures

When reviewing performance, the Group uses a combination of both IFRS and non-IFRS performance measures. The "non-IFRS measures" are calculated using financial measures that are not calculated in accordance with IFRS. These exclude amounts that are included in the most directly comparable measure calculated and presented in accordance with IFRS. It does not include any amounts excluded from IFRS measure of profit.

We present below certain financial measures of ADNOC L&S as of and for the 12 months ended 31 December 2022, which gives pro forma effect to the ZMI Holdings Acquisition if it had occurred on 1 January 2022. These measures are not defined and thus, not calculated in accordance with IFRS, or generally accepted accounting principles in any other relevant jurisdiction. These include Pro Forma EBITDA as defined below. Because these measures are not standardised, they may not be comparable to other similarly-titled measures used by other companies and have limitations as analytical tools and should not be considered in isolation or as a substitute for analysis of our operating results as reported under IFRS.

ADNOC L&S uses EBITDA (a non-IFRS measure) which is defined as follows:

Earnings before interest, tax, depreciation and amortization " EBITDA" as profit before income tax, finance costs, finance income, depreciation and amortisation.

The EBITDA is also presented in this Unaudited Pro Forma Financial Information to illustrate the impact of the ZMI Holdings Acquisition.

A reconciliation of pro forma EBITDA to pro forma profit for the year determined in accordance with IFRS is provided below:

Pro forma EBITDA
For the year ended 31 December 2022

	Historical			*All amounts in USD'000*
	ADNOC L&S	**ZMI Holdings**	**Proforma Adjustments**	**Proforma**
Profit for the year	**260,793**	**47,362**	**(44,575)**	**263,580**
Income tax expense	1,350	1,199	-	2,549
Finance income	(3,717)	-	-	(3,717)
Finance costs	38,475	35,304	36,557	110,336
Depreciation and amortization	156,402	38,886	8,018	203,306
EBITDA	**453,303**	**122,751**	**-**	**576,054**

	Historical			*All amounts in AED'000*
	ADNOC L&S	**ZMI Holdings**	**Proforma Adjustments**	**Proforma**
Profit for the year	**957,761**	**173,938**	**(163,701)**	**967,998**
Income tax expense	4,959	4,404	-	9,363
Finance income	(13,650)	-	-	(13,650)
Finance costs	141,300	129,653	134,256	405,209
Depreciation and amortization	574,384	142,808	29,445	746,637
EBITDA	**1,664,754**	**450,803**	**-**	**2,115,557**

Segment EBITDA	**ADNOC L&S** *(Note 1)* *USD'000*	**ZMI Holdings** *(Note 2)* *USD'000*	**Proforma** *USD'000*
Tankers	93,480	-	93,480
Gas carriers	86,910	-	86,910
Dry-bulk shipping	95,051	-	95,051
Integrated Logistics	164,023	162,684	326,707
Marine Services	27,089	-	27,089
Others	(13,250)	(39,933)	(53,183)
Total	**453,303**	**122,751**	**576,054**

Segment EBITDA	**ADNOC L&S** *(Note 1)* **AED'000**	**ZMI Holdings** *(Note 2)* **AED'000**	**Proforma** **AED'000**

Tankers	343,305	-	343,305
Gas carriers	319,177	-	319,177
Dry-bulk shipping	349,076	-	349,076
Integrated Logistics	602,370	597,453	1,199,823
Marine Services	99,486	-	99,486
Others	(48,660)	(146,650)	(195,310)
Total	**1,664,754**	**450,803**	**2,115,557**

6. Segment revenue information

Segment Revenue	**ADNOC L&S** *(Note 1)*	**ZMI Holdings** *(Note 2)*	**Inter-Company Eliminations** *(Note 3)*	**Proforma**
	USD'000	*USD'000*	*USD'000*	*USD'000*
Tankers	334,570	-	-	**334,570**
Gas carriers	169,117	-	-	**169,117**
Dry-bulk shipping	358,128	-	-	**358,128**
Integrated Logistics	923,015	348,039	(12,978)	**1,258,076**
Marine Services	167,343	-	-	**167,343**
Total	**1,952,173**	**348,039**	**(12,978)**	**2,287,234**

Segment Revenue	**ADNOC L&S** *(Note 1)*	**ZMI Holdings** *(Note 2)*	**Inter-Company Eliminations** *(Note 3)*	**Proforma**
	AED'000	*AED'000*	*AED'000*	*AED'000*
Tankers	1,228,709	-	-	**1,228,709**
Gas carriers	621,083	-	-	**621,083**
Dry-bulk shipping	1,315,225	-	-	**1,315,225**
Integrated Logistics	3,389,771	1,278,173	(47,663)	**4,620,281**
Marine Services	614,566	-	-	**614,566**
Total	**7,169,354**	**1,278,173**	**(47,663)**	**8,399,864**

7. ZMI Holdings is included under the Integrated Logistics segment with the exception of certain non-recurring adjustments which are included in the Others segment. This is consistent with the reportable segments presented in Note 28 of the ADNOC L&S consolidated financial statements for the year ended 31 December 2022.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion of the financial condition and results of operations of (i) ADNOC L&S as at and for each of the years ended 31 December 2022, 2021 and 2020, as at 31 March 2023 and for the three-month periods ended 31 March 2023 and 2022, and (ii) ZMI Holdings as at 31 October 2022 and for the ten-month periods ended 31 October 2022 and 2021 and as at and for each of the years ended 31 December 2021 and 2020 should be read in conjunction with the ADNOC L&S Financial Statements (including the financial information as at and for the year ended 31 December 2020 derived from the unaudited comparative financial information as at and for the year ended 31 December 2020 included in the audited consolidated financial statements as at and for the year ended 31 December 2021) and the ZMI Holdings Financial Statements, in each case including the related notes, and the information relating to our business included elsewhere in this Offering Memorandum. Investors should read the whole of this Offering Memorandum and not just rely upon summarised information.

The following discussion includes forward-looking statements that reflect the current views of our management which involve risks and uncertainties. Our actual results could differ materially from those discussed in these forward-looking statements. See "Information Regarding Forward-Looking Statements" and "Risk Factors" for a discussion of important factors that could cause our actual results to differ materially from the forward-looking statements contained herein.

Overview

We are a global energy maritime logistics leader and the dedicated and vital logistics arm for the ADNOC Group providing critical and highly specialised services across ADNOC's entire value chain. We provide market-leading, reliable and cost-competitive maritime and logistics solutions through our three key business units:

- *Integrated Logistics* through which we believe we are one of the largest end-to-end, fully integrated energy logistics service providers for the energy sector and one of the largest owners and operators of self-propelled, self-elevating jack-up barges. In addition, we operate what we believe is one of the largest energy logistics bases in the GCC region in Mussafah and one of the largest single warehouses in the Middle East in KEZAD.

- *Shipping* through which we believe we own and operate one of the largest diversified shipping fleets in the GCC region of more than 500 modern and technologically advanced vessels, including 56 owned vessels, six VLGCs owned by AW Shipping Limited and vessels which are either contractually committed or contracted and under construction for scheduled delivery between 2023 and 2026. We provide market leading commercial shipping and ship management as well as chartering services for the transport of crude oil, refined products, dry bulk and gas (LPG and LNG).

- *Marine Services* operates a fleet of 65 specialised vessels. Through this business unit we provide a wide range of specialist services relating to marine terminals, all petroleum port operations in the Emirate of Abu Dhabi and oil spill and hazardous and noxious substances response operations. We are one of the largest oil spill and hazardous and noxious substances responders in the UAE.

The ADNOC Group companies, including ADNOC Offshore, ADNOC Onshore, Borouge and ADNOC Gas, constitute the largest portion of our client base. The ADNOC Group companies accounted for 72% of our total revenue for the year ended 31 December 2022, including approximately 90% of our revenue in the Integrated Logistics business unit, approximately 60% of our revenue in the Shipping business unit and approximately 95% of our revenue in the Marine Services business unit.

We provide services to over 100 global clients with whom we have built long-standing relationships and ship to more than 50 countries across the world. A long-term contractual framework with our anchor client underpins our revenue and cash flows, and helps us achieve high returns with limited variability (including contracts with minimum volume commitments at fixed rates). As at 31 December 2022 and based on revenues for the year ended 31 December 2022, over 65% of our total revenue is derived from Long-Term Agreements with our clients, including approximately 99% in the Integrated Logistics business unit, approximately 22% in the Shipping business unit and 100% in the Marine Services business unit.

We have a well-defined and ambitious growth strategy aimed at accelerating our growth by leveraging our existing relationship with the ADNOC Group companies. ADNOC and the UAE have made significant investments in the energy sector and are expected to continue to do so, with ADNOC announcing in late 2022 its USD 150 billion investment program for the five-year period 2023 to 2027 (inclusive). In particular, we expect this to serve as a major growth catalyst for us and we expect to benefit from ADNOC's planned growth and investment strategy to accelerate its targeted capital expenditure as ADNOC is aiming to meet upstream growth ambitions through the expansion of oil production capacity, the development of new gas reservoirs, the continuous exploration of new hydrocarbon prospects in addition to targeted expansion of its refining and petrochemical capacity, LNG exports and hydrogen production. Furthermore, we aim to significantly expand services to our existing clients, attract new clients and explore further growth opportunities in new geographies and areas, such as the construction offshore logistics services sector and expansion of our integrated logistics services platform offering.

As at the date of this Offering Memorandum, the Company is 100% owned by ADNOC. We have a strong leadership team based in Abu Dhabi which allows us to optimise operational and commercial processes in order to deliver efficiencies across the entire organisation. We are committed to operational and commercial excellence while focusing our operational strategy to achieve the highest standards of ESG, safety, reliability and integrity across the entire organisation.

On a pro forma basis reflecting the ZMI Holdings Acquisition as if it had occurred on 1 January 2022, our revenue for the year ended 31 December 2022 was USD 2,287.2 million. Adjusted pro forma EBITDA for the year ended 31 December 2022 was USD 599.3 million. Assuming full calendar year contribution from the ZMI Holding Acquisition in 2022, our revenue would have increased at a CAGR of more than 20% between 2017 and 2022.

Key Factors Affecting Results of Operations

The principal factors that have impacted the business during the financial periods presented in this Offering Memorandum and that are likely to continue to impact our business are set out below. Because many of these factors are beyond our control and certain of these factors have historically been volatile, past performance is not necessarily indicative of future performance and it is difficult to predict future performance with any degree of certainty.

Revenue from Long-Term Agreements

A long-term contractual framework with our anchor client underpins our revenue and cash flows and reflects a robust track record of client retention. As at 31 December 2022 and based on revenues for the year ended 31 December 2022, over 65% of our total revenue is derived from Long-Term Agreements with our clients, including approximately 99% in the Integrated Logistics business unit, approximately 22% in the Shipping business unit and 100% in the Marine Services business unit. A significant number of our Long-Term Agreements are with various ADNOC Group companies.

Some of our most significant Long-Term Agreements were entered into in 2022 and 2021 and, consequently, had a positive effect on our revenue in those years. In particular, in 2022 we entered into the ILSP Agreement, the Hail and Ghasha Integrated Logistics Technical Services Agreement, the ADNOC Onshore Services Agreement and agreements for jack-up barges services with ZMI, all of which contributed to our revenue in the Integrated Logistics business unit in 2022. In 2021, we entered into the KEZAD Gateway Operations at Khalifa Port and KEZAD Agreement which contributed to our revenue in the Integrated Logistics business unit and the Borouge Ruwais Terminal and Borouge UAE Gateway Feeder Container Ship Services Agreement which contributed to our revenue in the Shipping business unit in 2021 and 2022. All significant Long-Term Agreements in our Marine Services business unit were signed in 2022 and 2021 and, consequently, contributed to our revenue in the Marine business unit in 2022 and 2021. For further details, see "*Business—Material Agreements*".

The durations of such Long-Term Agreements vary across our business units, the longest agreements being in place in the Integrated Logistics business unit. In particular, the ILSP Agreement has an initial term of five years (plus a five-year extension option); the Hail and Ghasha Integrated Logistics Technical Services Agreement has an initial term of eight years (plus a two-year extension option); the KEZAD Gateway Operations at Khalifa Port and KEZAD Agreement has a fixed term of 25 years; the Petroleum Ports Operations Licencing Agreement has an initial term of five years (plus an option to cumulatively extend it in five-year terms for up to 25 years in total) and jack-up barges service contracts typically have terms of up to five years. The Framework Agreement for Technical Services in our Marine Services business unit has been entered into for a fixed term of 20 years. In our Shipping business unit, five of the six new LNG carriers scheduled for delivery between 2025 and 2026 are already contracted on long-term charters of seven years (one vessel) and 15 years (four vessels), (ii) chemical tankers agreements which typically extend to 20 years, and (iii) the Borouge UAE Gateway Feeder Container Ship Services Agreement has a fixed term of three years. The pricing terms under our Long-Term Agreements vary between fixed and variable or formula-based fee arrangements. For further details, see "*Business—Material Agreements*".

As a result, a significant proportion of our revenue across all business units has historically depended, and will continue to depend, on our relationship with the relevant counterparties under such Long-Term Agreements and, if applicable, the exercise of the extension options under the terms of the relevant Long-Term Agreements.

Relationship with ADNOC Group Companies

As an energy logistics and maritime service provider of choice to ADNOC Group companies, our financial results have depended to a significant extent on our relationship with the ADNOC Group companies. For the year ended 31 December 2022, ADNOC Group companies accounted for 72% of our total revenue, including approximately 90% of our total revenue in the Integrated Logistics business unit, approximately 60% of our total revenue in the Shipping business unit and approximately 95% of our total revenue in the Marine Services business unit.

We expect to benefit from ADNOC's planned growth and investment strategy in the future. ADNOC and the UAE have made significant investments in the energy sector and are expected to continue to do so, with ADNOC announcing in late 2022 its USD 150 billion investment program for the five-year period 2023 to 2027 (inclusive). In particular, we expect this to serve as a major growth catalyst for us and we expect to benefit from ADNOC's planned growth and investment strategy to accelerate its targeted capital expenditure as ADNOC is aiming to meet upstream growth ambitions through the expansion of oil production capacity, the development of new gas reservoirs, the continuous exploration of new hydrocarbon prospects in addition to targeted expansion of its refining and petrochemical capacity, LNG exports and hydrogen production. See "*Business—Our Growth Strategy*".

Impact of Economic, Regulatory, Political and Government Conditions

Our results of operations are affected by general and regional economic regulatory, political and government conditions and developments in global trade patterns, all of which affect primarily our Shipping business unit. Economic conditions in the countries and regions in which our clients operate, the rate of economic growth or contraction, the level of infrastructure spending, gross domestic product, the level of inflation, the rate of unemployment, foreign exchange rates, interest rates, energy costs, general commodity prices, tax rates and changes in tax laws and currency devaluation or revaluation influence can affect consumer confidence and purchasing power and, in particular, impact spot and charter rates. Global GDP growth - which reflects the overall level of economic activity - contracted significantly in 2020 followed by a substantial increase in 2021 (reaching the pre-2020 levels) before decreasing again in 2022. On a full-year basis MSI estimates that the world GDP growth in 2022 was 2.8% year-on-year (constant prices basis) and forecasts that the world GDP growth will be 1.5% year-on-year in 2023 and 3.7% year-on-year in 2024. See "*Industry Overview*".

The seaborne trade of commodities is generally driven by global imbalances between supply and demand. The growth rate of the dry-bulk shipping sector generally decreased as a result of the COVID-19 pandemic by 1.7% year-on-year in 2020 (according to MSI). In 2021, trade volumes sharply increased, before moderating in 2022, with a 0.2% decrease year-on-year in trade volumes. According to MSI, dry bulk trade volumes increased by 3.4% between 2021 and 2022, which amounts to 1.6% above pre-pandemic levels in 2019.

Since oil consumption is closely linked to the GDP growth, oil demand (and accordingly levels of seaborne trade of crude oil) is generally correlated with periods of substantial economic expansion and recession. Overall levels of seaborne trade of crude oil were sharply impacted by the COVID-19 pandemic which caused substantial contraction in seaborne oil trade in 2020, largely as a result of production cuts by the OPEC+ group in response to contracting demand. In April 2023, the OPEC+ group announced planned oil output cuts of approximately 1 million barrels per day starting from May 2023.

According to MSI, the total LNG trade increased by only 0.2% year-on-year in 2020, followed by a 5.7% increase year-on-year in 2021 and 4.8% in 2022. Furthermore, MSI forecasts that LNG trade growth between 2023 and 2027 of an average of 6.4% per annum.

The increase in revenue in our Shipping business unit tends to correlate with prevailing market conditions. In particular, the volumes of transported products in our dry-bulk shipping business line increased in 2021 and 2022, resulting in a substantial increase in our revenue from this business line during those years. Furthermore, the revenue in our tankers and gas carriers business lines benefitted from the then-prevailing positive market conditions (reflecting the supply and demand dynamics in respect of tonne-mile transportation), in particular in 2022 in our tankers business line. The decrease in global energy demand in 2020 and 2021 due to

COVID-19 shutdowns around the world had a negative impact on our revenue in the tankers business line. In the first quarter of 2023, we have seen a continuation of strong demand in the gas carriers business line and continued positive markets in tankers and dry-bulk shipping business lines resulting in strong performance across our Shipping business unit.

Spot and Charter Rates

Our Shipping business unit is exposed to fluctuations in market prices, in particular in our dry bulk and tanker business lines in the Shipping business unit, which affect our revenue (in respect of vessels which are chartered-out) and costs (in respect of vessels which are chartered-in).

The transportation of crude oil and other petroleum products for our clients and our dry-bulk shipping services are presently contracted on a spot basis with prices determined predominantly by market conditions (typically at the prevailing market charter rate) at the time of shipment. Spot and index-linked charter rates have historically been volatile and charter hire rates for product tankers have varied depending on levels of demand for crude oil and petroleum products and general market conditions. See "*—Impact of Economic, Regulatory, Political and Government Conditions*". In particular, the freight rates for tankers increased sharply in the first quarter of 2020 followed by a decrease in rates in the second part of 2020 and 2021. The charter market became more volatile in 2022.

We benefitted from increasing spot rates in particular in 2022 and the first quarter of 2023 which contributed substantially to the revenue increase in the tankers and dry-bulk shipping business lines during those periods. The revenue decrease in the tankers business line in 2021 was the result of unfavourable market rates due largely to the decrease in global energy demand driven by COVID-19 shutdowns around the world. Our freight and voyage costs since 2020 fluctuated in absolute terms as a result of prevailing market conditions.

Number of Vessels and Revenue Days

We own and operate one of the largest diversified shipping fleets in the GCC region of more than 500 modern and technologically advanced vessels. As such, our revenues are a function primarily of the number of owned and managed vessels in our fleet, the number of days on which such vessels are operational and revenue-generating ("**revenue days**"), and the rates at which revenues are generated.

As at 31 December 2022, we owned and operated 31 jack-up barges in our Integrated Logistics business unit which we believe are important to our growth strategy which includes extending our fully-integrated logistics services offerings to the onshore and offshore energy sectors.

The following table sets out the number of our owned vessels (excluding vessels owned by AW Shipping Limited), revenue days and revenue generated by each of our business lines within our Shipping business unit:

	As at and for the year ended 31 December			**As at and for the year ended 31 December**	
	2022	**2021**	***% change 2022 to 2021***	**2020**	***% change 2021 to 2020***
Number of owned vessels					
Tankers	18	19	(5.3%)	9	111.1%
Gas carriers	10	9	11.1%	9	0.0%
Dry-bulk shipping	12	11	9.1%	12	(8.3%)
Number of revenue days (owned fleet)					
Tankers	6,504	5,368	21.2%	3,294	63.0%
Gas carriers	3,650	3,206	13.8%	3,270	(2.0%)
Dry-bulk shipping	4,337	4,066	6.7%	3,358	21.1%
Revenue (USD thousand)					
Tankers	334,570	158,100	111.6%	169,100	(6.5%)
Gas carriers	169,117	136,770	23.7%	124,500	9.9%
Dry-bulk shipping	358,128	294,861	21.5%	139,124	111.9%

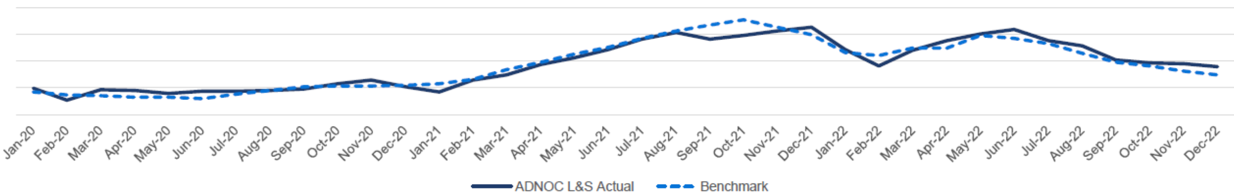
The increase in number of revenue days contributed to the revenue increase in the dry-bulk shipping line in 2021 and 2022 and in the tankers business line, in particular in 2022. The increase in our tankers fleet size in 2021 had a significant effect on the increase in our revenue in this business line in 2022 due to the first full year of operation of the new vessels. In the first quarter of 2023, revenue days remained consistent with no increase in the number of owned vessels since the end of 2022 except for one additional VLGC (AWS Baynounah) which was added to the AW Shipping fleet in February 2023.

We intend to grow the tanker fleet by adding four new VLCCs which are scheduled for delivery within 2023 and the gas fleet by adding six new LNG carriers which are scheduled for delivery between 2025 and 2026. See "—*Capital Expenditure*" below.

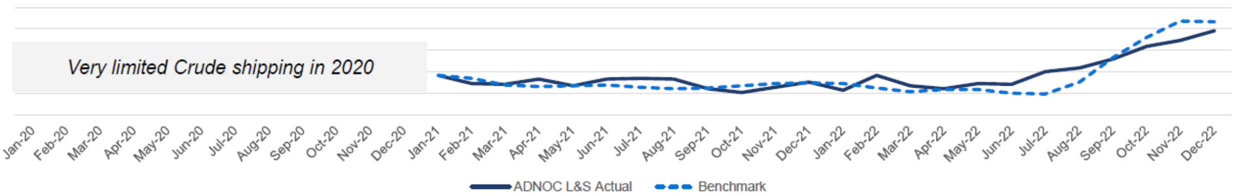
Time Charter Equivalent ("TCE") Rates

We define TCE rates as voyage revenues less voyage expenses (bunker fuel, port costs, canal tolls and others) divided by revenue days. Achieved TCE rates are determined after all income for the voyage is received and all expenses paid (calculated on a three-month rolling basis). TCE rate is a shipping industry performance measure used primarily to enable comparison of daily earnings generated by vessels on voyage charters with daily earnings on time charters, because charter rates for vessels on voyage charters are not expressed in per day amounts, while charter rates for vessels on time charters generally are expressed in such amounts. We also use TCE rates to compare period-to-period changes in our performance despite changes in the mix of charter types. Our TCE rates generally tend to fluctuate in line with industry benchmarks.

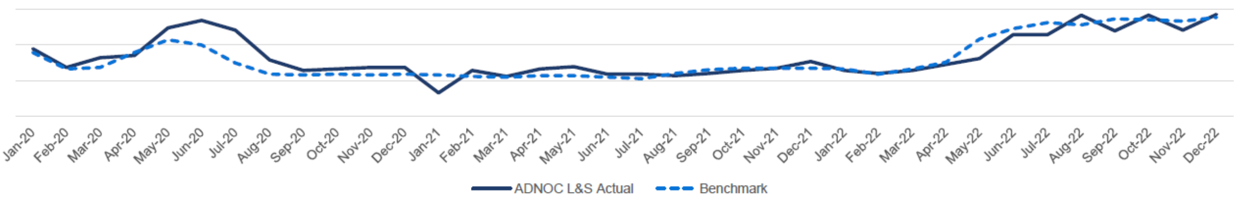
The following graph sets out our achieved TCE rates for our dry-bulk shipping business line compared to the industry benchmark (Baltic Dry Index) in U.S.$ per day.



The following graph sets out our achieved TCE rates in our tankers business line (crude oil tankers) compared to the industry benchmark (Clarkson index) in U.S.$ per day.



The following graph sets out our achieved TCE rates in our tankers business line (product tankers) compared to the industry benchmark (Clarkson index) in U.S.$ per day.



Direct Costs

The main components of our direct costs are bunker fuels and other consumption expenses, manpower costs and freight and other voyage costs. Our direct costs tend to increase in line with the expansion of our vessel fleet and business activity and accordingly with increases in our revenues. The following table sets out the bunker and other consumption expenses, manpower costs and freight and voyage costs for the following periods:

	For the year ended 31 December		
	2022	**2021**	**2020**

	USD '000 except for percentages		
Bunker and other consumption	560,507	142,539	89,752
Percentage of all direct costs	*36.3%*	*14.8%*	*11.2%*
Manpower costs	372,228	298,622	271,987
Percentage of all direct costs	*24.1%*	*31.0%*	*34.0%*
Freight and other voyage costs	289,429	256,276	265,162
Percentage of all direct costs	*18.8%*	*26.6%*	*33.2%*

Our bunker and other consumption costs primarily reflect the cost of bunker fuel used in vessels. The pricing and supply of bunker fuels is unpredictable and fluctuates based on events outside our control, including general economic and political developments, supply and demand for oil and gas, actions by members of OPEC and other oil and gas producers, war and unrest in oil producing countries and regions, regional production patterns and environmental concerns and regulations. Since 2020 our bunker costs increased both in absolute terms and as a percentage of total direct costs, with a significant increase in 2022 in particular. Bunker costs remained elevated in the first quarter of 2023 consistent with global oil prices.

Our manpower costs primarily reflect costs directly attributable to operations of vessels, such as costs for outsourced crew as well as other operational management expenses and staff costs. Our manpower costs typically increase in proportion to the growing size of our fleet and are correlated with the supply of and demand for suitably-qualified crew across the industry. Crew remuneration is typically reviewed in light of prevailing market demand manpower requirements in light of asset base and utilisation outlook. Since 2020, our manpower costs increased in absolute terms as a result of our fleet size increase and corresponding higher expenses for outsourced crew. In the first quarter of 2023, our manpower expenses remained consistent with the levels at the end of 2022.

Our freight and other voyage costs primarily reflect the cost of vessels that we charter in from other owners. Since 2020, our freight and other voyage costs fluctuated as a result of prevailing market rates. See "—*Spot and Charter Rates*".

Capital Expenditure

In 2022, 2021 and 2020, we deployed a total of USD 300 million, USD 763 million and USD 333 million, respectively, of capital expenditure. Growth capital expenditure constituted a significant majority of the total capital expenditure during those periods and increased substantially since 2021 in the Shipping business unit as a result of new vessels purchases which were delivered in 2021 and 2022, as well as instalment payments on vessels which are scheduled to be delivered between 2023 and 2026. Historically, capital expenditure in the Integrated Logistics business unit related primarily to the acquisition of assets in 2021 from Speedy International Asset Services Equipment Rental LLC and other vessel acquisitions. See "*—Capital Expenditure*".

We are targeting a substantial increase of our capital expenditure in the medium term to deploy between USD 4-5 billion. Capital expenditure targeted for 2023 and 2024 relates largely to our Integrated Logistics and Shipping business units. See "*Business—Our Medium Term Targets*".

For discussion of the purchase price for the ZMI Holdings Acquisition which is not included in our capital expenditure, see "*—Key Factors Affecting Comparability of Results—ZMI Holdings Acquisition*".

Taxation

We have historically been subject to limited corporate income taxes in the UAE, with nil corporate income tax expenses in 2021 and 2020 and USD 1,350 thousand in corporate income tax expenses recorded in 2022, which relates solely to tax liabilities of ZMI Holdings assumed by ADNOC L&S following completion of the ZMI Holdings Acquisition in November 2022.

We expect our effective tax rate for the year ended 31 December 2024 to be 10-11% taking into account operations and revenue generated outside of the UAE.

Key Factors Affecting Comparability of Results

ZMI Holdings Acquisition

On 12 July 2022 Zinc Holdco RSC Ltd (a wholly-owned subsidiary of ADNOC L&S) (the "**Zinc Holdco**") and Hassan El Ali (the "**Seller**") entered into a Share Sale and Purchase Agreement (the "**ZMI SPA**") pursuant to which Zinc Holdco purchased the entire issued share capital of ZMI Holdings from HEA Investments, a nominee of the Seller. The ZMI Holdings Acquisition closed on 1 November 2022 and, consequently, ZMI Holding's financial results are reflected in the ADNOC L&S consolidated financial statements only since that time. The ZMI Holdings Acquisition was accounted for using the acquisition method. See "*Business—ZMI Holdings Acquisition*" and "*Business—Material Agreements—ZMI Holdings Share Sale and Purchase Agreement*".

The following table sets out fair values of the identifiable assets and liabilities of ZMI Holdings as at the date of acquisition:

	USD '000	*AED '000*
Assets		
Property, plant and equipment	1,365,269	5,013,952
Inventories	16,321	59,938
Trade and other receivables	112,416	412,848
Cash and cash equivalents	50,496	185,445
Total assets	**1,544,502**	**5,672,183**
Liabilities		
Employees' end of service benefits	(2,512)	(9,223)
Trade and other payables	(78,857)	(289,602)
Total liabilities	**(81,369)**	**(298,825)**
Total identifiable net assets at fair value	**1,463,133**	**5,373,358**
Goodwill arising on acquisition	**15,697**	**57,646**
Purchase consideration	**1,478,830**	**5,431,004**

Under the terms of the ZMI SPA, a part of the consideration (hereafter referred to as the "**remaining consideration**") was agreed to be determined based on the expected revenue of ZMI Holdings through 31 December 2024. On 28 October 2022, the Seller, Zinc Holdco and ADNOC entered into a deed of novation pursuant to which the rights, obligations and liabilities of Zinc Holdco in respect of the remaining consideration under the ZMI SPA were novated to ADNOC. Zinc Holdco and ADNOC agreed that the novation should be effective from 1 January 2023. As such, any such amounts payable to the Seller pursuant to the ZMI SPA are the liability of, and to be paid by, ADNOC.

As at 31 December 2022 and the date of ZMI Holdings Acquisition the fair value for the remaining consideration amounted to USD 149,920 thousand. This remaining consideration of USD 149,920 thousand was converted to shareholder contribution as reflected in the interim condensed consolidated statement of changes in equity set out in the ADNOC L&S Interim Financial Information.

The ADNOC L&S consolidated financial statements as at and for the year ended 31 December 2022 include the financial results of ZMI Holdings for the period from 1 November 2022 (the closing date of the ZMI Holdings Acquisition). ZMI Holdings is recorded in our Integrated Logistics business unit and reportable segment. Historically, for the period from 1 November 2022 to 31 December 2022, ZMI Holdings contributed USD 82.4 million to our consolidated revenue and USD 45.1 million to our Adjusted EBITDA, in each case for the year ended 31 December 2022.

Our financial results as of and for the three-month period ended 31 March 2022 and for each of the years ended 31 December 2022, 2021 and 2020 are not fully comparable with the financial results for the periods following the ZMI Holdings Acquisition. See "*Unaudited Pro Forma Financial Information*".

Recent Developments

On 5 May 2023, ADNOC L&S entered into a USD 350 million revolving credit facility with ADNOC for an initial period of two years (plus one-year extension option exercisable at ADNOC L&S' discretion). As at the date of this Offering Memorandum, we have not drawn any amount thereunder. We do not expect to draw any amount under this facility by the Closing Date.

On 5 May 2023, ADNOC L&S entered into a USD 1,500 million term loan facility with ADNOC for an initial period of two years (plus one-year extension option exercisable at ADNOC L&S' discretion). As at the date of this Offering Memorandum, we have not drawn any amount thereunder. We expect to draw up to USD 250 million in aggregate under this facility by the Closing Date.

See "*Business—Material Agreements—Financing Arrangements*".

Seasonality

Weather conditions in the GCC rarely result in reduced availability for offshore and onshore logistics operations. Furthermore, the demand for shipping services tends to fluctuate in line with changing temperature levels (either extremely hot or cold temperature). In addition, extremely low water levels can generally adversely the shipping industry to the extent that water levels are not high enough to accommodate the draft of a heavily laden vessel, in which case a vessel may be prevented entirely from loading and navigating. Furthermore, low water levels tend to create difficult navigation conditions, causing voyages to last longer, incur increased voyage expenses and reducing the available carrying capacity of the vessels.

Operating Segments of ADNOC L&S

In the year ended 31 December 2022, management of ADNOC L&S changed the manner in which the business is segmented and the level of reporting provided to the CODM. The CODM primarily uses EBITDA to monitor the performance of the business. Accordingly, the 2021 comparative segments have been restated to illustrate the revised structure in a consistent manner.

ADNOC L&S applies IFRS 8 Operating Segments. For management purposes, the business is organised into six operating segments (plus "others"): (i) tankers, (ii) gas carriers, (iii) dry-bulk shipping (which includes containers), (iv) offshore logistics services, (v) onshore logistics services, (vi) marine services and (vii) others. For reporting purposes, offshore logistics services and onshore logistics services are aggregated into one reportable segment which results in five reportable segments (plus "others"): (i) tankers, (ii) gas carriers, (iii) dry-bulk shipping (which includes containers), (iv) integrated logistics, (v) marine services and (vi) others.

We organise our reportable segments into three main business units (plus "Others"), by aggregating tankers, gas carriers and dry-bulk shipping reportable segments into one Shipping business unit, as follows:

- **Integrated Logistics:** comprising offshore logistics (which includes services provided by ZMI Holdings, charter hire of offshore support vessels and barges and related services) and onshore logistics services. These two operating segments are aggregated into one reportable segment.

- **Shipping**: comprising the following operating segments, which are also reportable segments: (i) tankers; (ii) gas carriers and ship management services; and (iii) dry-bulk shipping (which includes containers).

- **Marine Services**: comprising marine terminal (including petroleum ports operations) and oil spill and hazardous and noxious substances response services which are aggregated in one reportable segment.

- **Others**: comprising one-off items and head office expenses classified separately by management to facilitate better understanding of the business and to ensure proper decision making. Finance income, finance costs, provision for expected credit losses, other income and other expenses which are largely non-operational costs are recorded under this segment to facilitate better decisions.

Operating Segments of ZMI Holdings

For management purposes, ZMI Holdings is organised into three operating segments, based on the geographical location of its operations:

- United Arab Emirates and Other,

- Saudi Arabia, and

- Qatar.

Definitions of Key Items of Comprehensive Income of ADNOC L&S

Revenue

ADNOC L&S recognises revenue from the following major sources: (i) freight / voyage charters, (ii) vessel time charters, (iii) vessel bareboat charters, (iv) sale of goods, and (v) rendering of services.

Direct costs

Direct costs include bunker fuels and other consumable items, manpower cost, staff costs, freight and other voyage charter costs, port charges, repairs and maintenance, depreciation on property, plant and equipment, depreciation on right-of-use assets, depreciation on investment properties and other operating costs.

General and administrative expenses

General and administrative expenses are primarily comprised of staff costs, office rent, amortisation of intangible assets, consultancy fees, depreciation on property, plant and equipment and other expenses that are not directly allocable to direct costs.

Pension adjustment

Pension adjustment relates to charges towards the UAE national employees' pension obligations which were incrementally incurred in 2021.

(Provision for) / reversal of expected credit losses, net

(Provision for) / reversal of expected credit losses, net is defined as a provision or reversal thereof (net) against accounts receivable, for an estimation of potential losses that we might experience due to credit default of our counterparties.

Other expense

Other expense is primarily comprised of expenses related to gain on reversal of liabilities and others, the profit on initial recognition of sub-lease receivables, gain/loss on disposal of property, plant and equipment and other miscellaneous income.

Other income

Other income is primarily comprised of income related to gain on reversal of liabilities and others, the profit on initial recognition of sub-lease receivables, gain/loss on disposals of property, plant and equipment and other miscellaneous income.

Share of profit/loss from joint venture

Share of profit/loss from joint venture is defined as a proportionate share of profit or loss from the AW Shipping Limited.

Finance income

Finance income is comprised of interest income on sub-leases (finance leases) and interest income from banks.

Finance cost

Finance cost is defined as the cost of interest and other charges involved in the borrowing of money and interest expense on lease liabilities.

Income tax

Income tax relates to taxes incurred on corporate income.

Definitions of Key Items of Comprehensive Income of ZMI Holdings

Revenue

Revenue is defined as operating lease income from owned and chartered vessels and barges. Other income comprises fuel and lubes inventory assets of ZMI Holdings recognised for the first time on the balance sheet which had previously been expensed to income statement prior to consumption.

Direct costs

Direct costs include staff costs, depreciation of vessels, plant and equipment, maintenance, catering and food provision costs, rent expense for chartered barges and vessels, rental equipment, outsource manpower cost, telecommunications, depreciation of right of use assets, insurance, inspection and certification costs, COVID related expenses, oil products and other cost.

General and administrative expenses

General and administrative expenses are primarily comprised of staff costs, withholding tax, legal and professional expenses, depreciation of vessels, plant and equipment, short term rent and other expenses that are not directly allocable to direct costs.

Provision for impairment of trade receivables

Provision for impairment of trade receivables is defined as provision for an estimation of potential losses that we might experience due to credit risk of the counterparties.

Loss on sale of vessels, plant and equipment

Loss on sale of vessels, plant and equipment is defined as the extent to which the sales price achieved on disposal of property, plant and equipment is less than the carrying value at the time of sale.

Written off capital work in progress

Written off capital work in progress is defined as reductions recorded on capital works in progress previously recognised as a result of no longer being regarded as likely to contribute to property, plant and equipment at the original estimated value.

Other income

Other income comprises primarily fuel and lubes inventory assets of ZMI Holdings recognised for the first time on the balance sheet which had previously been expensed to income statement prior to consumption.

Finance cost

Finance cost is defined as the cost of interest and other charges involved in the borrowing of money and interest expenses on lease liabilities.

Income tax

Income tax is defined as corporate income tax payable.

Re-measurement loss on employee defined benefit obligation

Re-measurement loss on employee defined benefit obligation relates to the retirement benefits payable upon fulfilment of certain employment conditions in lump sum upon retirement, which are determined on the basis of each employee's one month salary for each of the first three years of service plus one and a half month's salary for each subsequent year of service

Results of Operations for ADNOC L&S

Comparison of the three-month periods ended 31 March 2023 and 2022

Our financial results as at and for the three-month period ended 31 March 2023 following the ZMI Holdings Acquisition are not fully comparable with the financial results for the three-month period ended 31 March 2022. See "—*Key Factors Affecting Comparability of Results—ZMI Holdings Acquisition*".

The following table sets out ADNOC L&S's interim condensed consolidated statement of comprehensive income for the three-month periods ended 31 March 2023 and 2022 derived from the ADNOC L&S Interim Financial Information:

	For the three-month period ended 31 March	
	2023	**2022**
	USD '000	
Revenue	592,177	312,957
Direct costs	(426,409)	(272,013)
Gross profit	**165,768**	**40,944**
General and administrative expenses	(31,288)	(22,591)
Reversal of expected credit losses	3,895	242
Other income	2,834	579
Operating profit	**141,209**	**19,174**
Share of profit from joint venture	3,732	613
Finance income	1,386	388
Finance costs	(1,131)	(3,936)
Profit before tax for the period	**145,196**	**16,239**
Income tax	(267)	-
Profit for the period	**144,929**	**16,239**

Revenue

Revenue for the three-month period ended 31 March 2023 was USD 592.2 million, an increase of USD 279.2 million, or 89.2%, compared to USD 313.0 million for the three-month period ended 31 March 2022, including the results of ZMI Holdings for the three-month period ended 31 March 2023 which contributed to the revenue increase in our Integrated Logistics business unit.

Excluding the impact of the ZMI Holdings Acquisition, the increase in revenue was primarily due to an increase in revenue generated in the Integrated Logistics and Shipping business units as a result of organic growth, primarily in the tankers and gas carriers business lines, partly offset by lower revenue in the dry-bulk shipping business line, as described further below.

Revenue in the Integrated Logistics business unit for the three-month period ended 31 March 2023 was USD 351.0 million, an increase of USD 223.7 million compared to USD 127.2 million for the three-month period ended 31 March 2022 due primarily to the inclusion of revenue of ZMI Holdings for the three-month period ended 31 March 2023. Excluding the impact of the ZMI Holdings Acquisition, the increase in revenue was due primarily to new streams of revenue under the ILSP Agreement and from the Hail and Ghasha Integrated Logistics Technical Services Agreement and higher income from onshore services relating to warehousing services provided to Borouge.

Revenue in the Shipping business unit for the three-month period ended 31 March 2023 was USD 200.6 million, an increase of USD 50.4 million, or 33.5%, compared to USD 150.2 million for the three-month period ended 31 March 2022 due primarily to increases in revenue generated by our tankers and gas carriers business lines, partly offset by lower revenue in the dry-bulk shipping line, as described further below. The ZMI Holdings Acquisition had no impact on our Shipping business unit.

The following table sets out revenue of our business lines in the Shipping business unit for the for the three-month periods ended 31 March 2023 and 2022:

	For the three-month period ended 31 March		
	2023	**2022**	***% change***
	USD '000		
Tankers	95,800	42,304	126.5%

Gas carriers	45,378	36,869	23.1%
Dry-bulk shipping	59,389	71,026	(16.4%)
Total	**200,567**	**150,199**	**33.5%**

The revenue developments in the gas carriers, tankers and dry-bulk shipping business lines were primarily due to market trends, in particular with continued strong demand for gas carriers and tankers while the demand for dry-bulk shipping lowered during the three-month period ended 31 March 2023 from a stronger demand level during three-month period ended 31 March 2022. Furthermore, the revenue increase in our gas carriers business line benefited from additional chartered-in and chartered-out vessels during the three-month period ended 31 March 2023.

Revenue in the Marine Services business unit for the three-month period ended 31 March 2023 was USD 40.7 million, an increase of USD 5.1 million, or 14.4%, compared to USD 35.5 million for the three-month period ended 31 March 2022 due primarily to increased activity in marine terminals operations as well as extensions in contracted services and operations in oil spill and hazardous and noxious substances response services.

Direct costs

Direct costs for the three-month period ended 31 March 2023 were USD 426.4 million, an increase of USD 154.4 million, or 56.8%, compared to USD 272.0 million for the three-month period ended 31 March 2022, including the results of ZMI Holdings for the three-month period ended 31 March 2023 which contributed to the increase of direct costs in our Integrated Logistics business unit.

Excluding the impact of the ZMI Holdings Acquisition, the increase in direct costs was primarily due to bunker fuel costs remaining at elevated levels as a result of prevailing market conditions and higher expenses for outsourced crew, both of which correspond to a proportionate increase of our expanded operations during the three-month period ended 31 March 2023.

Direct costs in the Integrated Logistics business unit for the three-month period ended 31 March 2023 amounted to USD 260.6 million, an increase of USD 155.6 million, compared to USD 105.0 million for the three-month period ended 31 March 2022 due primarily to the inclusion of directs costs of ZMI Holdings for the three-month period ended 31 March 2023. Excluding the impact of the ZMI Holdings Acquisition, the increase in direct costs was primarily a result of expanded operations in the Integrated Logistics business unit.

Direct costs in the Shipping business unit for the three-month period ended 31 March 2023 amounted to USD 132.6 million, an increase of USD 0.8 million, or 0.6%, compared to USD 131.8 million for the three-month period ended 31 March 2022 due primarily to bunker costs remaining at elevated levels as a result of prevailing market conditions during the three-month period ended 31 March 2023 while manpower costs remained consistent with the levels at the end of 2022. Direct costs are proportionate to changes in the level of business activity (number of days in operation) and are an element of the TCE rates calculation. The changes in direct costs set out in the table below reflect the operating days in each business line and are an element of the changes in revenue between periods for each business line.

The following table sets out direct costs of our business lines in the Shipping business unit for the for the three-month periods ended 31 March 2023 and 2022:

	For the three-month period ended 31 March		
	2023	**2022**	***% change***
	USD '000		
Tankers	59,117	57,076	3.6%
Gas carriers	25,212	19,648	28.3%
Dry-bulk shipping	48,256	55,042	(12.3%)
Total	**132,585**	**131,766**	**0.6%**

Direct costs in the Marine Services business unit for the three-month period ended 31 March 2023 amounted to USD 33.2 million, an increase of USD 1.0 million, or 3.1%, compared to USD 32.2 million for the three-month period ended 31 March 2022 due primarily to relating to the ongoing roll-out of oil spill and hazardous and noxious substances response operations response operations during the three-month period ended 31 March 2023.

Gross profit

As a result of the above, gross profit for the three-month period ended 31 March 2023 was USD 165.8 million, an increase of USD 124.8 million, compared to USD 40.9 million for the three-month period ended 31 March 2022.

As a result of the above, gross profit for the three-month period ended 31 March 2023 (i) in the Integrated Logistics business unit amounted to USD 90.3 million, an increase of USD 68.1 million, compared to USD 22.2 million for the three-month period ended 31 March 2022; (ii) in the Shipping business unit amounted to USD 68.0 million, an increase of USD 49.5 million, compared to USD 18.4 million for the three-month period ended 31 March 2022; and (iii) in the Marine Services business unit amounted to USD 7.4 million, an increase of USD 4.1 million, compared to USD 3.3 million for the three-month period ended 31 March 2022. No gross profit was recorded in the Others segment for the three-month period ended 31 March 2023 compared to a gross loss of USD 3.0 million for the three-month period ended 31 March 2022.

General and administrative expenses

General and administrative expenses for the three-month period ended 31 March 2023 were USD 31.3 million, an increase of USD 8.7 million, or 38.5%, compared to USD 22.6 million for the three-month period ended 31 March 2022 due primarily to the impact of the ZMI Holdings Acquisition which contributed to the increase of general and administrative expenses during the three-month period ended 31 March 2023.

Reversal of expected credit losses

Reversal of expected credit losses for the three-month period ended 31 March 2023 was USD 3.9 million, an increase of USD 3.7 million, compared to USD 0.2 million for the three-month period ended 31 March 2022. The provisions for expected credit losses for the year ended 31 December 2022 reflect the accounting treatment of the credit risk exposure for trade receivables under IFRS 9.

Other income

Other income for the three-month period ended 31 March 2023 was USD 2.8 million, an increase of USD 2.3 million, compared to USD 0.6 million for the three-month period ended 31 March 2022 due primarily to sales of certain assets.

Operating profit

As a result of the above, our operating profit for the three-month period ended 31 March 2023 was USD 141.2 million, an increase of USD 122.0 million, compared to USD 19.2 million for the three-month period ended 31 March 2022.

Share of profit from joint venture

Share of profit/loss from joint venture for the three-month period ended 31 March 2023 amounted to USD 3.7 million, an increase of USD 3.1 million, compared to USD 0.6 million for the three-month period ended 31 March 2022.

Finance income

Finance income for the three-month period ended 31 March 2023 was USD 1.4 million, an increase of USD 1.0 million, compared to USD 0.4 million for the three-month period ended 31 March 2022, due primarily to interest income received on our cash deposits with external banks and with the ADNOC Group.

Finance costs

Finance costs for the three-month period ended 31 March 2023 were USD 1.1 million, a decrease of USD 2.8 million, compared to USD 3.9 million for the three-month period ended 31 March 2022 due primarily to interest payable on the ADNOC shareholder loan during the three-month period ended 31 March 2022 which was no longer in place during the three-month period ended 31 March 2023 and lower interest paid in lease liabilities during the three-month period ended 31 March 2023.

Income tax

Income tax for the three-month period ended 31 March 2023 was USD 0.2 million which related to the proportionate share of ZMI Holdings' tax liabilities since the date of the ZMI Holdings Acquisition in respect of ZMI Holdings' operations in the Kingdom of Saudi Arabia and Qatar. There was no income tax for three-month period ended 31 March 2022.

Profit for the period

As a result of the above, our profit for the three-month period ended 31 March 2023 was USD 144.9 million, an increase of USD 128.7 million, compared to a profit of USD 16.2 million for the three-month period ended 31 March 2022.

Comparison of the years ended 31 December 2022 and 2021

Our financial results as at and for the years ended 31 December 2022 and 2021 are not fully comparable, nor are they comparable with the financial results for other periods following the ZMI Holdings Acquisition. See "*—Key Factors Affecting Comparability of Results—ZMI Holdings Acquisition*".

The following table sets out ADNOC L&S's consolidated statement of comprehensive income for the years ended 31 December 2022 and 2021 derived from the consolidated financial statements of ADNOC L&S as at and for the year ended 31 December 2022:

	For the year ended 31 December	
	2022	**2021**
	USD '000	
Revenue	1,952,173	1,190,803
Direct costs	(1,543,025)	(964,203)
Gross profit	**409,148**	**226,600**
General and administrative expenses	(105,604)	(83,474)
Pension adjustment	-	(90,916)
(Provision for) / reversal of expected credit losses, net	(5,880)	5,565
Other expenses	(3,792)	(1,196)
Other income	1,003	3,444
Other income, net	-	-
Operating profit	**294,875**	**60,023**
Share of profit/(loss) from joint venture	2,026	1,062
Finance income	3,717	1,639
Finance costs	(38,475)	(7,920)
Profit before tax for the year	**262,143**	**54,804**
Income tax	(1,350)	-
Profit for the year	**260,793**	**54,804**

Revenue

Revenue for the year ended 31 December 2022 was USD 1,952.2 million, an increase of USD 761.4 million, or 63.9%, compared to USD 1,190.8 million for the year ended 31 December 2021, including the results of ZMI Holdings for the two-month period from 1 November 2022 to 31 December 2022 which contributed to the revenue increase in our Integrated Logistics business unit.

Excluding the impact of the ZMI Holdings Acquisition, the increase in revenue was primarily due to an increase in revenue generated in the Integrated Logistics and Shipping business units as a result of organic growth, primarily in the tankers and dry-bulk shipping business lines, as described further below.

Revenue in the Integrated Logistics business unit for the year ended 31 December 2022 was USD 923.0 million, an increase of USD 494.4 million, compared to USD 428.6 million for the year ended 31 December 2021 due primarily to the inclusion of revenue of ZMI Holdings for the two-month period from 1 November 2022 to 31 December 2022. Excluding the impact of the ZMI Holdings Acquisition, the increase in revenue was due primarily to new streams of revenue under the ILSP Agreement entered into in May 2022 and from the Hail and Ghasha Integrated Logistics Technical Services Agreement entered into in October 2022 and higher income from onshore services relating to warehousing services provided to Borouge.

Revenue in the Shipping business unit for the year ended 31 December 2022 was USD 861.8 million, an increase of USD 272.1 million, or 46.1%, compared to USD 589.7 million for the year ended 31 December 2021 due primarily to increases in revenue generated by our tankers business line and gas and dry-bulk shipping business lines as discussed further below. The ZMI Holdings Acquisition had no impact on our Shipping business unit.

The following table sets out revenue of our business lines in the Shipping business unit for the years ended 31 December 2022 and 2021:

	For the year ended 31 December		
	2022	**2021**	***% change***
	USD '000		
Tankers	334,570	158,100	111.6%
Gas carriers	169,117	136,770	23.7%
Dry-bulk shipping	358,128	294,861	21.5%
Total	**861,815**	**589,731**	**46.1%**

The revenue increase in the tankers business line in 2022 was due primarily to an increase in our tankers fleet size in 2021 with the full year impact on our revenue occurring in 2022, favourable changes in the market spot rates in 2022, and increased volumes of transported products in 2022 (a total of 8.4 million metric tonnes of other products and 6.2 million metric tonnes of crude transported in 2022 compared to a total a total of 7.0 million metric tonnes of other products and 4.2 million metric tonnes of crude transported in 2021). The decrease in global energy demand in 2021 due to COVID-19 shutdowns around the world had a negative impact on our revenue in the tankers business line in 2021. Our TCE rates in the tankers business line for crude and other products increased substantially in the second half of 2022 from lower levels in 2021 and the first half of 2022.

The revenue increase in the gas carriers business line was due primarily to improved market conditions in 2022 compared to 2021 and increase in our fleet size in 2022.

The revenue increase in the dry-bulk shipping business lines was due primarily to favourable changes in market rates in 2022, a higher number of cargo voyages trades executed with owned and chartered vessels (193 trades in 2022 compared to 177 trades in 2021) and an increase in volume of transported products in 2022, primarily for clients other than the ADNOC Group companies (a total of 8.4 million metric tonnes transported in 2022 compared to 7.0 million metric tonnes transported in 2021). Our TCE rates in the dry-bulk shipping business line increased substantially in 2021 and remained at elevated levels in the first half of 2022.

Revenue in the Marine Services business unit for the year ended 31 December 2022 was USD 167.3 million, a decrease of USD 5.1 million, or 3.0%, compared to USD 172.5 million for the year ended 31 December 2021 due primarily to the shift of certain services from the Marine Services business unit to the Integrated Logistics business unit in 2022. The ZMI Holdings Acquisition had no impact on our Marine Services business unit.

Direct costs

Direct costs for the year ended 31 December 2022 were USD 1,543.0 million, an increase of USD 578.8 million, or 60.0%, compared to USD 964.2 million for the year ended 31 December 2021, including the results of ZMI Holdings for the two-month period from 1 November 2022 to 31 December 2022 which contributed to the increase of direct costs in our Integrated Logistics business unit.

Excluding the impact of the ZMI Holdings Acquisition, the increase in direct costs was primarily due to increases in bunker fuel costs as a result of prevailing market conditions and increases in manpower costs due primarily to our fleet size increase and higher expenses for outsourced crew, both of which correspond to a proportionate increase of our expanded operations in 2022.

Direct costs in the Integrated Logistics business unit for the year ended 31 December 2022 amounted to USD 768.2 million, an increase of USD 443.3 million, compared to USD 324.9 million for the year ended 31 December 2021 due primarily to the inclusion of directs costs of ZMI Holdings for the two-month period from 1 November 2022 to 31 December 2022. Excluding the impact of the ZMI Holdings Acquisition, the increase in direct costs was primarily a result of expanded operations in the Integrated Logistics business unit.

Direct costs in the Shipping business unit for the year ended 31 December 2022 amounted to USD 630.1 million, an increase of USD 135.3 million, or 27.3%, compared to USD 494.9 million for the year ended 31 December 2021 due primarily to higher bunker and other consumption costs, higher manpower costs, higher freight and voyage charter costs as a result of more volatile spot rates in 2022 and higher depreciation on property, plant and equipment reflecting an increased asset base during the year ended 31 December 2022, which is generally reflective of the proportionate increase in our business activity in the Shipping business unit during the year ended 31 December 2022.

The following table sets out direct costs of our business lines in the Shipping business unit for the for the years ended 31 December 2022 and 2021:

	For the year ended 31 December		
	2022	**2021**	***% change***
	USD '000		
Tankers	265,373	191,034	38.9%
Gas carriers	100,898	86,992	16.0%
Dry-bulk shipping	263,859	216,846	21.7%
Total	**630,130**	**494,872**	**27.3%**

Direct costs in the Marine Services business unit for the year ended 31 December 2022 amounted to USD 138.8 million, an increase of USD 5.4 million, or 4.1%, compared to USD 133.3 million for the year ended 31 December 2021 due primarily to expenses relating to the ongoing roll-out of oil spill and hazardous and noxious substances response operations in 2022.

Gross profit

As a result of the above, gross profit for the year ended 31 December 2022 was USD 409.1 million, an increase of USD 182.5 million, or 80.6%, compared to USD 226.6 million for the year ended 31 December 2021.

As a result of the above, gross profit for the year ended 31 December 2022 (i) in the Integrated Logistics business unit amounted to USD 154.9 million, an increase of USD 51.1 million, or 49.3%, compared to USD 103.7 million for the year ended 31 December 2021; (ii) in the Shipping business unit amounted to USD 231.7 million, an increase of USD 136.8 million, compared to USD 94.9 million for the year ended 31 December 2021, and (iii) in the Marine Services business unit amounted to USD 28.6 million, a decrease of USD 10.5 million, or 27.0%, compared to USD 39.1 million for the year ended 31 December 2021. Gross loss in the Others segment for the year ended 31 December 2022 amounted to USD 6.0 million compared to a loss of USD 11.1 million for the year ended 31 December 2021 due primarily to COVID-related expenses.

General and administrative expenses

General and administrative expenses for the year ended 31 December 2022 were USD 105.6 million, an increase of USD 22.1 million, or 26.5%, compared to USD 83.5 million for the year ended 31 December 2021, including the results of ZMI Holdings for the two-month period from 1 November 2022 to 31 December 2022 which contributed to the increase of our general and administrative expenses in 2022.

Excluding the impact of the ZMI Holdings Acquisition, the increase in general and administrative expenses was due primarily due to certain expenses recharged by ADNOC, higher staff costs reflecting a higher number of employees and higher amortisation costs of acquired enterprise computer systems, software and licenses during the year ended 31 December 2021, partly offset by lower office rent expense during the year ended 31 December 2021.

Pension adjustment

There was no pension adjustment for the year ended 31 December 2022 compared to USD 90.9 million pension adjustment for the year ended 31 December 2021.

(Provision for) / reversal of expected credit losses, net

Provisions for expected credit losses, net for the year ended 31 December 2022 was USD 5.9 million compared to a reversal of expected credit losses of USD 5.6 million for the year ended 31 December 2021. The provisions for expected credit losses for the year ended 31 December 2022 reflect the accounting treatment of the credit risk exposure for trade receivables under IFRS 9.

Other expense

Other expense for the year ended 31 December 2022 was USD 3.8 million, an increase of USD 2.6 million, compared to USD 1.2 million for the year ended 31 December 2021 due primarily to the recognition of loss on chartered leases under IFRS 16 in 2022.

Other income

Other income for the year ended 31 December 2022 was USD 1.0 million compared to USD 3.4 million for the year ended 31 December 2021 due primarily to a higher profit generated on initial recognition of sub-lease receivables in 2021.

Operating profit

As a result of the above, our operating profit for the year ended 31 December 2022 was USD 294.9 million, an increase of USD 234.9 million, compared to USD 60.0 million for the year ended 31 December 2021.

Share of profit/loss from joint venture

Share of profit/loss from joint venture for the year ended 31 December 2022 amounted to USD 2.0 million, an increase of USD 1.0 million, or 90.8%, compared to USD 1.1 million for the year ended 31 December 2021.

Finance income

Finance income for the year ended 31 December 2022 was USD 3.7 million, an increase of USD 2.1 million, compared to USD 1.6 million for the year ended 31 December 2021 due primarily to interest income received on our cash deposits with external banks and with the ADNOC Group.

Finance costs

Finance costs for the year ended 31 December 2022 were USD 38.5 million, an increase of USD 30.6 million, compared to USD 7.9 million for the year ended 31 December 2021 due primarily to a higher interest payable on the ADNOC shareholder loan. As at 31 December 2022, amounts drawn under amended and restated loan agreements with ADNOC were USD 1,900.0 million compared to USD 600 million drawn as at 31 December 2021.

Profit before tax for the year

As a result of the above, profit before tax for the year ended 31 December 2022 was USD 262.1 million, an increase of USD 207.3 million, compared to USD 54.8 million for the year ended 31 December 2021.

Income tax

Income tax for the year ended 31 December 2022 was USD 1.4 million which related to the proportionate share of ZMI Holdings' tax liabilities since the date of the ZMI Holdings Acquisition in respect of ZMI Holdings' operations in the Kingdom of Saudi Arabia and Qatar. There was no income tax for the year ended 31 December 2021.

Profit for the year

As a result of the above, profit for the year ended 31 December 2022 was USD 260.8 million, an increase of USD 206.0 million, compared to USD 54.8 million for the year ended 31 December 2021.

Comparison of the years ended 31 December 2021 and 2020

Our financial results as at and for each of the years ended 31 December 2021 and 2020 are not fully comparable with the financial results for the periods following the ZMI Holdings Acquisition. See "*—Key Factors Affecting Comparability of Results—ZMI Holdings Acquisition*".

The following table sets out ADNOC L&S's consolidated statement of comprehensive income for the years ended 31 December 2021 and 2020 derived from the audited consolidated financial statements of ADNOC L&S as at and for the year ended 31 December 2021 (which includes the unaudited comparative financial information as at and for the year ended 31 December 2020):

	For the year ended 31 December	
	2021	2020
	USD '000	
Revenue	1,190,803	1,015,892
Direct costs	(964,203)	(798,980)
Gross profit	**226,600**	**216,912**
General and administrative expenses	(83,474)	(78,353)
Pension adjustment	(90,916)	-
(Provision for) / reversal of expected credit losses, net	5,565	14,674
Other income, net	2,248	16,732
Operating profit	**60,023**	**169,965**
Share of profit/(loss) from joint venture	1,062	(20)
Finance income	1,639	4,441
Finance costs	(7,920)	(7,093)
Profit before tax for the year	**54,804**	**167,292**
Income tax	-	-
Profit for the year	**54,804**	**167,292**

Revenue

Revenue for the year ended 31 December 2021 was USD 1,190.8 million, an increase of USD 174.9 million, or 17.2%, compared to USD 1,015.9 million for the year ended 31 December 2020 due primarily to higher revenue in our Shipping business unit and, to a lesser extent, in our Marine Services business unit, as described further below.

Revenue in the Integrated Logistics business unit remained stable and amounted to USD 428.6 million for the year ended 31 December 2021 compared to USD 428.3 million for the year ended 31 December 2020.

Revenue in the Shipping business unit for the year ended 31 December 2021 was USD 589.7 million, an increase of USD 157.0 million, or 36.3%, compared to USD 432.7 million for the year ended 31 December 2020 due primarily to an increase in revenue in the dry-bulk shipping business line, as described further below.

The following table sets out revenue of our business lines in the Shipping business unit for the years ended 31 December 2021 and 2020:

	For the year ended 31 December		
	2021	2020	*% change*
	USD '000		
Tankers	158,100	169,100	(6.5%)
Gas carriers	136,770	124,500	9.9%
Dry-bulk shipping	294,861	139,124	111.9%
Total	**589,731**	**432,724**	**36.3%**

The revenue decrease in the tankers business line in 2021 reflects our lower TCE rates for crude and other products in 2021 compared to 2020 reflecting the decrease in global energy demand, in particular in 2021 driven by the COVID-19 shutdowns around the world.

The revenue increase in the gas carriers business line in 2021 was due primarily to improved rates in certain markets. The revenue increase in the dry-bulk shipping business line in 2021 was due primarily to favourable changes in the market rates, a higher number of cargo voyages trades executed with owned and chartered vessels (177 trades in 2021 compared to 154 trades in 2020) and a high volume of transported products in 2021, primarily for clients other than the ADNOC Group companies (a total of 8.5 million metric tonnes transported in 2021 for all clients compared to a total of 6.8 million metric tonnes transported in 2020 for all clients). Our TCE rates in the dry-bulk shipping business line increased substantially in 2021 compared to 2020.

Revenue in the Marine Services business unit for the year ended 31 December 2021 was USD 172.5 million, an increase of USD 17.6 million, or 11.4%, compared to USD 154.9 million for the year ended 31 December 2020 due primarily to the roll-out of the oil spill response services in 2021 and additional revenue from our petroleum port operations following an increase of scale of our petroleum port operations in 2021.

Direct costs

Direct costs for the year ended 31 December 2021 were USD 964.2 million, an increase of USD 165.2 million, or 20.7%, compared to USD 799.0 million for the year ended 31 December 2020 due primarily to an increase in direct costs in the Shipping business unit, as described further below.

Direct costs in the Integrated Logistics business unit remained relatively stable during the year ended 31 December 2021 and amounted to USD 324.9 million, an increase of USD 4.7 million, or 1.5%, compared to USD 320.2 million for the year ended 31 December 2020 in line with the business activity levels in the Integrated Logistics business unit.

Direct costs in the Shipping business unit for the year ended 31 December 2021 amounted to USD 494.9 million, an increase of USD 137.7 million, or 38.6%, compared to USD 357.1 million for the year ended 31 December 2020 in proportion to the revenue increase (primarily in the dry-bulk shipping business line) and were due primarily to higher bunker and other consumption costs, higher manpower costs as a result of an increase in the number of crew and operational management and staff as well as remuneration increases during the year ended 31 December 2021 and higher port charges, partly offset by lower freight and voyage charter costs reflecting prevailing market conditions in 2021.

The following table sets out direct costs of our business lines in the Shipping business unit for the for the years ended 31 December 2021 and 2020:

	For the year ended 31 December		
	2021	**2020**	***% change***
	USD '000		
Tankers	191,034	154,079	24.0%
Gas carriers	86,992	76,979	13.0%
Dry-bulk shipping	216,846	126,076	72.0%
Total	**494,872**	**357,134**	**38.6%**

Direct costs in the Marine Services business unit for the year ended 31 December 2021 amounted to USD 133.3 million, an increase of USD 21.1 million, or 18.8%, compared to USD 112.2 million for the year ended 31 December 2020 due to increased business activity.

Gross profit

As a result of the above, gross profit for the year ended 31 December 2021 was USD 226.6 million, an increase of USD 9.7 million, or 4.5%, compared to USD 216.9 million for the year ended 31 December 2020.

As a result of the above, gross profit for the year ended 31 December 2021 (i) in the Integrated Logistics business unit amounted to USD 103.7 million, a decrease of USD 4.4 million, or 4.1%, compared to USD 108.1 million for the year ended 31 December 2020, (ii) in the Shipping business unit amounted to USD 94.9 million, an increase of USD 19.3 million, or 25.5%, compared to USD 75.6 million for the year ended 31 December 2020, and (iii) in the Marine Services business unit amounted to USD 39.1 million, a decrease of USD 3.5 million, or 8.3%, compared to USD 42.6 million for the year ended 31 December 2020. Gross loss in the Others segment for the year ended 31 December 2021 amounted to USD 11.1 million, an increase of USD 1.6 million, or 17.4%, compared to a loss of USD 9.5 million for the year ended 31 December 2020 reflecting COVID-related and other operational expenses during the periods.

General and administrative expenses

General and administrative expenses for the year ended 31 December 2021 were USD 83.5 million, an increase of USD 5.1 million, or 6.5%, compared to USD 78.4 million for the year ended 31 December 2020 due primarily to higher staff costs relating to a higher number of employees in support functions and higher amortisation costs of acquired enterprise computer systems, software and licenses during the year ended 31 December 2021, which was partly offset by lower fees paid to external consultants during the year ended 31 December 2021.

Pension adjustment

Pension adjustment for the year ended 31 December 2021 was USD 90.9 million (2020: nil) which was recharged by ADNOC towards UAE national employees' pension charges. The charges relate to the differential amount paid by ADNOC to Abu Dhabi Retirement Pensions and Benefits Fund for services of employees taken over by the Group for periods since the Group's formation until 31 December 2019.

(Provision for) / reversal of expected credit losses, net

Reversal of expected credit losses, net for the year ended 31 December 2021 was USD 5.6 million, a decrease of USD 9.1 million, or 62.1%, compared to USD 14.7 million for the year ended 31 December 2020, reflecting the accounting treatment of credit loss recovery for trade receivables under IFRS 9.

Other (expense) / income, net

Other income, net for the year ended 31 December 2021 was USD 2.2 million, a decrease of USD 14.5 million, or 86.6%, compared to other income, net of USD 16.7 million for the year ended 31 December 2020. The decrease was due primarily to the derecognition of leases under IFRS 16 in 2020.

Operating profit

As a result of the above, in particular the pension adjustment payment, our operating profit for the year ended 31 December 2021 was USD 60.0 million, a decrease of USD 109.9 million, or 64.7%, compared to USD 169.9 million for the year ended 31 December 2020.

Share of profit/loss from joint venture

Share of profit/loss from joint venture for the year ended 31 December 2021 amounted to a profit of USD 1.1 million, compared to a loss of USD 20 thousand for the year ended 31 December 2020 due to the delivery and operation of the first vessel in the fleet during 2021.

Finance income

Finance income for the year ended 31 December 2021 was USD 1.6 million, a decrease of USD 2.8 million, or 63.1%, compared to USD 4.4 million for the year ended 31 December 2020 due primarily to a higher interest income from banks received in 2020.

Finance costs

Finance costs for the year ended 31 December 2021 were USD 7.9 million, an increase of USD 0.8 million, or 11.7%, compared to USD 7.1 million for the year ended 31 December 2020 due primarily to the interest cost payable on the ADNOC shareholder loan in 2021, partly offset by interest costs related to employees' end of service benefits in 2020.

Income tax

No income tax was paid during the years ended 31 December 2021 and 2020.

Profit for the year

As a result of the above, profit for the year ended 31 December 2021 was USD 54.8 million, a decrease of USD 112.5 million, or 67.2%, compared to profit of USD 167.3 million for the year ended 31 December 2020.

Results of Operations for ZMI Holdings

The following table sets out the consolidated statement of comprehensive income of ZMI Holdings for the ten-month periods ended 31 October 2022 and 2021 and the years ended 31 December 2021 and 2020, in each instance derived from the Unaudited Interim Condensed Consolidated financial information of ZMI Holdings as at and for the ten month period ended 31 October 2022, which includes unaudited financial information for the ten month period ended 31 October 2021, and from the ZMI Holdings Annual Financial Statements for the years ended 31 December 2021 and 2020.

	For the ten-month period ended 31 October		**For the year ended 31 December**	
	2022	**2021**	**2021**	**2020**
		USD '000		
Revenue	348,039	264,144	316,973	282,852

Direct costs	(192,616)	(145,611)	(174,842)	(171,616)
Loss on sale of vessels, plant and equipment	(23,201)	(231)	-	-
Gross profit	**132,221**	**118,302**	**142,131**	**111,236**
General and administrative expenses	(31,626)	(19,551)	(26,787)	(23,387)
Provision for impairment of trade receivables	(16,731)	(4,920)	(5,904)	(649)
Written off capital work in progress	-	-	-	(2,759)
Other income	-	3,652	4,383	3,130
Operating profit for the period/year	**83,865**	**97,484**	**113,824**	**87,571**
Finance cost	(35,304)	(21,633)	(22,802)	(26,094)
Profit before tax for the period/year	**48,561**	**75,851**	**91,022**	**61,477**
Income tax	(1,199)	(250)	(300)	(619)
Profit for the period/year	**47,362**	**75,601**	**90,722**	**60,858**
Other comprehensive income	-	-	-	-
Total comprehensive income	**47,362**	**75,601**	**90,722**	**60,858**

Comparison of the ten-month periods ended 31 October 2022 and 2021

Revenue

Revenue for the ten-month period ended 31 October 2022 was USD 348.0 million, an increase of USD 83.9 million, or 31.8%, compared to USD 264.1 million in the ten-month period ended 31 October 2021 due primarily to an increase in the owned barges fleet (additional six barges were added in 2022) and higher activity levels in 2022, primarily in the Saudi Arabia and Qatar segments, partly offset by a lower lease income from chartered barges during the ten-month period ended 31 October 2022.

Revenue in the United Arab Emirates and Other segment for the ten-month period ended 31 October 2022 was USD 137.8 million, a decrease of USD 10.6 million, or 7.1%, compared to USD 148.4 million for the ten-month period ended 31 October 2021 due primarily to the relocation of certain barges and vessels from the United Arab Emirates to the Kingdom of Saudi Arabia and Qatar during the ten-month period ended 31 October 2022.

Revenue in the Kingdom of Saudi Arabia segment for the ten-month period ended 31 October 2022 was USD 122.7 million, an increase of USD 51.1 million, or 71.3%, compared to USD 71.6 million for the ten-month period ended 31 October 2021 due primarily to the relocation of certain barges and vessels from the United Arab Emirates to the Kingdom of Saudi Arabia during the ten-month period ended 31 October 2022.

Revenue in the Qatar segment for the ten-month period ended 31 October 2022 was USD 87.6 million, an increase of USD 43.4 million, or 98.3%, compared to USD 44.2 million for the ten-month period ended 31 October 2021 due primarily to the relocation of certain barges and vessels from the United Arab Emirates to Qatar during the ten-month period ended 31 October 2022.

Direct costs

Direct costs for the ten-month period ended 31 October 2022 were USD 192.6 million, an increase of USD 47.0 million, or 32.3%, compared to USD 145.6 million in the ten-month period ended 31 October 2021 reflecting a proportionate increase in business operations, primarily in Saudi Arabia and Qatar, higher maintenance costs for owned barges and vessels and higher costs of catering and food provision for crew members during the ten-month period ended 31 October 2022.

Loss on sale of vessels, plant and equipment

Loss on sale of vessels, plant and equipment for the ten-month period ended 31 October 2022 was USD 23.2 million, an increase of USD 23.0 million, compared to USD 0.2 million in the ten-month period ended 31 October 2021 due primarily to the loss on sale of a vessel in 2022.

Gross profit

As a result of the above, gross profit for the ten-month period ended 31 October 2022 was USD 132.2 million, an increase of USD 13.9 million, or 11.8%, compared to USD 118.3 million in the ten-month period ended 31 October 2021.

General and administrative expenses

General and administrative expenses for the ten-month period ended 31 October 2022 were USD 31.6 million, an increase of USD 12.1 million, or 61.8%, compared to USD 19.6 million in the ten-month period ended 31 October 2021 due primarily to higher staff costs as a result of additional hires and a higher withholding tax expense corresponding to higher revenue during the ten-month period ended 31 October 2022.

Provision for impairment of trade receivables

Provision for impairment of trade receivables for the ten-month period ended 31 October 2022 was USD 16.7 million, an increase of USD 11.8 million, compared to USD 4.9 million in the ten-month period ended 31 October 2021 reflecting the accounting treatment of the credit risk exposure for trade receivables under IFRS 9.

Other income

Other income for the ten-month period ended 31 October 2022 was nil, compared to USD 3.7 million for the ten-month period ended 31 October 2021. Other income for the ten-month period ended 31 October 2021 reflects primarily income from disposal of assets.

Operating profit

As a result of the above, operating profit for the ten-month period ended 31 October 2022 was USD 83.9 million, a decrease of USD 11.0 million, or 11.6%, compared to USD 94.9 million in the ten-month period ended 31 October 2021.

Finance costs

Finance costs for the ten-month period ended 31 October 2022 were USD 35.3 million, an increase of USD 13.7 million, or 63.2%, compared to USD 21.6 million in the ten-month period ended 31 October 2021 due primarily to costs relating to the payment of interest costs, early prepayment fee and loan closing fee in respect of a syndicated loan facility in the ten-month period ended 31 October 2022.

Profit before tax

As a result of the above, profit before tax for the ten-month period ended 31 October 2022 was USD 48.6 million, a decrease of USD 27.3 million, or 36.0%, compared to USD 75.9 million in the ten-month period ended 31 October 2021.

Income tax

Income tax for the ten-month period ended 31 October 2022 was USD 1.2 million compared to USD 0.3 million in the ten-month period ended 31 October 2021.

Profit for the period

As a result of the above, profit for the ten-month period ended 31 October 2022 was USD 47.4 million, a decrease of USD 28.2 million, or 37.4%, compared to a profit of USD 75.6 million in the ten-month period ended 31 October 2021.

Comparison of the years ended 31 December 2021 and 2020

Revenue

Revenue for the year ended 31 December 2021 was USD 317.0 million, an increase of USD 34.1 million, or 12.1%, compared to USD 282.9 million for the year ended 31 December 2020 due primarily to an increase in the number of owned barges and higher activity levels in 2021, primarily in the Saudi Arabia and Qatar segments, partly offset by lower revenue from chartered-in barges and vessels.

Revenue in the United Arab Emirates segment for the year ended 31 December 2021 was USD 178.0 million, a decrease of USD 33.8 million, or 15.9%, compared to USD 211.8 million for the year ended 31 December 2020 due primarily to the relocation of certain barges and vessels from the United Arab Emirates to the Kingdom of Saudi Arabia and Qatar in 2021.

Revenue in the Kingdom of Saudi Arabia segment for the year ended 31 December 2021 was USD 85.9 million, an increase of USD 40.5 million, or 89.1%, compared to USD 45.4 million for the year ended 31 December 2020 due primarily to the to the relocation of certain barges and vessels from the United Arab Emirates to the Kingdom of Saudi Arabia in 2021.

Revenue in the Qatar segment for the year ended 31 December 2021 was USD 53.0 million, an increase of USD 27.4 million, compared to USD 25.6 million for the year ended 31 December 2020 due primarily to the relocation of certain barges and vessels from the United Arab Emirates to Qatar in 2021.

Direct costs

Direct costs for the year ended 31 December 2021 amounted to USD 174.8 million, an increase of USD 3.2 million, or 1.9%, compared to USD 171.6 million for the year ended 31 December 2020 due primarily to higher maintenance costs for owned barges and vessels and higher costs of catering and food provision for crew members during the year ended 31 December 2021, partly offset by a lower rent expense relating to chartered-in barges and vessels and rental equipment during the year ended 31 December 2021.

Gross profit

As a result of the above, gross profit for the year ended 31 December 2021 was USD 142.1 million, an increase of USD 30.9 million, or 27.8%, compared to USD 111.2 million for the year ended 31 December 2020.

General and administrative expenses

General and administrative expenses for the year ended 31 December 2021 were USD 26.8 million, an increase of USD 3.4 million, or 14.5%, compared to USD 23.4 million for the year ended 31 December 2020 due primarily to higher staff costs as a result of additional hires and a higher withholding tax expense corresponding to higher revenue during the year ended 31 December 2021.

Provision for impairment of trade receivables

Provision for impairment of trade receivables for the year ended 31 December 2021 was USD 5.9 million, an increase of USD 5.3 million, compared to USD 0.6 million reflecting the accounting treatment of the credit risk exposure for trade receivables under IFRS 9.

Written off capital work in progress

There was no written off capital work in progress for the year ended 31 December 2021 compared to USD 2.8 million for the year ended 31 December 2020. Written off capital work in progress in 2020 relates to capital expenditures towards certain projects which are no longer being pursued.

Other income

Other income for the year ended 31 December 2021 was USD 4.4 million, an increase of USD 1.3 million, or 40.0%, compared to USD 3.1 million for the year ended 31 December 2020 due primarily to sales of assets.

Operating profit

As a result of the above, operating profit for the year ended 31 December 2021 was USD 113.8 million, an increase of USD 26.3 million, or 30.0%, compared to USD 87.6 million for the year ended 31 December 2020.

Finance cost

Finance cost for the year ended 31 December 2021 was USD 22.8 million, a decrease of USD 3.3 million, or 12.6%, compared to USD 26.1 million for the year ended 31 December 2020 due primarily to lower average borrowings over the period.

Profit before tax

As a result of the above, profit before tax for the year ended 31 December 2021 was USD 91.0 million, an increase of USD 29.5 million, or 48.1%, compared to USD 61.5 million for the year ended 31 December 2020.

Income tax

Income tax for the year ended 31 December 2021 was USD 300.0 thousand compared to USD 619.0 thousand for the year ended 31 December 2020.

Profit for the period

As a result of the above, profit for the year ended 31 December 2021 was USD 90.7 million, an increase of USD 29.9 million, or 49.1%, compared to profit of USD 60.9 million for the year ended 31 December 2020.

Consolidated Cash Flow Data for ADNOC L&S

Comparison of the three-month periods ended 31 March 2023 and 2022

The following table sets out the interim consolidated statement of cash flows data of ADNOC L&S for the three-month periods ended 31 March 2023 and 2022:

	For the three-month period ended 31 March	
	2023	**2022**
	USD '000	
Profit for the period	144,929	16,239
Net cash generated from / (used in) operating activities	216,825	(38,707)
Net cash used in investing activities	(42,162)	(168,547)
Net cash used in financing activities	(6,263)	(6,776)
Net increase / (decrease) in cash and cash equivalents	168,400	(214,030)
Cash and cash equivalents at end of the period	333,333	154,417

Net cash flows from operating activities for the three-month period ended 31 March 2023 were a cash inflow of USD 216.8 million, an increase of USD 255.5 million, compared to a cash outflow of USD 38.7 million for the three-month period ended 31 March 2022 due primarily to an increase in profit for the period by USD 128.7 million between the three-month period ended 31 March 2023 and the three-month period ended 31 March 2022, and positive changes in working capital due primarily to improved collections of accounts receivables.

Net cash used in investing activities for the three-month period ended 31 March 2023 was USD 42.2 million, an increase of USD 126.4 million, compared to USD 168.5 million for the three-month period ended 31 March 2022 due primarily to a lower amount of capital expenditure during the three-month period ended 31 March 2023. During the three-month period ended 31 March 2022, we acquired certain vessels compared to none acquired during the three-month period ended 31 March 2023.

Net cash from used in financing activities for the three-month period ended 31 March 2023 was USD 6.3 million, a decrease of USD 513 thousand, compared to USD 6.8 million for the three-month period ended 31 March 2022 reflecting payments on lease liabilities during both periods.

Comparison of the years ended 31 December 2022 and 2021

The following table sets out the consolidated statement of cash flows data of ADNOC L&S for the years ended 31 December 2022 and 2021:

	For the year ended 31 December	
	2022	**2021**
	USD '000	
Profit for the year	260,793	54,804
Net cash generated from operating activities	281,364	502,810
Net cash used in investing activities	(1,744,246)	(816,916)
Net cash generated from financing activities	1,259,368	585,450
Net (decrease) / increase in cash and cash equivalents	(203,514)	271,344
Cash and cash equivalents at end of the year	164,933	368,447

Net cash generated from operating activities for the year ended 31 December 2022 was a net inflow of USD 281.4 million, a decrease of USD 221.4 million, or 44.0%, compared to a net inflow of USD 502.8 million for the year ended 31 December 2021 due primarily to changes in the net working capital primarily as a result of an increase in amounts due from related parties (primarily ADNOC Offshore) in 2022.

Net cash used in investing activities for the year ended 31 December 2022 was a net outflow of USD 1,744.2 million, an increase of USD 927.3 million, compared to a net outflow of USD 816.9 million for the year ended 31 December 2021 due primarily to the purchase price paid for the ZMI Holdings Acquisition in 2022.

Net cash generated from financing activities for the year ended 31 December 2022 was a net inflow of USD 1.259.4 million, an increase of USD 673.9 million, compared to a net inflow of USD 585.5 million for the year ended 31 December 2021 reflecting additional financing obtained in 2022 under the amended and restated facility agreements with ADNOC (which was subsequently fully equitized in the first quarter of 2023).

Comparison of the years ended 31 December 2021 and 2020

The following table sets out the consolidated statement of cash flows data of ADNOC L&S for the years ended 31 December 2021 and 2020:

	For the year ended 31 December	
	2021	**2020**
	USD '000	
Profit for the year	54,804	167,292
Net cash generated from operating activities	502,810	56,827
Net cash used in investing activities	(816,916)	(330,656)
Net cash generated from / (used in) financing activities	585,450	(367,467)
Net (decrease) / increase in cash and cash equivalents	271,344	(641,296)
Cash and cash equivalents at end of the year	368,447	97,103

Net cash generated from operating activities for the year ended 31 December 2021 was a net inflow of USD 502.8 million, an increase of USD 446.0 million compared to a net inflow of USD 56.8 million for the year ended 31 December 2020 due to changes in the net working capital primarily as a result of a decrease in amounts due from related parties (primarily ADNOC Offshore) in 2021.

Net cash used in investing activities for the year ended 31 December 2021 was a net outflow of USD 816.9 million, an increase of USD 486.3 million compared to a net outflow of USD 330.7 million for the year ended 31 December 2020 due primarily to the purchase of additional vessels, assets from Speedy International Asset Services Equipment Rental LLC and marine equipment in 2021.

Net cash generated from financing activities for the year ended 31 December 2021 was a net inflow of USD 585.5 million, compared to net outflow of USD 367.5 million for the year ended 31 December 2020 due primarily to amounts drawn under the loan facility agreement with ADNOC in 2021, compared to cash repayments made under the ADNOC shareholder loan in 2020.

Consolidated Cash Flow Data for ZMI Holdings

Comparison of the ten-month periods ended 31 October 2022 and 2021

The following table sets out the interim condensed consolidated statement of cash flows data of ZMI Holdings for the ten-month periods ended 31 October 2022 and 2021:

	For the ten-month period ended 31 October	
	2022	2021
	USD '000	
Profit for the period	47,362	75,601
Net cash generated from operating activities	133,867	95,565
Net cash used in investing activities	(114,691)	(28,862)
Net cash used in financing activities	(19,344)	(72,801)
Net (decrease) / increase in cash and cash equivalents	(167)	(6,098)
Cash and cash equivalents at end of the period	47,820	13,056

Net cash generated from operating activities for the ten-month period ended 31 October 2022 was a net inflow of USD 133.9 million, an increase of USD 38.3 million, or 40.1%, compared to a net inflow of USD 95.6 million for the ten-month period ended 31 October 2021. While the profit for the year ended 31 December 2022 was lower compared to the year ended 31 December 2021, the increase was due primarily to improved collection of receivables in 2022.

Net cash used in investing activities for the ten-month period ended 31 October 2022 was a net outflow of USD 114.7 million, an increase of USD 85.8 million, compared to a net outflow of USD 28.9 million for the ten-month period ended 31 October 2021 due primarily to the purchase price paid in 2021 in respect of new vessels and marine equipment.

Net cash used in financing activities for the ten-month period ended 31 October 2022 was a net outflow of USD 19.3 million, a decrease of USD 53.5 million, or 73.4%, compared to a net outflow of USD 72.8 million for the ten-month period ended 31 October 2021 due primarily to the repayment of bank borrowings in 2021**.**

Comparison of the years ended 31 December 2021 and 2020

The following table sets out the special purpose consolidated statement of cash flows data of ZMI Holdings for the years ended 31 December 2021 and 2020:

	For the year ended 31 December	
	2021	2020
	USD '000	
Profit for the year	90,722	60,858
Net cash generated from operating activities	136,521	138,405
Net cash used in investing activities	(59,878)	(31,954)
Net cash used in financing activities	(47,810)	(99,501)
Net increase in cash and cash equivalents	28,833	6,951
Cash and cash equivalents at end of the year	47,987	19,154

Net cash generated from operating activities amounted to a net inflow of USD 136.5 million for the year ended 31 December 2021, a decrease of USD 1.9 million, or 1.4%, compared to a net inflow of USD 138.4 million for the year ended 31 December 2020. While the profit for the year was higher for the year ended 31 December 2021, the decrease was due primarily to a lower level of trade receivables in 2021.

Net cash used in investing activities for the year ended 31 December 2021 was a net outflow of USD 59.9 million, an increase of USD 27.9 million, or 87.4%, compared to a net outflow of USD 32.0 million for the year ended 31 December 2020 due primarily to the purchase price paid in 2021 in respect of new vessels and marine equipment.

Net cash used in financing activities for the year ended 31 December 2021 was a net outflow of USD 47.8 million, a decrease of USD 51.7 million, or 52.0%, compared to a net outflow of USD 99.5 million for the year ended 31 December 2020 due primarily to the repayment of bank loans in 2021.

Liquidity and Capital Resources

Historically we have financed our operations from cash from operating activities and loans from ADNOC. Our former shareholder loan from ADNOC amounting to USD 1.9 billion as at 31 December 2022 was fully equitized during the first quarter of 2023.

On 5 May 2023, ADNOC L&S entered into a USD 350 million revolving credit facility with ADNOC for an initial period of two years (plus one-year extension option exercisable at our discretion) which bears the interest rate calculated as the applicable SOFR + 85 basis points for the initial two-year period and the applicable SOFR + 95 basis points for the one-year extension period. As at the date of this Offering Memorandum, we have not drawn any amount thereunder. We do not expect to draw any amount under this facility by the Closing Date.

On 5 May 2023, ADNOC L&S entered into a USD 1,500 million term loan facility with ADNOC for an initial period of two years (plus one-year extension option exercisable at our discretion) which bears the interest rate calculated as the applicable SOFR + 85 basis points for the initial two-year period and the applicable SOFR + 95 basis points for the one-year extension period. As at the date of this Offering Memorandum, we have not drawn any amount thereunder. We expect to draw up to USD 250 million in aggregate under this facility by the Closing Date.

See "*Business—Material Agreements—Financing Arrangements*".

We may raise external financing for our operations and/or to refinance the existing shareholder loans from ADNOC in the future. We intend to follow a disciplined leverage policy with targeted leverage averaging 2.0-2.5x net debt / EBITDA in the medium term. See "*Business—Our Medium Term Targets*".

Capital Expenditure

We define capital expenditure as purchases of property, plant and equipment derived from the ADNOC L&S Annual Financial Statements included elsewhere in the Offering Memorandum. For discussion of the purchase price for the ZMI Holdings Acquisition which is not included in our capital expenditure, see "*—Key Factors Affecting Comparability of Results—ZMI Holdings Acquisition*".

The following table sets out our capital expenditure for the years ended 31 December 2022, 2021 and 2020:

	For the year ended 31 December		
	2022	2021	2020
	USD million except for percentages		
Growth[1]	228	646	266
Maintenance[2]	122	83	129
Change in accruals	(51)	33	(62)
Total	**300**	**763**	**333**
Capital expenditure as a percentage of revenue	*15%*	*64%*	*33%*

(1) We define growth capital expenditure as expenditure undertaken to expand our existing operations and increase our growth.
(2) We define maintenance capital expenditure as recurring expenditure required to continue our operations.

Historically, growth capital expenditure in the Integrated Logistics business unit related primarily to the acquisition of assets in 2021 from Speedy International Asset Services Equipment Rental LLC and other vessel acquisitions. The growth capital expenditure increased substantially since 2021 in the Shipping business unit as a result of new vessels purchases which were delivered in 2021 and 2022, as well as instalment payments on vessels which are scheduled to be delivered between 2023 and 2026. We target maintenance capital expenditure between USD 150 and USD 200 million in 2023 due primarily to dry docking.

The following table sets out the growth and maintenance capital expenditure for our business lines in the Shipping business unit for the years ended 31 December 2022, 2021 and 2020:

	For the year ended 31 December		
	2022	2021	2020
	USD million		
Tankers	**127**	**512**	**178**
Growth[1]	117	494	168
Maintenance[2]	11	18	10
Gas carriers[3]	**147**	**84**	**25**

Growth[(1)]	122	49	-
Maintenance[(2)]	25	35	25
Dry-bulk shipping	**2**	**35**	**89**
Growth[(1)]	-	22	86
Maintenance[(2)]	2	13	3

(1) We define growth capital expenditure as expenditure undertaken to expand our existing operations and increase our growth.
(2) We define maintenance capital expenditure as recurring expenditure required to continue our operations.
(3) Excluding AW Shipping Limited.

We target a substantial increase in our capital expenditure in the medium term to deploy between USD 4-5 billion. Capital expenditure targeted for 2023 and 2024 relates largely to our Integrated Logistics and Shipping business units. See "*Business—Our Medium Term Targets*".

Bank Guarantees, Commitments, Off-balance Sheet Arrangements and Contingencies

Bank guarantees

As at 31 March 2023, we had bank guarantees issued by banks and other matters arising in the ordinary course of business from which it is anticipated that no material liabilities will arise, amounting to USD 3.2 million.

Capital commitments

As at 31 March 2023, our capital commitments amounted to USD 1,264.6 million.

Purchases commitments

As at 31 March 2023, our purchases commitments amounted to USD 46.2 million.

Contingencies

We are involved in various legal proceedings and claims arising in the ordinary course of business. While the outcome of these matters cannot be predicted with certainty, management does not believe that these matters will have a material adverse effect on our financial statements if concluded unfavourably.

Financial Risk Management

We are exposed to financial risks arising in the ordinary course of business. Our principal financial liabilities consist of trade and other payables, amounts due to related parties, lease liabilities and, historically, shareholder loans. The main purpose of the financial liabilities is to raise finance for our operations. We have various financial assets such as trade and other receivables, bank balances and amounts due from related parties, which arise directly from its operations.

The main risks arising from our financial instruments are credit risk, market risk (including foreign currency risk, price risk and cash flow and fair value interest rate risk) and liquidity risk. Our management reviews and agrees policies for managing each of these risks which are summarised below.

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to us and arises principally from our trade and other receivables, related party and bank balances. We have adopted a policy of dealing only with creditworthy counterparties. We attempt to control credit risk by monitoring credit exposures, limiting transactions with specific non-related counter-parties, and continually assessing the creditworthiness of such non-related counter-parties.

The average credit period on sale of goods or services is 30-60 days. No interest is charged on trade and other receivables except that interest may be recoverable in case of significantly delayed settlement beyond agreed credit terms.

The amount that best represents maximum credit risk exposure on financial assets at the end of the reporting period, in the event counter parties fail to perform their obligations, generally approximates their carrying value. Advances to suppliers, other receivables and balances with banks are not secured by any collateral.

The bank balances are maintained with commercial banks. The credit risk on liquid funds is limited because the counterparties are reputable banks closely monitored by the regulatory bodies.

Our bank balances are currently held in banks rated A or better by Fitch Ratings. While cash and cash equivalents are also subject to the impairment requirements of IFRS 9, recognised identified impairment loss has been immaterial.

Other financial assets do not have a material expected credit loss, and the loss allowance considered during the year was limited to 12 months' expected losses. As such, no loss allowance was made for such financial assets as at 31 December 2022.

Foreign currency risk

ADNOC L&S has no significant currency risk exposure from its operations as the majority of our transactions are in AED or USD. The AED is pegged to the USD hence balances in AED are not considered to represent a significant risk.

Price risk

We have no significant direct exposure to commodity price risk. Reductions in oil prices may lead to reductions in the level of future logistics services procured by customers who have significant exposure to oil and gas prices.

Cash flow and fair value interest rate risk

The following table demonstrates the sensitivity to reasonably possible changes in interest rates, with all other variables held constant, of our profit.

	Effect on ADNOC L&S and its subsidiaries' profit *USD '000*	**Effect on ADNOC L&S and its subsidiaries' profit** *AED '000*
2022		
+100 increase in basis points	(9,620)	(35,330)
-100 increase in basis points	9,620	35,330
2021		
+100 increase in basis points	(3,150)	(11,560)
-100 increase in basis points	3,150	11,560

Liquidity risk

Liquidity risk is the risk that we will encounter difficulty in meeting the obligations associated with our financial liabilities that are settled by delivering cash or another financial asset. Our approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet our liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

We ensure that we have sufficient cash on demand to meet expected operational expenses for a short-term period, including the servicing of financial obligations. This excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

The maturity profile of our financial liabilities is monitored by management to ensure adequate liquidity is maintained. See Note 26 to ADNOC L&S Annual Financial Statements as of and for the year ended 31 December 2022 for further details.

Capital risk management

The primary objective of our capital risk management activity is to maintain healthy capital ratios in order to support the business. We manage capital structure and make adjustments to ensure that it will be able to continue as a going concern. No changes were made in the objectives, policies or processes during the years ended 31 December 2022 and 31 December 2021. Equity comprises share capital, general reserve, retained earnings and shareholder contribution, and is measured at USD 1,800,290 thousand or AED 6,611,565 thousand as at 31 December 2022 (2021: USD 1,529,079 thousand or AED 5,615,543 thousand).

We monitor capital on the basis of a gearing ratio. This ratio is calculated as net debt divided by total equity plus net debt. Net debt is calculated as total borrowings (including current and non-current borrowings as shown in the statement of financial position) less cash and cash equivalents. Total capital is calculated as total equity as shown in the statement of financial position plus net debt.

Accounting Judgements and Estimates

While applying the accounting policies, our management has made certain estimates and assumptions that are not readily apparent from other sources. The estimates and associated assumption are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period of the revision in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Measurement of Expected Credit Losses

We use a provision matrix to calculate estimate of credit losses ("**ECLs**") for trade receivables and to record IFRS 9 provisions thereon. The provision matrix is initially based on our historical observed default rates. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. Our historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.

For due from related parties' balances, probability of default is determined to be nil based on ADNOC's rating by Fitch Ratings as at 31 December 2022. Fitch Ratings has given ADNOC a standalone credit rating of AA+ and a long-term issuer default rating of AA with a stable outlook, in line with the sovereign rating of Abu Dhabi. However, on a conservative basis, we record provisions for expected credit losses on due from related parties based on ageing buckets. The provision for expected credit losses on trade receivables has been calculated using a simplified approach, requiring the computation of lifetime expected credit losses.

Historical analysis of aging data

Ageing data from January 2016 to December 2022 has been used for this analysis. For the purpose of the historical analysis, management has defined 180 days past due as default. Furthermore, and in accordance with IFRS 9, our management has chosen to segment the customer base into third party and intercompany debtors.

The probability of default ("**PD**") for the various age buckets has been calculated by assessing the flow rate of debit balances into subsequent age buckets, and ultimately into the default age bucket. The loss given default ("**LGD**") is calculated by analysing the recovery / collections of defaulted balances.

Forward-looking macroeconomic factors

IFRS 9 requires a forward-looking macroeconomic adjustment, applied to the historical loss rate. To incorporate this element, a multiple regression analysis has been performed, considering the following factors: Independent variables: the sovereign credit default spread, a market indication of credit risk of the region of operations. Dependent variable(s): the two factors used in the regression analysis are gross debt/GDP and net borrowing - lending/GDP of the region of operations. The calculated impact of the regression analysis is a 2% incremental increase in historical loss rates, *i.e.*, PD x LGD x 1.02.

As at 31 December 2022, gross trade receivables were USD 125,715 thousand or AED 461,686 thousand (2021: USD 27,080 thousand or AED 99,451 thousand), and the provision for expected credit losses was USD 8,918 thousand or AED 32,749 thousand (2021: USD 2,744 thousand or AED 10,076 thousand). Any difference between the amounts actually collected in future periods and the amounts expected will be recognised in the consolidated statement of comprehensive income.

As at 31 December 2022, gross amount due from related parties were USD 466,154 thousand or AED 1,711,952 thousand (2021: USD 339,112 thousand or AED 1,245,388 thousand), and the provision for expected credit loss was USD 200 thousand or AED 737 thousand (2021: USD 494 thousand or AED 1,815 thousand). Any difference between the amounts actually collected in future periods and the amounts expected will be recognised in the consolidated statement of comprehensive income.

Useful lives of property, plant and equipment and intangible assets

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

This estimate is determined after considering the current usage of the asset compared to full utilisation capabilities of the asset and physical wear and tear, technical or commercial obsolescence and other limits on the use of the asset. Management reviews the residual value and useful lives annually and the future depreciation charge would be adjusted where management believes that the useful lives differ from previous estimates.

Impairment of property, plant and equipment

We determine whether property, plant and equipment are impaired when events or changes in circumstances indicate that the carrying amount may not be recoverable. If an indicator of impairment exists, we determine the value in use of the cash generating units, where an indicator has been identified. Estimating the value in use requires us to make an estimate of the expected future cash flows from the cash generating units and also choose a suitable discount rate in order to calculate the present value of those cash flows.

Management did not identify any impairment indicators in the current or prior year for property, plant and equipment. However, management identified certain capital work-in-progress for which future development is not expected and, accordingly, recorded impairment of USD nil compared to USD 1,467 thousand in 2021.

Determining the lease term of contracts with renewal and termination options – ADNOC L&S as lessee

We determine 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.

We have several lease contracts that include extension and termination options. We apply judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, we reassess the lease term if there is a significant event or change in circumstances that is within our control and affects our ability to exercise (or not to exercise) the option to renew or to terminate (e.g., construction of significant leasehold improvements or significant customisation to the leased asset). On this basis the management has determined their best estimate of the lease term for each lease. The lease period determined will be reassessed at each reporting period.

Determining the lease classification – ADNOC L&S as lessor

We have entered into several lease arrangements in respect of land and vessels as a lessor. We have determined, based on an evaluation of the terms and conditions of the arrangements, such as the lease term either constituting a major part of the economic life of the leased asset and the present value of the minimum lease payments either amounting to substantially all of the fair value of the leased asset, that either it retains substantially all the risks and rewards incidental to ownership of leased asset and accounts for the contracts as operating leases or finance leases accordingly.

Generally, the market information presented in this section is taken directly or derived from the Industry Report, unless indicated otherwise. Market data is inherently forward-looking and subject to uncertainty, and does not necessarily reflect actual market conditions. It is based on market research, which itself is based on sampling and subjective judgements by both the researchers and respondents; including judgements about what types of products and competitors should be included in the relevant market.

Introduction

We have commissioned Maritime Strategies International Ltd., an independent provider of global research and consultancy services in the maritime and natural resources industries, to prepare a report on global oil, gas, dry bulk and hydrogen market and related supply and demand dynamics which is set out in this section.

The information provided in this section is based on MSI's independent assessment of the market using a combination of MSI internal analysis and publicly available sources. Estimates and prospects set out in this section have been prepared on the basis of a market research study prepared by MSI, which includes research estimates based on various official published sources.

MSI believes it used suitable sources of information and methodologies for this study but due to the nature of the techniques and methodologies used in market research does not guarantee nor pledge as to the accuracy or completeness of such information. References to MSI should not be considered as the opinion of MSI as to the value of any security or the advisability of investing in the Company.

The Board of Directors have no reason to believe that such information is false or misleading or that any material fact has been omitted that would render such information false or misleading. The information prepared by MSI and set out in this section has not been independently verified by us or any other party and the Board of Directors gives no representations as to its accuracy and the information should not be relied upon in making, or refraining from making, any investment decision.

Research Methodology

All data, analysis and research estimates in this section are based on research work conducted between December 2022 and February 2023 including: (i) desk research to collect publicly available secondary sources of data, including statistics on macroeconomic indicators, demographics from entities such as the IMF and World Bank, MSI's internal databases; (ii) MSI's data gathering across core and other markets; and (iii) cross-checks and analysis of sources to build a consensus on the market size and historic trends.

Forecasting bases and assumptions

The forecast bases and assumptions contained in this report are derived from views of the future evolution of the global economy, energy and commodity markets, which are outlined in the sections below. In MSI's modelling, these high-level drivers are translated into forecasts for global trade across a wide range of commodities and vessel demand. An assessment of vessel supply is also considered, in order to build a supply and demand balance for each maritime sector.

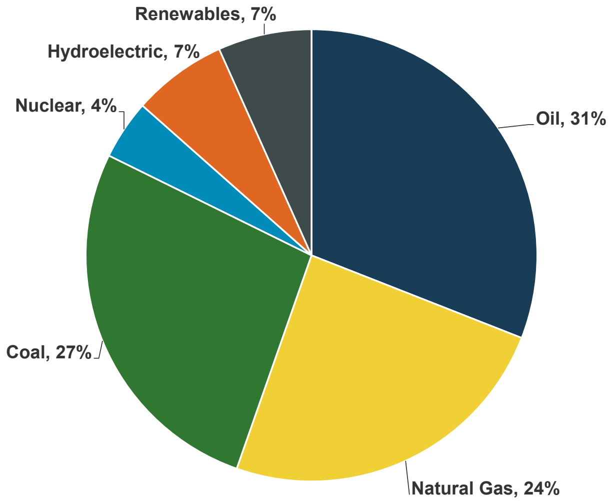
Energy Value Chain and Outlook

Energy Usage

Global energy demand is met by the use and processing of several key primary energy sources. Broadly these can be defined as hydrocarbons (mainly oil, gas, coal and biofuels), renewables (mainly solar and wind), hydroelectric and nuclear.

Oil, natural gas and coal provide the majority of global primary energy. Renewables, hydroelectric and nuclear provide the remainder. Primary energy includes consumption of the energy sector itself, losses during transformation (for example, from oil or gas into electricity) and distribution of energy, and final consumption by end users.

Chart: Primary Energy Consumption by Source, 2021



Source: BP Statistical Review 2022

Final energy consumption accounts for the energy used by the end-user, including in transformed forms such as electricity. Key uses for energy include commercial and public services, industry, residential and transportation.

Hydrocarbon value chains – particularly oil and gas – involve production, transportation, processing, and distribution, and these stages are often characterised using the terms upstream, midstream and downstream.

Upstream

Upstream relates to exploration and production of crude oil and natural gas. Breaking this down further, the main stages of upstream activity relating to a resource deposit are exploration, development, production and decommissioning.

Exploration involves the discovery, identification and appraisal of oil and gas reservoirs. Operators will need a licence to explore a particular area. Following this, analysis of geophysical and geological data will inform further exploration steps such as commissioning seismic surveys and drilling exploration wells.

Dependent on the results from exploration, as well as financial and commercial considerations, the operators will decide to move to the development phase. This is likely to involve full field development and engineering studies. Capital intensity and technical feasibility of field development will be dependent on the location and accessibility of the resource. Typically, offshore oil and gas reservoirs are more costly to develop than onshore. Once engineering solutions are finalised, fabrication, procurement, construction, installation and commissioning can proceed.

Operating oil and gas fields then require continued inspection, repair and maintenance as well as further potential development, enhancement and extension. Once the field reaches the end of its commercial life, the final process will be decommissioning.

Midstream

Midstream relates to the transportation of commodities from upstream facilities via overland (pipelines, rail, trucks) and marine (shipping, barges) routes, as well as intermediate storage. Shipping provides flexibility for cargo movements, allowing oil to move to a variety of destinations. Shipping markets are integral to global supply chains, transporting energy as well as commodities, intermediate and manufactured goods in huge volumes. As such, shipping is a key intermediary in facilitating the processing and consumption of hydrocarbon energy.

In shipping terminology, various cargo types can also be defined in other ways, such as 'wet' cargo (various liquids such as oil, liquified natural gas (LNG), chemicals etc.) and 'dry' such as iron ore, coal, steel and agricultural commodities. Shipping enables the distribution of both energy and non-energy related cargoes.

LNG is natural gas cooled to about -162 °C, transforming it into a liquid state and reducing its volume by about 600 times (liquefaction). Other unwanted elements are also removed in this process. This enables its transportation in specially designed vessels to a terminal with regasification units where the cargo is returned to a gaseous state for further use.

Downstream

Oil refining generates several types of oil products including, fuel oil, diesel, jet fuel, gasoline, naphtha, and liquified petroleum gas (LPG). The refining process typically involves several stages, including distillation, cracking, and reforming. In the distillation stage, crude oil is heated and vaporized in a distillation tower, to be separated into various fractions. Heavier components are broken down into lighter products such as gasoline, diesel, and jet fuel through a process called catalytic cracking.

Finally, in the reforming stage, the molecular structure of the hydrocarbons is modified to create higher-value products like aromatics, which are used to produce chemicals, plastics, and other materials. The final products of the refining process are used to power transportation, heat homes and buildings, and create a wide variety of products derived from the petrochemical industry. Gas production can also yield natural gas liquids (NGLs) which are cracked to produce ethane, butane, propane, isobutane, and pentane. These are used as inputs for petrochemical plants, burned for space heat and cooking, and blended into vehicle fuel.

Downstream activity also involves further transportation demand for transporting end-products such as refined products, chemicals and LPG. As with the raw commodities, routings will depend on the location of the processing facility and the end-user, with both overland and marine transits common. Shipping of processed products typically utilises more specialised vessels including coated product and chemical tankers, as well as LPG carriers.

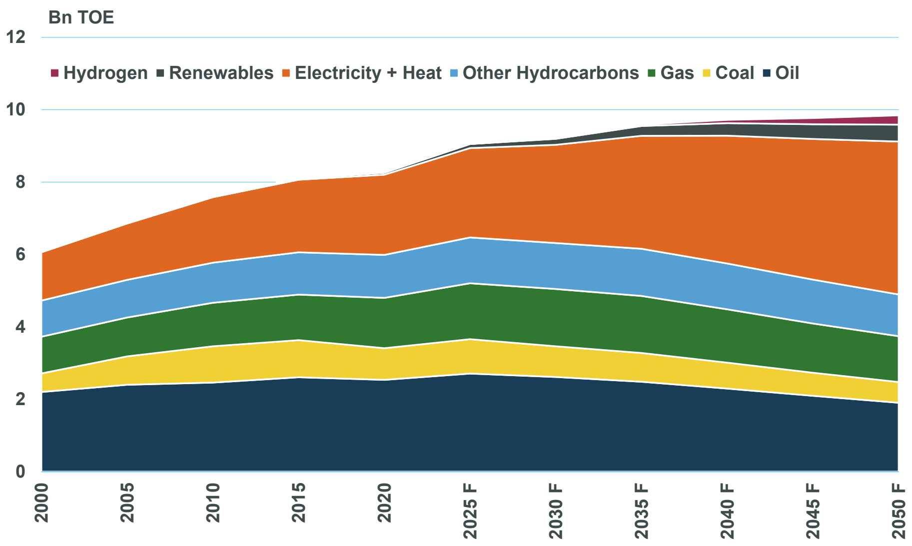
The Energy Transition

Global energy markets are changing as trends in decarbonisation, demographic and economic growth, energy security and consumer behaviour shape the production and consumption of energy. Global energy demand has seen consistent long-term growth aligned with demographic and economic expansion. Historically this has been dependent on fossil fuels – oil, gas and coal – to meet demand, and these will remain an important part of the global energy mix. The energy transition refers to underlying structural changes in energy supply and demand, associated primarily with the shift away from fossil fuels towards lower emission energy sources such as renewables, hydrogen and nuclear.

Energy demand will continue to grow out to 2050 though electricity will see a growing share, as traditional hydrocarbon demand wanes. Further out, hydrogen and renewables are forecast to see a growing share of final energy demand. Hydrogen will also see a similar structure to its value chain to fluid hydrocarbons, including storage/distribution and downstream usage.

MSI expects the growing share of renewables in electricity generation to be a key feature of the energy transition, enabling higher usage of electricity globally whilst lowering associated carbon dioxide emissions. This will allow overall growth whilst replacing much of the coal- generated electricity over the longer-term.

Chart: Final Energy Consumption by Source



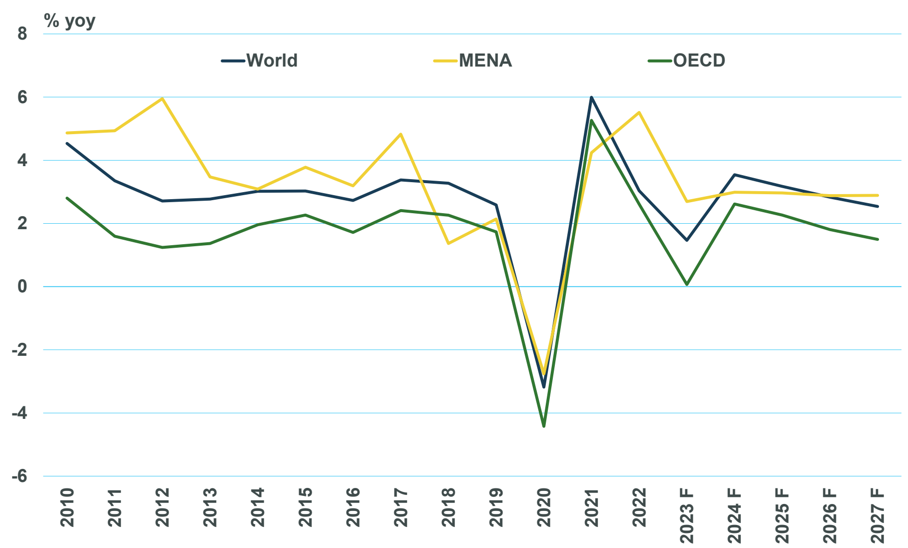
Source: MSI
Note (1): F = forecasts. These are basis the latest available data in February 2023 (MSI Q4 2022 Base Case) and are subject to limitations, including assumptions about general economic conditions. There is no guarantee that trends are sustainable.

Macroeconomic Outlook

Global

Growth in global economic output has slowed in recent quarters as central banks increase interest rates in order to combat inflation. Pressure on economic output is expected to remain in place for the first half of 2023, before easing later in the year. On a full-year basis MSI estimates that world GDP growth in 2022 was 2.8% year-on-year (constant prices basis), and forecasts that world GDP growth will be 1.5% year-on-year in 2023 and 3.7% year-on-year in 2024. This follows several years of pronounced swings in global economic activity.

Chart: Real GDP Growth Trends and Forecast, 2010-2027(F)



Source: IMF, MSI
Note (1): F = forecasts. These are basis the latest available data in February 2023 (MSI Q4 2022 Base Case) and are subject to limitations, including assumptions about general economic conditions. There is no guarantee that trends are sustainable.

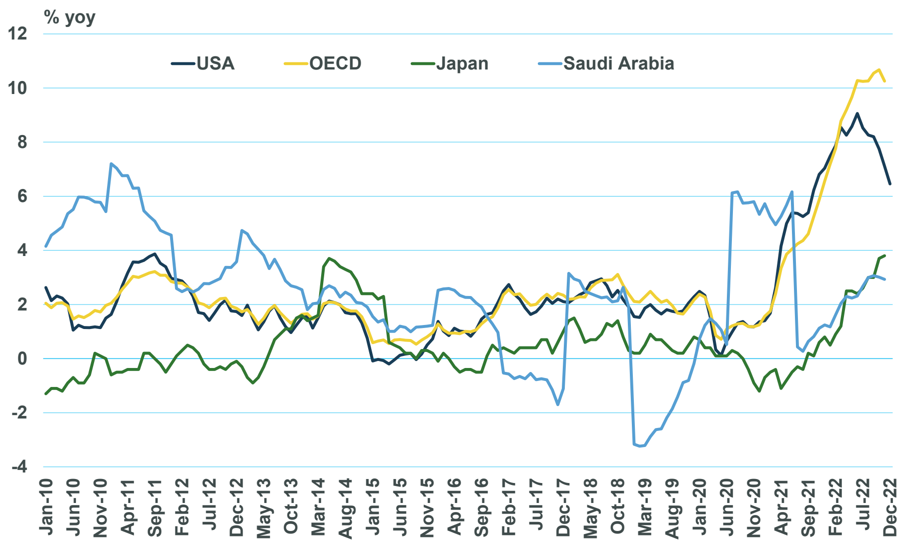
The re-opening of China's economy, as 'zero COVID' is abandoned, is providing a boost to global output, trade volumes and commodity demand, having more recently acted as a drag on global output growth. Over the period to 2027 MSI forecasts that the share of global economic output produced by China and emerging economies will increase relative to advanced economies, furthering a trend witnessed in recent decades. The

MENA region has been a recent outlier in terms of the strength of economic output growth. This has been driven predominantly by a high global oil and gas price environment, but also by resilience in non-oil economic sectors. After estimated growth of 5.5% year-on-year in 2022, MSI forecasts that MENA real GDP growth will be 2.7% year-on-year in 2023 and 3.0% year-on-year in 2024.

Consumer price inflation in key economies accelerated substantially over the course of 2022, driven by both high food and energy prices and by mismatches between the demand and supply of consumer goods. This prompted central banks, led by the US Federal Reserve, to increase benchmark interest rates at a rapid pace, tightening financial conditions worldwide. However, there are early indications that measures of headline, and with a lag, core price inflation has already peaked in the US and in major European economies, and that this will be followed by a period of far more moderate price growth later in 2023. MSI expects that this will allow central banks to begin easing policy, either late in 2023 or in 2024.

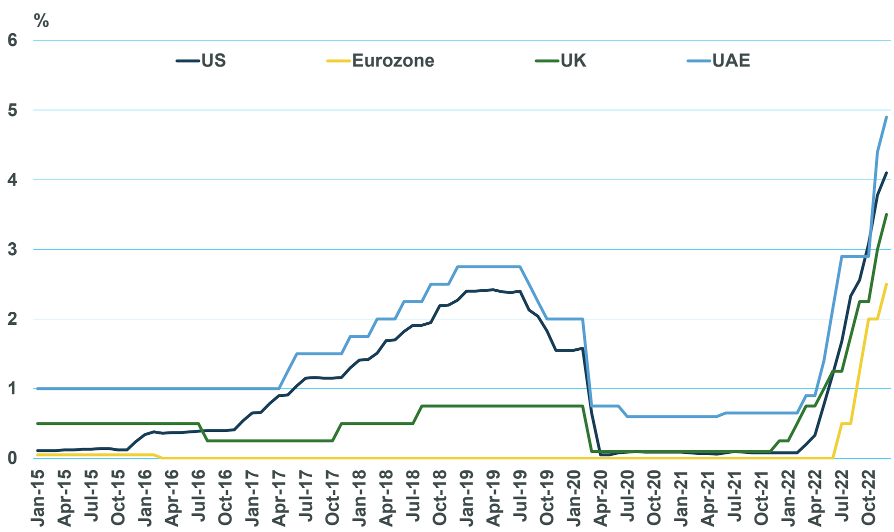
Leading MENA economies have also tightened monetary policy in line with global trends (and in order to maintain currency pegs vis-à-vis the US dollar). Central government borrowing rates rose in the UAE from 0.65% in January 2022 to 4.9% in January 2023. MSI expects a global easing of monetary policy tightness will allow borrowing costs in MENA economies to fall.

Chart: Consumer Price Inflation, Select Economies 2010-22



Source: OECD, MSI

Chart: Central Bank Interest Rates, Select Economies 2015-23



Source: Bloomberg, Refinitiv

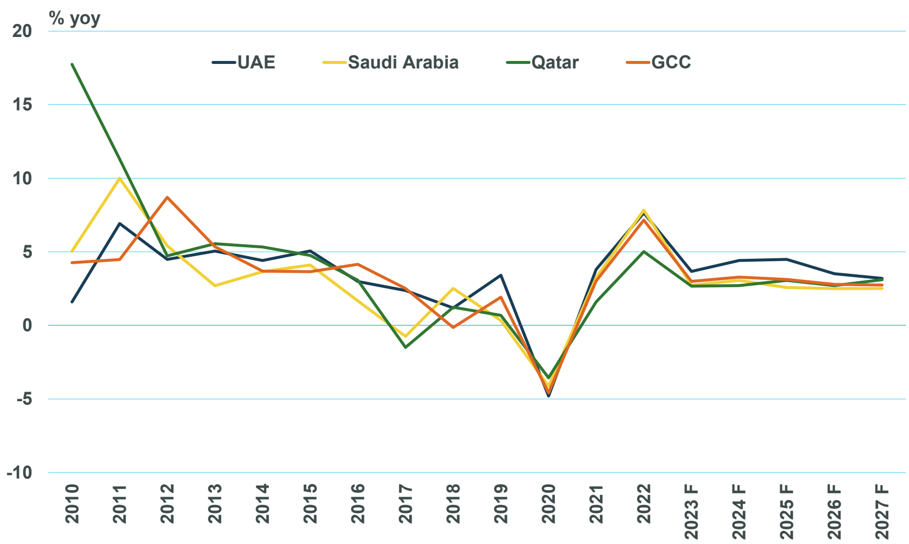
GCC / UAE

The UAE currently accounts for 27% of GCC real GDP, a stable proportion since 2010. Over 2012-21, average UAE real GDP growth was 2.8% year-on-year, in line with average growth in GCC real GDP. GCC real GDP growth accelerated in 2022 to an estimated 7.1% year-on-year rate, with the UAE economy estimated to be growing by 7.7% year-on-year over the same time period.

It is estimated that both the oil and non-oil economic sectors made a positive contribution to UAE real GDP growth in 2022, with oil-related economic output growing by nearly 12% year-on-year, and non-oil output growing by an estimated 6% year-on-year. A strong rebound in tourism, construction, and activity related to the Dubai World Expo making positive contributions to growth alongside oil revenues.

Over the period to 2027, MSI forecasts that the UAE will increase its share of total GCC real GDP, from 27% in 2022 to 29% in 2027, and that average real GDP growth over this period will be higher than its regional peers. MSI expects that the UAE government's growth and diversification agenda (including the UAE 2050 Strategy) will provide an important boost to the economy over this timeframe, and an ambition to increase FDI through 27 separate economic and trade agreements will – if realised – increase the economy's potential level of output growth.

Chart: GCC Real GDP Growth, 2010-27(F)



Source: IMF, MSI
Note (1): F = forecasts. These are basis the latest available data in February 2023 (MSI Q4 2022 Base Case) and are subject to limitations, including assumptions about general economic conditions. There is no guarantee that trends are sustainable.

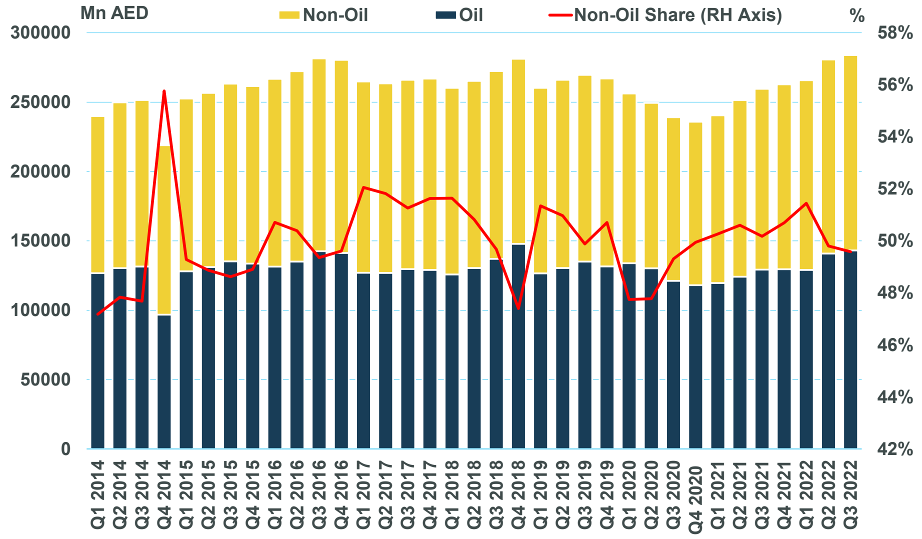
Looking specifically at the oil economy, incremental output growth in both the GCC and the UAE is expected to slow in 2023 following notably strong growth in 2022. However, non-oil economic output – including a strong boost from the tourism sector - will hold up more strongly following healthy momentum at the end of 2022.

While the pace of incremental growth in the oil economy is expected to slow in 2023, as a result of the prevailing high oil and gas price environment, MSI expects the UAE to record a second consecutive year of positive government budget balance in 2023, with a positive balance of nearly 5% seen in both 2022 and 2023. As a result, MSI expects the government will provide significant fiscal support for the economy over the next several years.

As part of the "We the UAE 2031" vision, the government is implementing policies to encourage the development of new sectors, such as the digital economy, fintech, and creative industries. Visa reforms and easing of business regulation should also continue to increase the UAE's attractiveness to foreign investment and talent, providing an additional boost to non-oil economic sectors. Abu Dhabi's Industrial Strategy seeks to double the size of manufacturing in the Emirate by 2030.

Turning to the Abu Dhabi economy, economic activity in Abu Dhabi has staged a strong rebound since mid-2021, having been hit hard by containment policies and low oil prices in the early stages of the COVID-19 pandemic. In recent years the non-oil share of economic output in Abu Dhabi has been broadly stable, fluctuating around an average level of 50%. As of Q3 2022 Statistics Center – Abu Dhabi (SCAD) estimates that the non-oil share of economic output in Abu Dhabi was 49.8% in the context of a strong oil market.

Chart: Abu Dhabi Oil vs Non-Oil Real GDP, Q1 2014-Q3 2022



Source: Statistics Center Abu Dhabi (SCAD), MSI

Between the start of 2021 and mid-2022, both oil and non-oil economic output growth strengthened in Abu Dhabi. In 2021 SCAD estimates that total Abu Dhabi GDP grew by 1.9% year-on-year, with non-oil output growing by 4.1% year-on-year. In Q3 2022 oil-related economic output is estimated to have grown by 11% year-on-year, and non-oil output by 8% year-on-year. Outside of the unique conditions of the COVID-19 pandemic, non-oil output growth has seen far less volatility than oil-related activity and has been a more stable driver of overall economic growth.

Global Oil Outlook

Market Overview and Introduction

Oil tankers move oil in both its unrefined form (crude) and refined forms (products). Oil products are generally classified as clean (for example, gasoline, diesel, jet fuel, naphtha) and dirty (fuel oil). Clean products are typically moved in tankers with coated tanks, whereas crude and fuel oil are moved in uncoated vessels. Crude movements are concentrated between sources of oil production (for example, Middle East, Africa, Americas), refining and storage centres. Oil products move between refineries and areas of oil consumption, trading and storage.

The market functions to reduce geographical imbalances between oil demand and supply. Oil demand is primarily driven by transportation requirements, with oil also used for petrochemical production, industrial use and power generation. Uncoated vessels are on average larger than coated ones, being mainly used to move large quantities of crude oil from producing regions to refineries.

Table: Oil Tanker Vessel Types and Typical Trading Regions

Vessel Class	Tank Type/Cargo	Average Size	Typical Trading Regions
VLCC	Uncoated/Crude	308,000 deadweight tonnes	Middle East/Atlantic Basin to Asia

Suezmax	Uncoated/Crude	157,000 deadweight tonnes	Middle East/Atlantic Basin to Asia, intra-Atlantic Basin, ex-Russia
Aframax	Uncoated/Crude	110,000 deadweight tonnes	Intra-regional
LR2	Coated/Products	110,000 deadweight tonnes	Middle East to Asia/Europe
LR1	Coated/Products	74,000 deadweight tonnes	Middle East to Asia/Europe
MR	Coated/Products	47,000 deadweight tonnes	Intra-regional
Handysize	Coated/Products	21,000 deadweight tonnes	Intra-regional

Source: MSI

Table: Crude Oil Seaborne Trade Flows on Selected Routes (million tonnes)

From	To	2021	2022 E	2023 F	2024 F	2025 F	2026 F	2027 F
Middle East	Europe	64.7	79.9	94.9	102.5	105.6	99.3	98.2
FSU	Europe	116.5	70.1	31.2	28.7	29.8	29.7	31.0
Africa	Europe	104.8	128.5	132.5	130.2	128.5	126.7	123.9
Middle East	South Asia	136.4	153.3	141.5	145.5	153.0	155.5	158.8
FSU	South Asia	0.0	21.3	44.6	45.7	47.8	48.4	50.8
Middle East	China	257.7	247.8	241.1	265.2	248.6	246.3	247.8
FSU	China	30.7	54.6	85.8	83.4	85.5	85.4	87.9

Source: MSI

Note (1): F = forecasts. These are basis the latest available data in February 2023 (MSI Q4 2022 Base Case) and are subject to limitations, including assumptions about general economic conditions. There is no guarantee that trends are sustainable

Oil Tanker Demand

Oil tanker demand is driven by underlying oil demand, and the dislocation between both sources of crude oil production and refining centres. Oil consumption is closely related to GDP and in periods of substantial economic expansion and recession, oil demand typically moves in tandem. Alongside economic activity, other factors such as prices, fuel efficiency and fuel substitution also play a role in determining a particular region's oil demand characteristics.

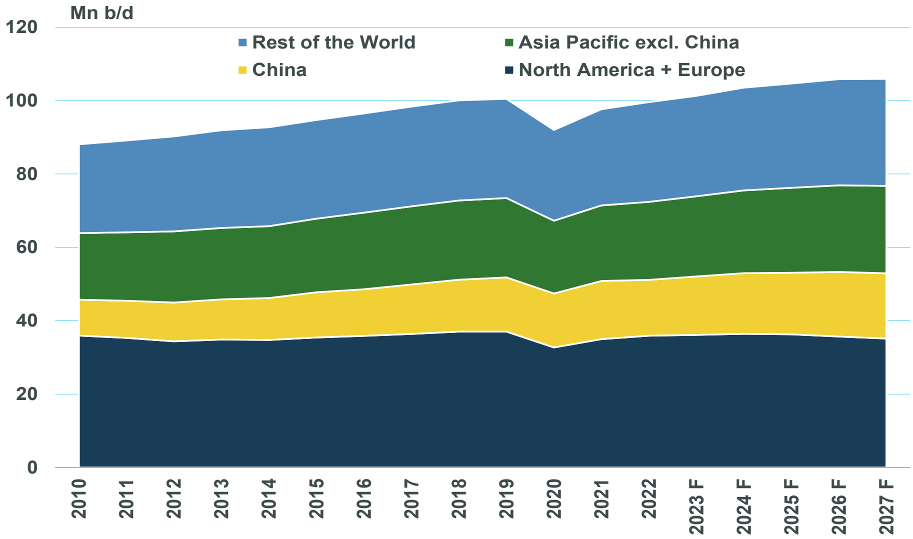
The COVID-19 pandemic, whilst generating major economic shock, added a previously unseen element to oil demand in the form of government-imposed restrictions on movement and travel. The result was a major reduction in transportation demand followed by uncertainty over the pace and timing of the global recovery. Other structural factors, such as technological advances, increased vehicle efficiency and wider commercialisation of electric vehicles have and will impact future oil demand growth.

Long-term shifts in oil demand are following trends in underlying economic growth, with higher growth regions, typically in Asia, seeing stronger demand growth, whilst more mature economies, such as Europe, seeing lower growth or decline in oil demand.

With refining capacity generally shifting eastwards with global demand, Asia and the Middle East are expanding refining capacity rapidly whilst future capacity in North America and Europe will decline as a result of plant shutdowns, accelerated by the COVID-19 pandemic.

Rising Asian oil demand and refining capacity have been key in supporting crude oil trade volumes. However, with declining seaborne crude imports into the US for example, growth in overall seaborne trade of crude oil has been relatively slow over the last decade. This was sharply impacted by the COVID-19 pandemic which caused substantial contraction in seaborne oil trade in 2020, largely as a result of production cuts by the OPEC+ group in response to contracting demand.

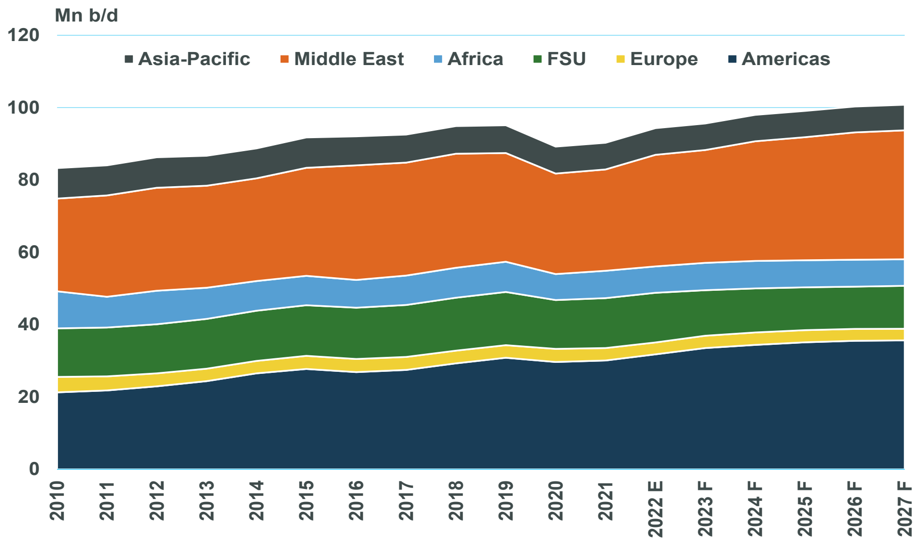
Chart: Global Oil and Liquids Consumption, 2010-2027F*



Source: MSI
Note (1): F = forecasts. These are basis the latest available data in February 2023 (MSI Q4 2022 Base Case) and are subject to limitations, including assumptions about general economic conditions. There is no guarantee that trends are sustainable.

*Includes: refined products, crude oil, NGLs, liquid derivatives of coal and natural gas, biogasoline and biodiesel.

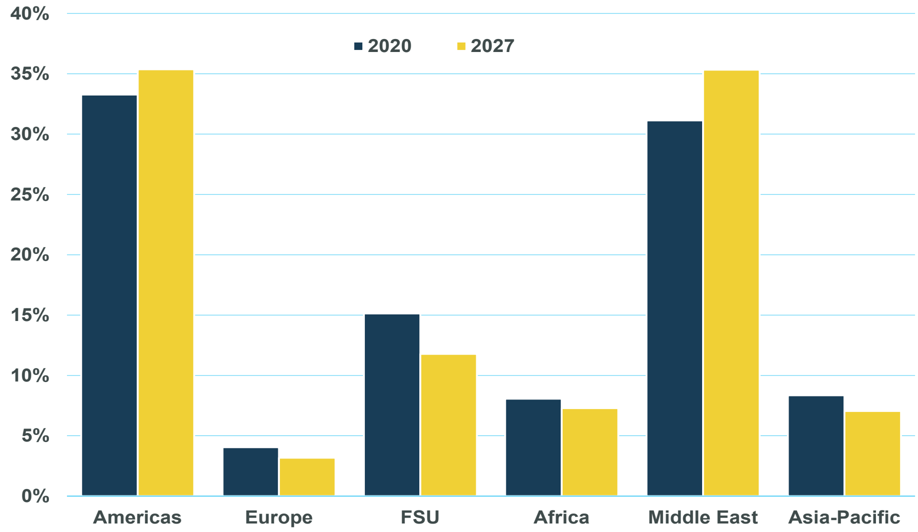
Chart: Global Oil Production, 2010-2027 F*



Source: MSI
Note (1): F = forecasts. These are basis the latest available data in February 2023 (MSI Q4 2022 Base Case) and are subject to limitations, including assumptions about general economic conditions. There is no guarantee that trends are sustainable.

*Includes: crude oil, shale oil, oil sands, condensates and NGLs.

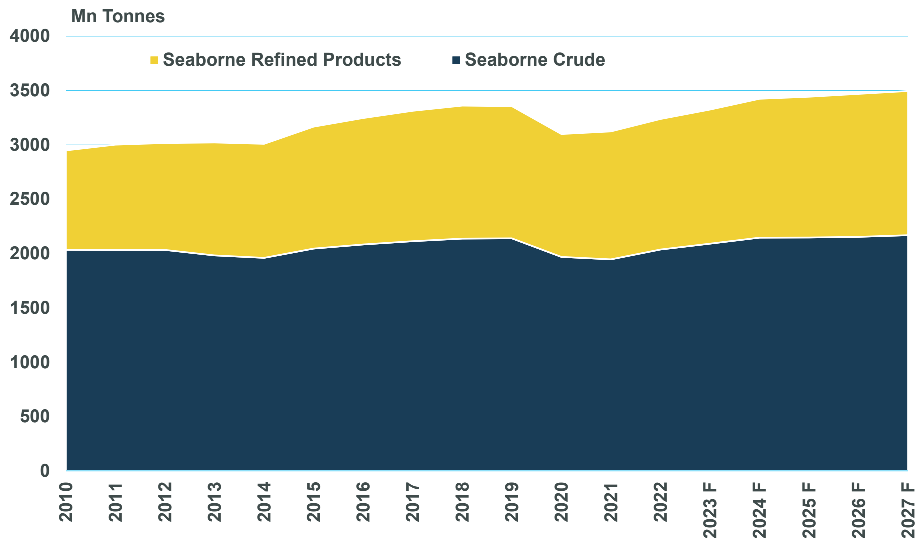
Chart: Global Oil Production Share, 2020 vs 2027 F



Source: MSI
Note (1): F = forecasts. These are basis the latest available data in February 2023 (MSI Q4 2022 Base Case) and are subject to limitations, including assumptions about general economic conditions. There is no guarantee that trends are sustainable

For oil products trade, growth in seaborne cargo has been stronger than crude over the last decade, although this was also severely impacted by the pandemic. Historically, regions such as Latin America and Africa suffered from a lack of investment in refining capacity needed to increase their intake of products to meet growing oil demand. Europe has seen net gains due to previous refinery rationalisation and a structural imbalance of middle distillate production. Asia-Pacific product demand growth has been supported by Southeast Asia, with Australasia playing a more prominent role in recent years. As such, refined product import demand has been more stable and widespread by region.

Chart: Seaborne Crude Oil and Refined Products Trade, 2010-2027F



Source: MSI
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Oil Tanker Supply

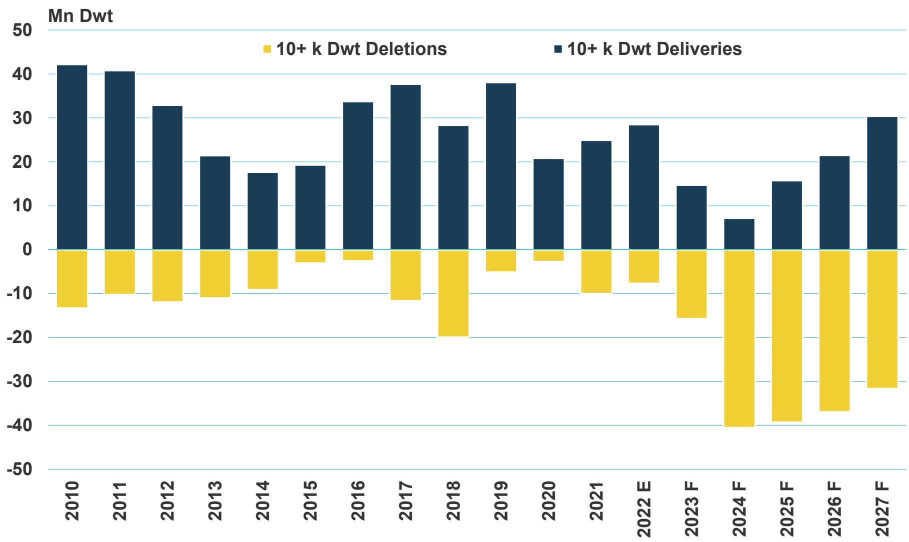
Tanker fleet growth slowed over the last two decades. In the period 2003-2012, the CAGR of the 10+ thousand deadweight tonnes fleet was 5.0% in the first half of the decade, accelerating to 5.3% in the second half. This corresponded with the 'super-boom' in earnings and very high levels of contracting, which reached an annual average of 45.2 million deadweight tonnes during the period 2006-2010.

Over the period 2013-2022, fleet growth slowed to an average 3.0% p.a. Contracting volumes reduced from the highs seen in the mid-2000s, falling to 28.3 million deadweight tonnes in the period 2011-2015 and 22.5 million deadweight tonnes between 2016-2020. Following the COVID-19 pandemic, oil tanker ordering has been very low in comparison with historical averages, averaging just 13.6 million deadweight tonnes p.a. in 2021/22.

In 2022, improved freight markets and high demand for older tonnage deterred scrapping activity. As a percentage of the fleet, the oil tanker orderbook has declined over the last decade and we expect this trend to continue due to low contracting levels. This implies lower future deliveries with respect to the overall fleet size. With a rapidly ageing fleet over the forecast period, we expect high levels of scrapping in the future, with contracting rates recovering after low ordering in recent years, supported by improved earnings.

Tanker scrapping averaged 8.3 million deadweight tonnes p.a. over the period 2013-2022. We expect this to increase significantly over the forecast period, and the removal of older tonnage will be the key factor in the reduction of tanker capacity expected over the forecast period, when combined with lower deliveries. The rising age profile of the fleet combined with increased regulatory pressure is expected to support high tanker scrapping activity, averaging 32.8 million deadweight tonnes p.a. in the period 2023-2027.

Chart: Oil Tanker Fleet Deliveries and Deletions, 2010-2027F



Source: MSI
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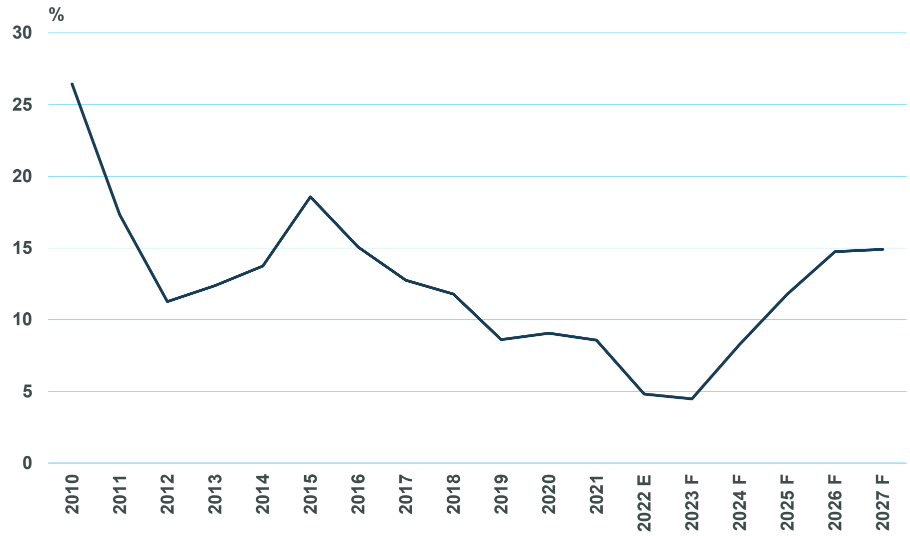
Note (2): Fleet statistics are basis end of year.

Chart: Oil Tanker Fleet Orderbook as % of Fleet, 2010-2027F



Source: MSI
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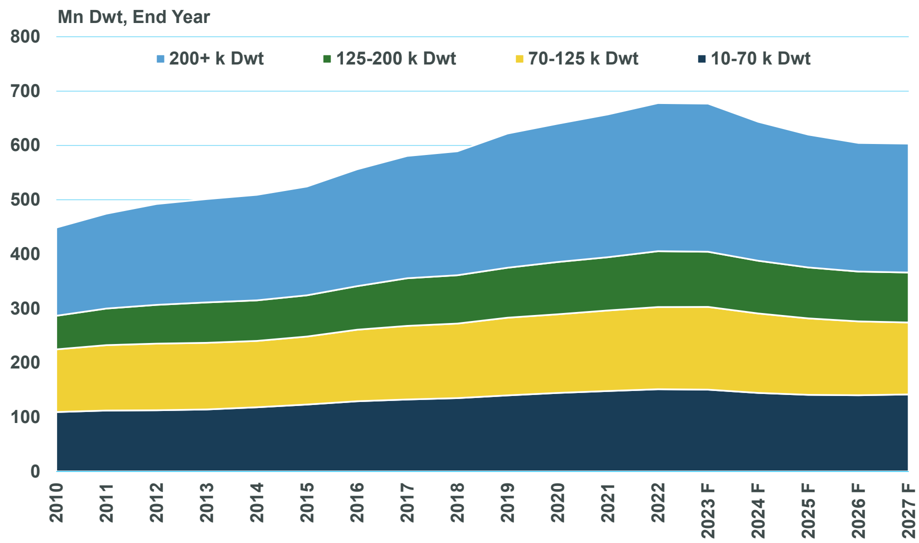
Note (2): Fleet statistics are basis end of year.

Chart: 10+ thousand deadweight tonnes Oil Tanker Fleet Development by Size Segment, 2010-2027F



Source: MSI
Note (1): F = forecasts. These are basis the latest available data in February 2023 (MSI Q4 2022 Base Case) and are subject to limitations, including assumptions about general economic conditions. There is no guarantee that trends are sustainable.

Note (2): Fleet statistics are basis end of year.

Market Fundamentals and Earnings

Tanker market supply and demand have been influenced by factors beyond overall fleet capacity and seaborne cargo volumes.

Tanker demand is driven by distances travelled, as well as speed and other 'frictional' factors such as port delays. These market elements can be instigated by a range of factors. Changes in oil production can drive new trade routes, such as the US-Asia crude flows supported by the rise of US shale production and exports. More recently we have seen disruption driven by the increase in operational friction due to COVID-19, supporting tanker deadweight tonnes demand in 2020 despite large drops in cargo volumes.

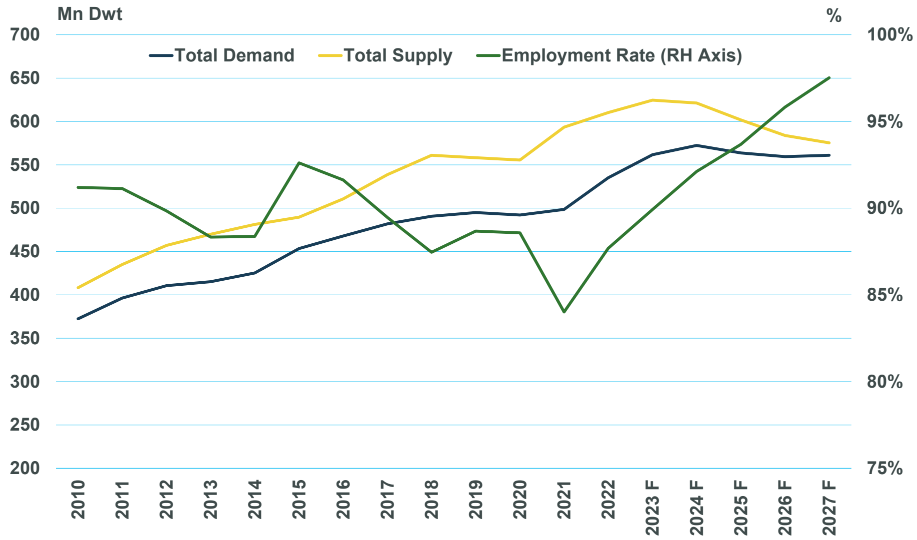
Both crude oil and refined products trade patterns are seeing substantial changes as a consequence of the war in Ukraine and subsequent alterations in political and economic relations. Prior to the Russian conflict, Europe was a major recipient of both Russian crude and refined products. However, Europe's embargoes on both of these oil flows in the wake of the conflict have two effects. Firstly, Europe must find alternative sources for its oil imports, and secondly, Russia must look to other markets for its oil exports. The proximity of Russia's western coasts; the primary outlets for its seaborne oil exports to Europe, historically, meant that seaborne oil voyages from Russia were relatively short. With these flows effectively stopping, both European oil imports and Russian exports will depend on longer-haul trade. This is increasing the overall 'distance' component of global oil trade, supporting tanker demand.

The Ukraine war and its consequences have significantly altered the tanker chartering landscape. The G7/EU price caps for Russian crude and products restrict the use of mainly European domiciled maritime-related services and maritime transport servicing Russian cargoes. A 'grey' or 'shadow' fleet of tankers facilitating Russian oil exports has also emerged, characterized by older vessels of uncertain ownership.

Conditions in the tanker sectors have been wide-ranging in recent years, primarily due to the major global shocks of the COVID-19 pandemic, the war in Ukraine, and their subsequent influence on oil and tanker market dynamics. On the fleet side, available oil tanker capacity has historically been reduced by factors such as scrubber retrofit and floating storage. The resulting supply and demand estimates, when taking into account these factors, are shown in the following chart.

Expectations of improvement in utilisation are underpinned by higher demand in the short-term, supported by global oil demand recovery and longer-haul trade patterns, and a 'constructive' tanker supply outlook in the longer-term, underpinned by higher scrapping.

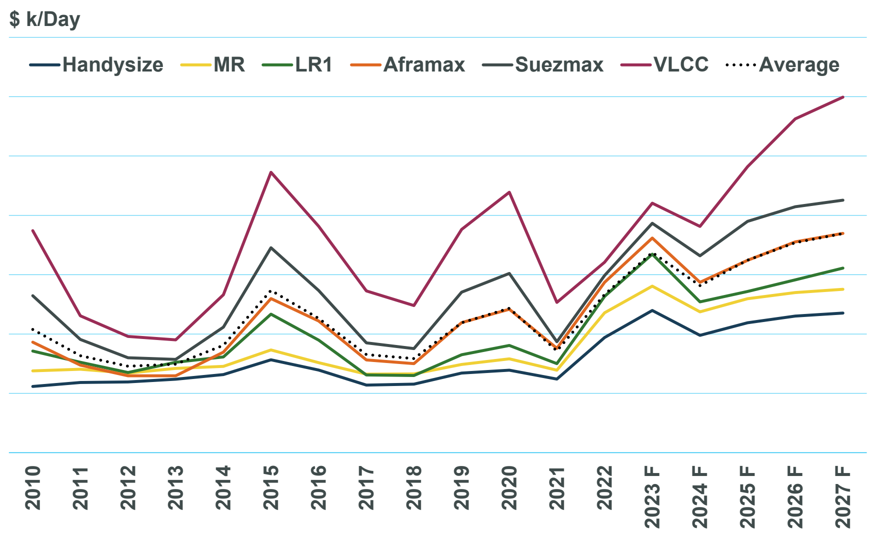
Chart: 10+ thousand deadweight tonnes Oil Tanker Supply, Demand and Employment Rate, 2010-2027F



Source: MSI
Note (1): F = forecasts. These are basis the latest available data in February 2023 (MSI Q4 2022 Base Case) and are subject to limitations, including assumptions about general economic conditions. There is no guarantee that trends are sustainable.

Oil tanker earnings, represented here by 1-Year time charter rates, are very volatile and are characterised by major fluctuations. Spot market earnings in the sector see even greater variation. The peaks and troughs observed broadly correspond to the employment rate, and this is used to project the earnings outlook. We expect to see a trend of improvement in tanker earnings, continuing on the positive movements seen in 2022. Though fluctuation remains a feature of the outlook, consistent with observed market dynamics; the forecast sees average earnings across the market improve significantly compared with the previous decade.

Chart: Oil Tanker 1-Year Time Charter Rates, 2010-2027F



Source: MSI
Note (1): F = forecasts. These are basis the latest available data in February 2023 (MSI Q4 2022 Base Case) and are subject to limitations, including assumptions about general economic conditions. There is no guarantee that trends are sustainable.

Global LNG Outlook

Market Overview and Introduction

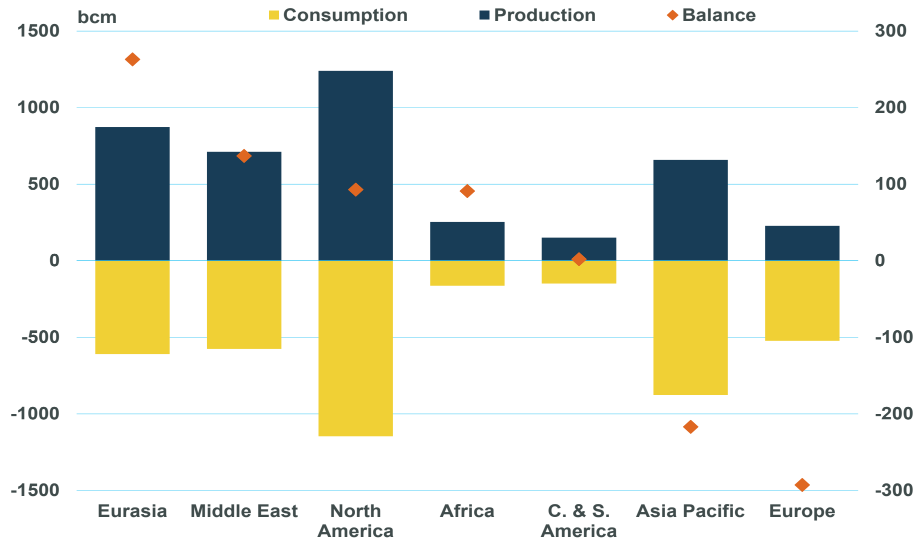
Natural gas is an increasingly important energy source, accounting for just under a quarter of global energy consumption. Traditionally used as an energy source for heating, cooking and electricity generation. As an abundant and relatively clean burning fuel, when compared with crude oil, natural gas has become an increasingly important part of the energy mix as countries strive to meet stricter emission targets.

Natural gas is either transported in a gaseous state through pipelines or liquefied and transported in specialised transportation equipment by road, rail or sea. The liquefaction process involves cooling natural gas to -162°C. Liquefied natural gas (LNG) occupies approximately 1/600th of natural gas volume in its gaseous state. The dislocation between centres of supply and demand of natural gas continues to support seaborne LNG trade as pipelines are generally considered uneconomic over distances greater than 3,500 kilometres. LNG is transported by sea in highly specialised and expensive LNG carriers designed to keep the liquid gas cool during transportation. In 2022, total LNG shipments amounted to 394 million tonnes, equivalent to approximately 12% of the volumes of crude oil and oil products transported by sea in the same year.

LNG Demand

Similar to other fossil fuels, demand for natural gas is closely related to economic activity indicators such as GDP, but it has also enjoyed a growing share of the overall energy market due to it being cleaner than other fossil fuels, which has seen oil and particularly coal being substituted for gas. Between 2011 and 2021, natural gas production grew at an average rate of 2.2% per annum. For comparative purposes, oil and coal production grew by 0.5% and 0.3% respectively over the same time period. By 2021, natural gas accounted for 24.4% of global primary energy consumption. Oil accounted for 31.0%, coal for 26.9% and nuclear, hydro and renewables for a combined 17.7%.

Chart: Global Natural Gas Production and Consumption by Region 2022



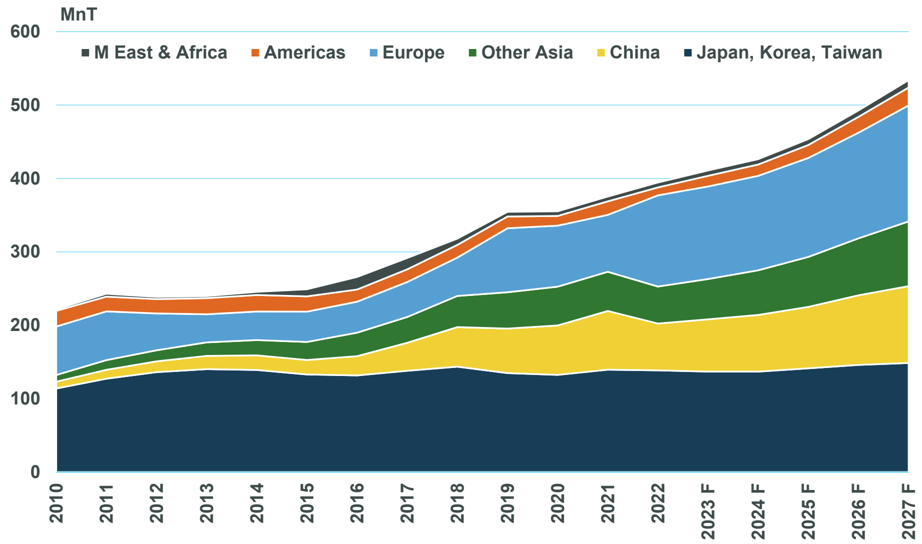
Source: IEA

As a result of this robust growth in natural gas consumption, the seaborne trade in LNG has increased dramatically in recent years. Between 2010 and 2019, the volumes transported by sea increased from 222 million tonnes to 355 million tonnes, equivalent to a CAGR of 5.3%. Growth in global LNG trade came to an abrupt halt in 2020. The demand disruption caused by the COVID-19 pandemic resulted in the weakest trade performance in five years. Total trade grew by just 0.2% year-on-year in 2020, equivalent to less than 1 million tonnes. Trade has since resumed its growth trajectory, increasing 5.7% year-on-year in 2021 and a further 4.8% in 2022 to reach an estimated 394 million tonnes. Furthermore, MSI anticipates trade will continue to grow robustly over the medium-term. We expect trade to increase by an average of 6.4% per annum between 2023 and 2027.

Historically, Europe was the first LNG importing region, but Northeast Asia quickly came to dominate LNG imports. In the wake of the Fukushima nuclear disaster in 2011, when LNG imports displaced nuclear power output, Northeast Asia became even more dominant, accounting for 66% of global imports in 2013. But since 2014, Japanese imports have declined.

In Asia, the epicentre of demand growth has moved to China. China is one of the fastest-growing gas markets as it turns to cleaner-burning gas to help reduce pollution and emissions within major urban centres. China overtook Japan to become the world's largest importer of LNG in 2021 when they imported 80 million tonnes. However, Chinese LNG import demand declined by 20% in 2022 due to a combination of factors, including high gas prices, reduced demand in light of their zero-COVID policies and increased domestic production and pipeline imports. Looking ahead, MSI anticipates that China's demand growth for LNG is expected to be positive for the next decade, with the annual imports set to exceed 100 million tonnes by 2027. In Europe, prior to the outbreak of the Russia-Ukraine conflict, seaborne LNG trade growth was halted by demand disruption in 2020, due to COVID, and Asian demand limiting the region's role as the market of last resort for LNG. After peaking at 87.3 million tonnes in 2019, imports into Europe and the Mediterranean fell to 77.5 million tonnes in 2021. This downward trend was reversed in 2022 following the outbreak of hostilities and subsequent geopolitical fallout.

Chart: LNG Imports by Region, 2010-2027F



Source: MSI
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Table: LNG Seaborne Trade Flows on Selected Routes (million tonnes)

From	To	2021	2022 E	2023 F	2024 F	2025 F	2026 F	2027 F
Middle East	Europe	16.0	20.9	21.2	22.0	22.4	27.5	32.5
FSU	Europe	13.0	14.3	13.3	14.5	13.2	10.1	10.6
Africa	Europe	23.6	22.0	25.0	24.8	28.0	31.9	32.9
USA	Europe	21.7	48.2	57.7	60.1	58.7	55.2	62.3
Middle East	India	14.4	14.2	14.5	15.3	13.5	11.8	13.0
Middle East	China	11.9	16.8	15.1	15.3	12.9	12.0	14.4
FSU	China	4.6	6.6	8.5	8.6	7.4	7.3	8.4

Source: MSI

Note (1): F = forecasts. These are basis the latest available data in February 2023 (MSI Q4 2022 Base Case) and are subject to limitations, including assumptions about general economic conditions. There is no guarantee that trends are sustainable

While European gas demand is declining, domestic production is falling faster. This requires more gas imports by pipeline or by LNG tanker. Russian pipeline gas exports provided 30% of European supply in 2021 and Russian LNG a further 3%. Russian pipeline exports to Europe fell sharply in 2022, especially in the second half of the year. This resulted in European countries scrambling for LNG imports to replace Russian pipeline gas supply. European markets absorbed all new LNG supply in 2022, but this was not enough to satisfy demand and Europe took LNG that was previously expected to go to other markets. In total, seaborne LNG imports into Europe and the Mediterranean reached 124.2 million tonnes in 2022, up 60% year-on-year. Looking ahead, MSI anticipates that import levels into the region will continue to grow, exceeding 158 million tonnes by 2027.

Historically, the Middle East, Southeast Asia and Africa were the main exporting regions where LNG was produced. More recently Australia and then the United States have rapidly grown their LNG capacity and seaborne export volumes. MSI initially anticipated that the United States would overtake Australia as the world's largest exporter of LNG in 2022. However, a fire that shut-down Freeport LNG in June 2022 for the rest of the year resulted in Australia exporting the slightly greater volume of 81 million tonnes, compared to the United States' 78 million tonnes.

Prior to the outbreak of hostilities between Russia and Ukraine, the rise of exports from the United States increased tonne-mile demand in relation to trade, as it is generally more distant from major markets than other major LNG exporters. It also increased volatility in shipping demand as exports switch between going to Asia or Europe.This was demonstrated in 2022, when the increase in demand for LNG in Europe saw US exports switching away from Asia to Europe. As a result, last year, while US LNG exports increased by 8.5%, the associated tonne-mile demand fell by 8.6%.

LNG Carrier Supply

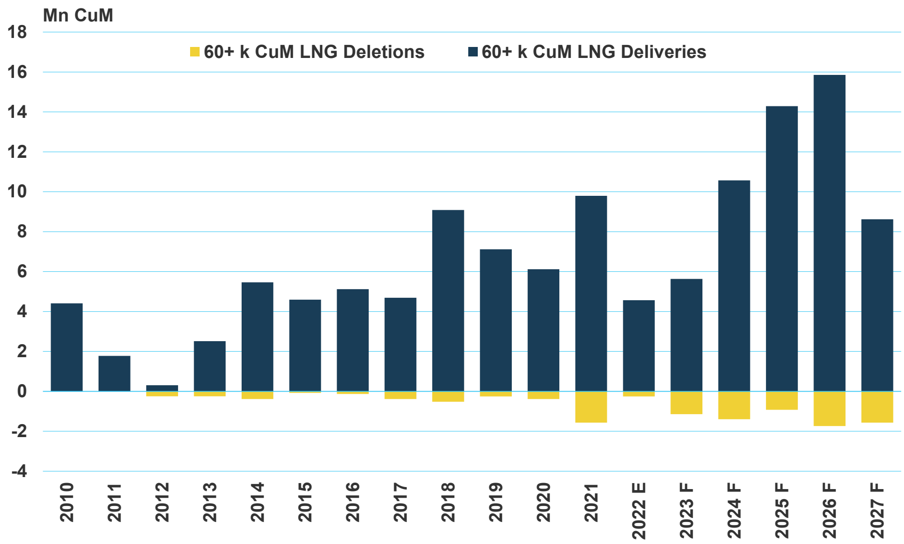
The evolution of propulsion and containment systems of LNG carriers over the last two decades has resulted in a tiered market. LNG ships held on to steam engines far longer than other shipping sectors due to the ease of utilising boil-off gas from the cargo as fuel. More efficient dual- and tri-fuel diesel electric (DFDE/TFDE) began to enter the fleet in the mid-2000s. These were superseded in the mid-2010s by even more efficient Gas Injection (GI) engines, such as the ME-GI, X-DF and most recently ME-GA. The gains in fuel efficiency allowed more efficient containment systems to be developed that lost less boil-off gas. The new engine designs also took up less space allowing more room for cargo tanks.

Consequently, modern GI ships significantly out compete the older generations, many of which are still less than 10 years old. The newer gas injection (GI) vessels are able to secure the highest earnings, followed by the DFDE/TFDE vessels, with steam turbine (ST) vessels typically securing the lowest returns.

The LNG fleet has been characterised by rapid growth, exceeding 10% per annum between 2000 and 2010. The rate of expansion slowed to an average of 4.8% per annum between the start of 2011 and end of 2015, but robust trade growth expectations saw a revival of the contracting and deliveries in the second half of the last decade. This resulted in fleet growth once again accelerating, averaging 8.1% between 2011 and 2020. Similar to other shipping sectors, contracting and scrapping activity in the LNG fleet are dependent on market cycles. In strong markets, scrapping is low while contracting is high, whereas the inverse tends to occur in weaker market environments. What is changing is the make-up of the LNG fleet, with the removal of the steam turbine-powered (ST) vessels now underway, to be replaced by vastly more fuel-efficient GI ships.

Contracting of new-build LNG carriers has accelerated markedly since Q2 2021. 2022 set an all-time historical record for the number of large new LNG ships ordered. In total, 27.3 million cubic metres of new-build contracts for 60+ thousand cubic metres LNG carriers were placed over the course of the year. This compares to 14.8 million cubic metres in 2021 and an annual average of 6.1 million cubic metres in the ten-year period between 2010 and 2019. Conversely, delivery levels slowed last year to just 4.6 million cubic metres, compared to the record 9.8 million cubic metres that entered the fleet in 2021. The rapid increase in orders at the same time as a slowdown in deliveries has resulted in the orderbook growing rapidly, increasing from 26.5 million cubic metres vessels at the end of 2021 to 49.4 million cubic metres at the end of 2022. Expressed as a percentage of the capacity of the current fleet, the orderbook stood at 45.0% at the end of 2022, compared to 25.6% at the end of 2021.

Chart: 60+ thousand cubic metres LNG Carrier Fleet Deliveries and Deletions, 2010-2027F



Source: MSI
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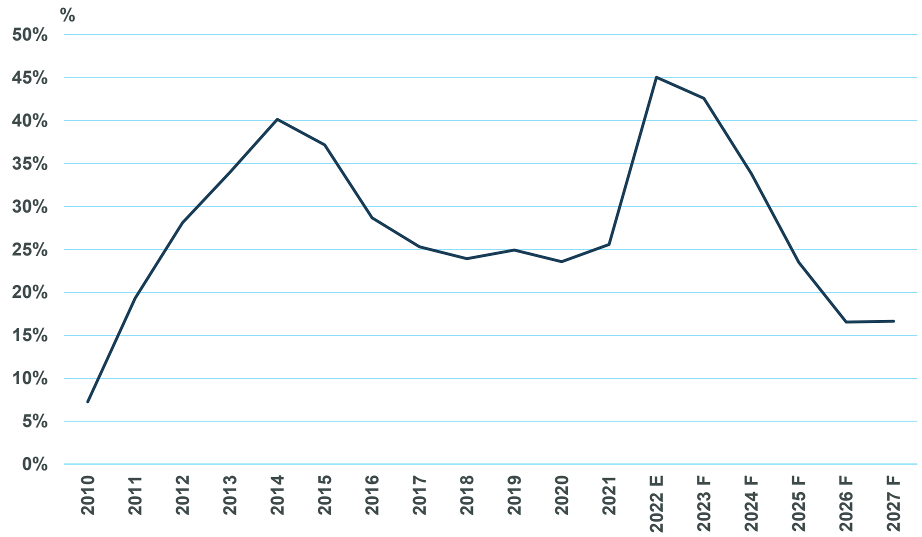
Note (2): Fleet statistics are basis end of year.

Looking ahead, MSI anticipates that contracting boom since April 2021 will leave less room for new orders over the medium-term. This will be accompanied by an unprecedented number of LNG carriers being delivered over the next five years, particularly in the period between 2024 and 2026. In terms of demolition activity, LNG carriers traditionally have a very long-life compared to most commercial shipping sectors and scrapping has not typically played a significant role in supply-side market dynamics in the past. Regulations to reduce GHG emissions could see LNG carriers scrapped at a younger age than in the past, although there is admittedly little evidence of this happening yet.

Overall, we expect the LNG carrier fleet to grow by an average of 7.4% per annum between 2023 and 2027. Whilst slightly lower than the robust fleet growth registered in 2021, it is significantly higher than average growth rates over the previous decade.

Chart: 60+ thousand cubic metres LNG Carrier Fleet Orderbook as % of Fleet, 2010-2027F



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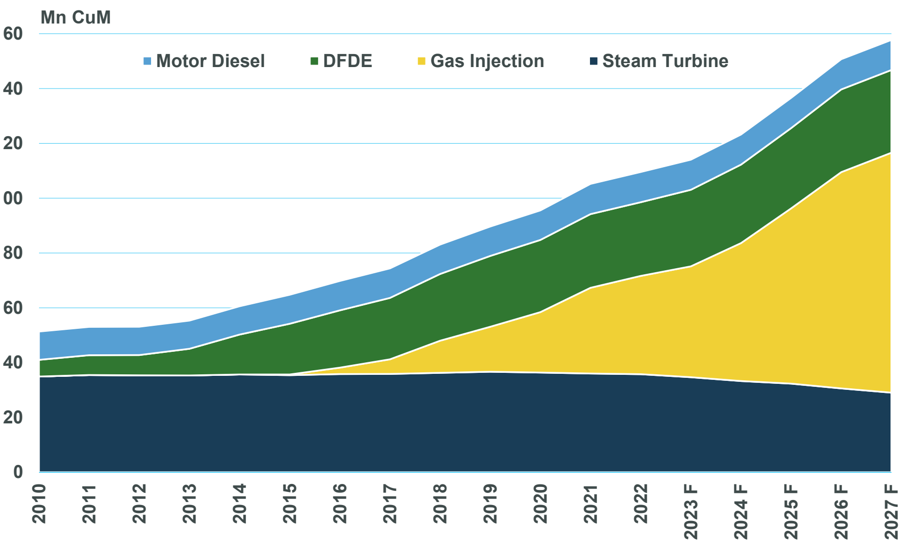
Note (2): Fleet statistics are basis end of year.

Chart: 60+ thousand cubic metres LNG Carrier Fleet Development by Propulsion Type, 2010-2027F



Source: MSI

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Note (2): Fleet statistics are basis end of year.

Market Fundamentals and Earnings

LNG trade prospects remain fundamentally positive in the short-term. A mild autumn in Europe in 2022 helped fill storage and push gas and LNG prices well down from the extreme highs they reached in August when Russia stopped exporting pipeline gas through NordStream-1. A reasonably mild winter in the Northern Hemisphere has pushed prices down further, but by any other historical standard prices remain very high.

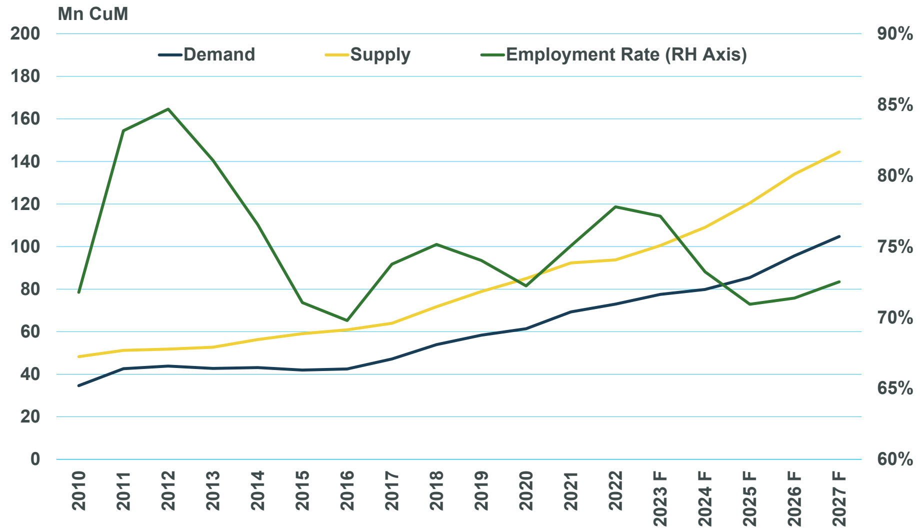
Extremely high gas prices mean that transportation costs are now a tiny fraction of overall cost of buying LNG. This in turn has resulted in traders with access to lower priced gas being willing to pay more to secure shipping capacity, rather than risk not being able to exploit huge price arbitrages. Once ships have been secured, charterers have become increasingly reluctant to relet ships back into the market when they are not required for their own trading, thereby reducing the availability of ships to the market even when they are not trading and increasing inefficiency in the deployment of the fleet.

Spot charter rates tend to follow a seasonal pattern with a peak ahead of the winter heating season and a smaller peak during the summer air-conditioning season. In 2022, rates were pushed to record highs in November by ships waiting to unload in Europe, but rates then fell back sharply as the floating storage began to unwind.

Relatively low fleet growth in 2022 and 2023 has coincided with a period of relatively low new production capacity coming on-stream. Vessel demand should have been undermined in 2022 as vessels switched to shorter-haul routes to Europe. However, the effect this would typically have on charter rates was mitigated by floating storage and the hoarding of shipping capacity, with charterers reluctant to sub-charter ships when temporarily not needed. MSI's calculated employment rate for the fleet was boosted in 2022 by these actions with shipping capacity effectively removed from the active fleet. This effect is expected to persist in 2023 but gradually decline as effective European import capacity is boosted by the arrival of several FSRUs.

Looking ahead, fleet growth will pick up strongly in 2024 and will accelerate further in 2025. A new wave of LNG production capacity will also begin to come on-stream mid-decade, but it will arrive later than the new ships entering the market. Consequently, the balance between demand and supply will deteriorate mid-decade and charter rates will fall to a nadir, comparable to pre-pandemic levels by 2025. Thereafter, MSI anticipates that employment rates and, therefore, achievable charter rates will begin to recover incrementally through to the end of the decade as new LNG production comes on-stream and the rate of fleet growth slows.

Chart: 100+ thousand cubic metres LNG Carrier Supply, Demand and Employment Rate, 2010-2027F



Source: MSI
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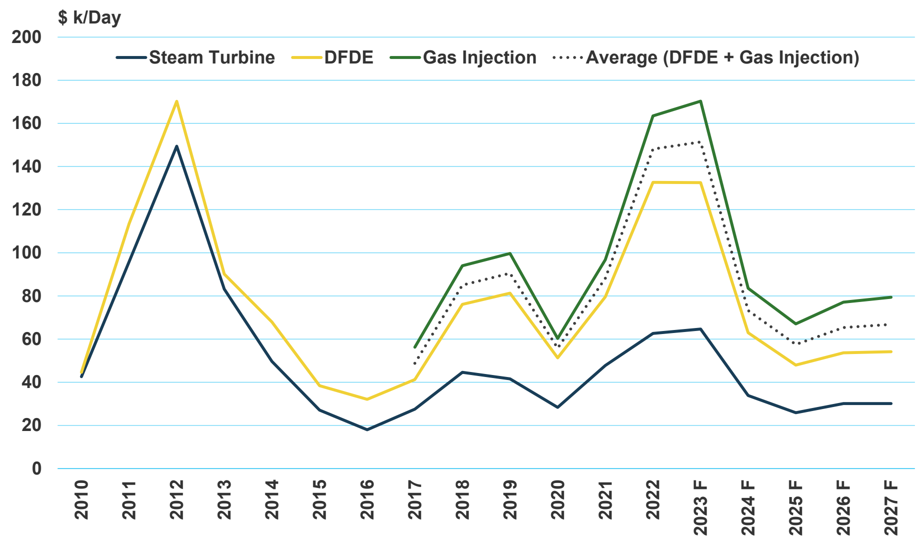
Chart: LNG Carrier 1-Year Time Charter Rates, 2010-2027F



Source: MSI
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Global LPG Outlook

Market Overview and Introduction

Liquefied petroleum gases are primarily comprised of propane and butane. These are flammable gases which are used as fuel for heating, cooking and transportation, in addition to a number of industrial uses including as a feedstock for the petrochemical industry. LPG is produced as a by-product during natural gas liquids processing and petroleum refining. LPG is liquefied under pressure and/or refrigeration and is transported in compressed and refrigerated form. The compression and refrigeration processes are much simpler than the refrigeration that is required for LNG. In addition to carrying propane and butane, LPG carriers also transport ammonia and petrochemical gases (ethylene, propylene, butadienes and vinyl chloride monomer). Ethane has also joined the cargo mix in recent years.

Fully refrigerated (FR) vessels are typically of 35-40 thousand cubic metres ("mid-size") or 78-90 thousand cubic metres ("VLGCs"). These vessels work at ambient pressure with a minimum temperature of -48°C, which allows for the carriage of propane and butane. These vessels are capable of carrying other gases, eg propylene, but rarely do so.

Semi-refrigerated (SR) vessels are designed for a maximum working pressure of 5-7 kg/cm^2 and a minimum working temperature of -55°C. Ethylene/ethane capable SR vessels have a minimum working temperature of -104°C. A re-liquefaction plant is fitted onboard which can cool or heat the gas during gas filling or discharging from the tanks. SR ships are lighter than fully-pressurised vessels. Nearly all SR vessels are below 23 thousand cubic metres capacity. Orders for several 96 thousand cubic metres Very Large Ethane Carriers (VLEC) in recent years use the same semi-refrigerated technology.

Fully-pressurised (FP) vessels are designed for a maximum working pressure of 17.5 kg/cm^2. They are built with thick steel walls as the gas is carried at ambient temperature. No thermal insulation or a reliquefaction plant is necessary. Due to thick steel walls used in the tank the weight of the vessel increases, thus making it uneconomical for long voyages on a continuous basis. The maximum size available is 13 thousand cubic metres.

In terms of vessel deployment, FP vessels are mostly used in short-haul intra-regional trades. SR ships also do similar short voyages, but larger vessels of 17 thousand and 20-24 thousand cubic metres are suitable for long-haul petrochemical gas trade. Mid-size vessels are strongly focused on the ammonia trades, while VLGCs are almost entirely involved in long-haul LPG.

LPG Demand

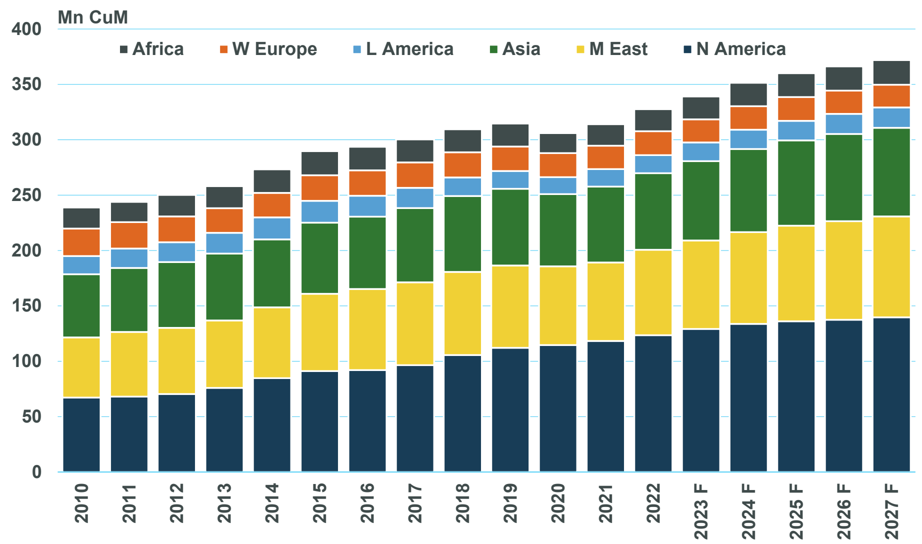
LPG enjoys a diverse range of end-uses and aggregate global consumption has grown by an average of just over 2% per annum over the last decade. A key use is as a domestic fuel and this has been a key driver of growth in Asia in particular. Consumption for petrochemical production is also a significant source of demand.

Seaborne trade in LPG underwent a remarkable acceleration between 2013 and 2017, increasing by more than 50%, driven by a massive increase in US production based on shale gas and a surge in demand in Asia. The latter was partly based on new sources of demand within the petrochemical industry, in the form of direct production of propylene from propane – polymerised propylene being a key plastic used in clothing, carpets and a wide range of other uses such as for car parts. Further strong growth is likely as investment in propane dehydrogenation (PDH) continues in China.

This trade favours the VLGC sector in particular, but US shale gas has also driven a strong growth in trade in ethylene from the US to Asia, which is typically carried in specialised LPG carriers of 20-23 thousand cubic metres.

LPG dominates the cargoes carried by LPG carriers and account for the large volume of VLGCs in the fleet. Growth in all cargo types (bar ethane) was affected by the COVID-19 pandemic but strong growth is expected in the aftermath as normal economic conditions return. The emergent ethane trade has increased rapidly, albeit from a low base, as chemical companies in Asia and Europe import US ethane for conversion to primary plastic feedstock ethylene. Ethane can be carried in specialised semi-refrigerated ships of all sizes, but in recent years there has also been investment in a new class of approximately 85-90 thousand cubic metres ships that are dedicated to this trade.

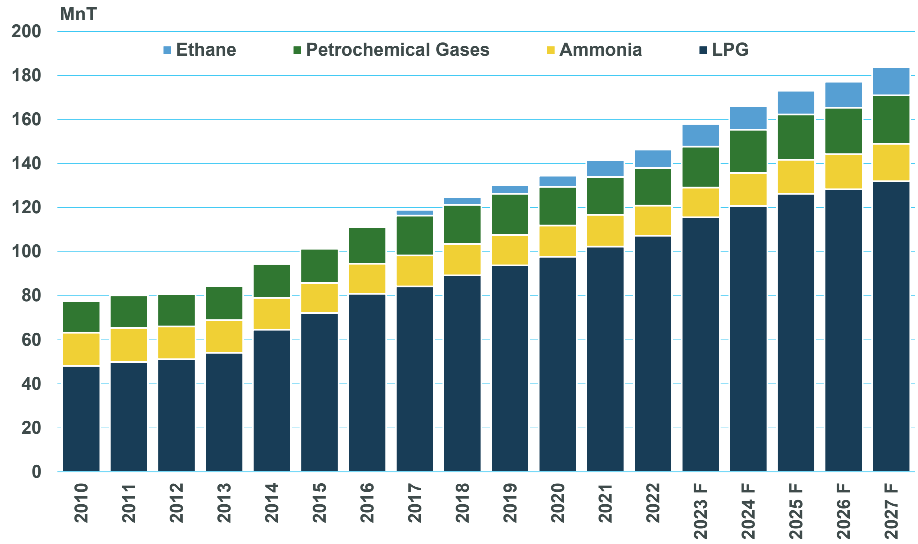
Chart: Global Production of LPG by Region, 2010-2027F



Source: MSI
Note (1): F = forecasts. These are basis the latest available data in February 2023 (MSI Q4 2022 Base Case) and are subject to limitations, including assumptions about general economic conditions. There is no guarantee that trends are sustainable.

There is much discussion within the shipping industry at present over the use of ammonia as fuel, both for shipping and in other sectors of the economy. When the production of carbon-neutral 'green' ammonia is established, this could be a source of dramatic trade growth, but in the near-term growth is likely in 'blue' ammonia. At present, mid-size tonnage of 35-40 thousand cubic metres is favoured for the ammonia trade but rapid growth in green ammonia production and trade is likely to stimulate demand for a new generation of ammonia-capable VLGCs. These prospects are explored further below, covering the Global Hydrogen Market Outlook.

Chart: Seaborne Liquefied Gas Trades by Commodity Group, 2010-2027F



Source: MSI, February 2023.
Note (1): F = forecasts. These are basis the latest available data in February 2023 (MSI Q4 2022 Base Case) and are subject to limitations, including assumptions about general economic conditions. There is no guarantee that trends are sustainable.

LPG Carrier Supply

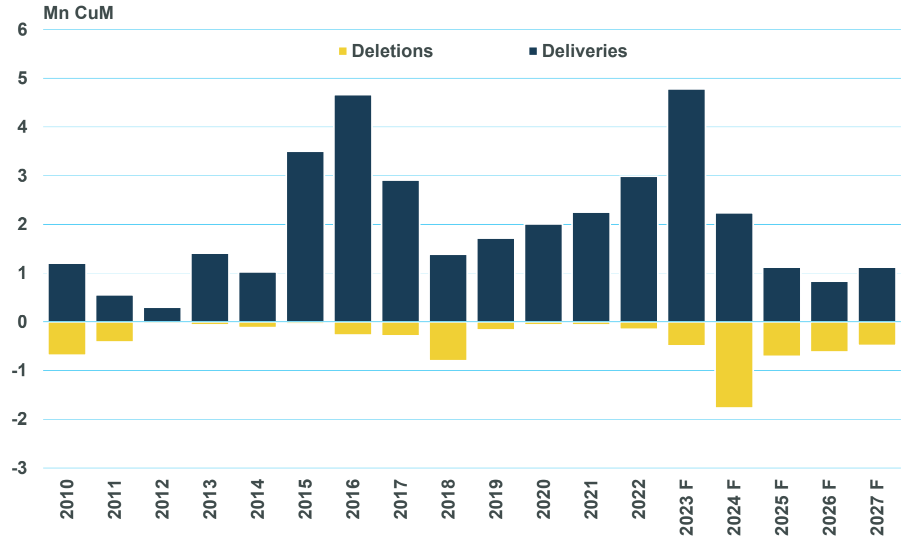
The LPG fleet has seen two periods of particularly rapid growth in the last 20 years: in 2008 and in 2015-16 when annual fleet growth was in the range 16-22% per annum. In each case, the trigger for the increase was a period of strong earnings tied to rapid trade growth and it was followed by two to three years of consolidation. As in each case the high level of investment in new tonnage temporarily ran ahead of underlying demand growth. The fleet more than doubled in size between 2007 and 2017, reaching 31.2 million cubic metres. Another period of fleet growth, albeit more modest than in 2008 and 2015-16, is now underway. Since 2020, fleet growth has exceeded 6% per annum and at the end of 2022, the global fleet stood at 39.5 million cubic metres.

As in other sectors, both contracting and scrapping volumes are influenced by prevailing market conditions as well as fleet renewal requirements. Newbuild contracting activity was robust in H1 2021 and over the course of the year, orders for 5.8 million cubic metres were placed with shipyards. This compares to 2.5 million cubic metres in 2020 and an annual average of 2.3 million cubic metres in the ten-year period between 2010 and 2019. Following the flurry of contracting in 2021, activity slowed and only 1.6 million cubic metres of new contracts were placed in 2022.

Most contracting activity in recent years has focused on FR LPG carriers of 23+ thousand cubic metres. Activity levels for SR and FP LPG carriers has been very low. The latter ships, which fall into MSI's sub-23 thousand cubic metres segment, have seen a slow recovery from the COVID-19 pandemic and investment remains low. In contrast, rates for FR ships were relatively strong throughout the pandemic. Support for contracting in this size range also came from the development of LPG as a fuel, which has come to dominate vessel specifications in both the mid-size and VLGC segments. The adoption of LPG promises two main advantages, namely a reduction in voyage costs (compared to marine gasoil) and CO_2 emissions when compared to conventional fuels. The latter will allow owners to meet the medium-term trajectory for the reduction of CO_2 emissions as mandated by the International Maritime Organization (IMO). This issue will be placed into stark relief as the IMO's EEXI and CII regulations begin to bite from 2024.

As a result of the strong contracting volumes in 2021, delivery levels are expected to remain elevated throughout 2023. 4.8 million cubic metres of new tonnage, the majority of which are in the VLGC and mid-size segments, are scheduled for delivery over the course of the year. This compares to 3.0 million cubic metres last year and a ten-year historical average of 1.9 million cubic metres in the period between 2010 and 2019. Conversely, while scrapping levels are expected to increase to 0.5 million cubic metres in 2023, which is significantly above volumes in recent years, this is still relatively modest. As such, MSI anticipates that strong fleet growth will continue to be a feature of the market in 2023, with further annual growth in the overall LPG carrier fleet of 10.9% year-on-year.

Chart: LPG Carrier Fleet Deliveries and Deletions, 2010-2027F



Source: MSI
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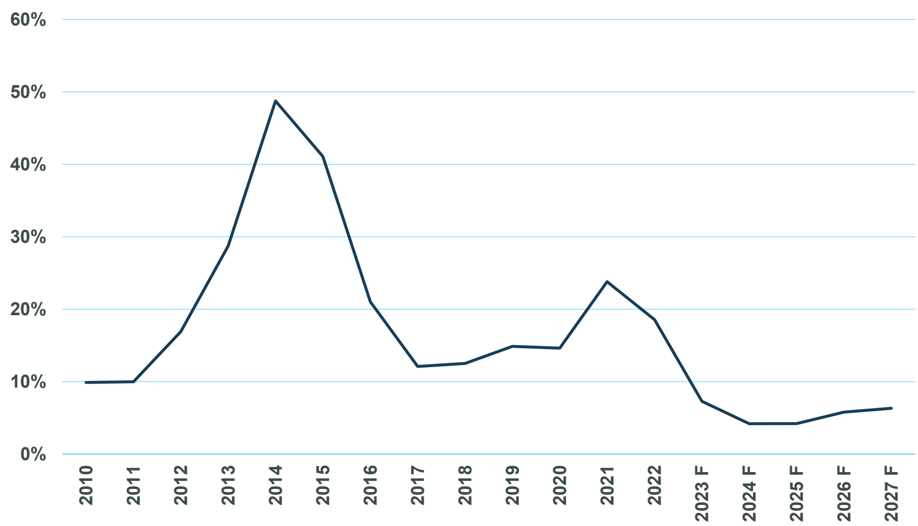
Note (2): Fleet statistics are basis end of year.

Looking further ahead, MSI does anticipate that scrapping will accelerate as the IMO's EEXI and CII regulations and the European Emission Trading Scheme (ETS) come into force. The age profile of the LPG carrier fleet is greatly influenced by the successive waves in investment in the sector over the last decade. These are concentrated on the period 2014-16 and 2022-23 and mean that by the end of 2024 nearly two thirds of the fleet will be under 10 Yr old. However, the 20+ Yr old fleet, which typically provides the pool of scrapping candidates during a downturn, has been rebuilt over the last four years, to stand at just over 5 million cubic metres at the end of 2022, compared to a low of 3.3 million cubic metres at the end of 2018. As such, we expect scrapping to average 0.8 million cubic metres per annum in the five-year period between 2023 and 2027. This, in conjunction with a slowdown in contracting and therefore deliveries will result in a much more modest fleet growth of 2.9% per annum over the period.

Chart: LPG Carrier Fleet Orderbook as % of Fleet, 2010-2027F



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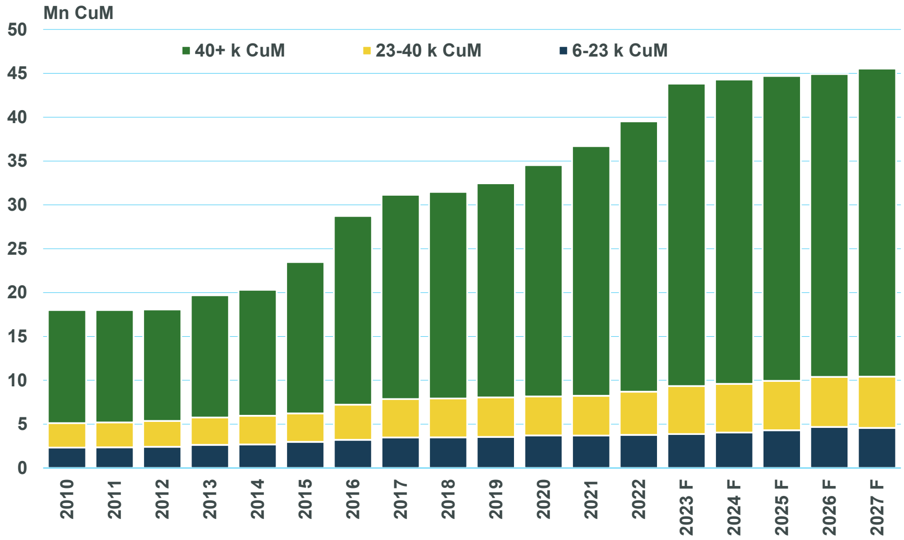
Note (2): Fleet statistics are basis end of year.

Chart: LPG Carrier Fleet Development by Size Segment, 2010-2027F



Source: MSI
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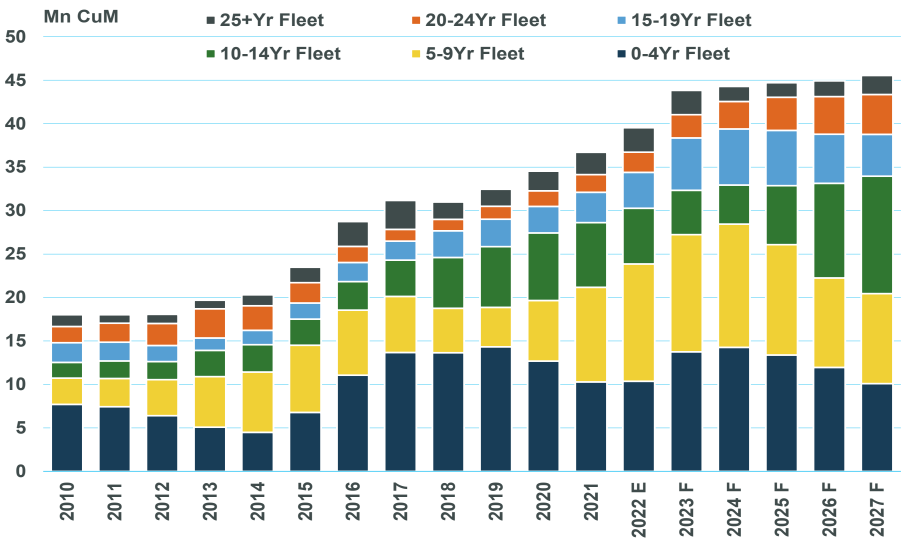
Note (2): Fleet statistics are basis end of year.

Chart: LPG Carrier Fleet Development by Age Band, 2010-2027F



Source: MSI
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Note (2): Fleet statistics are basis end of year.

Market Fundamentals and Earnings

The market for LPG carriers has been volatile over the last 20 years, with periods of extremely high earnings followed by weakness, driven by the interplay between alternate periods of rapid demand and supply growth. The market emerged from the boom in 2014-15 with a more stable aspect as demand growth has been strong but without the extremes of the last decade.

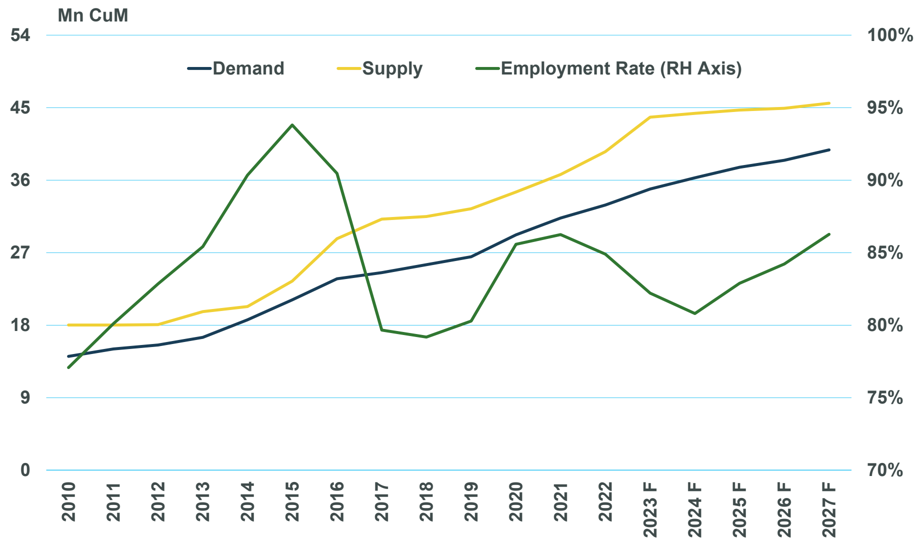
The cumulative impact of rapid supply growth, particularly in the VLGC size range towards the end of the last decade and relatively modest demand growth exerted downward pressure on the employment rate in 2017-18, keeping it below an 80% utilization rate over this period. This was reflected in the charter market, with the benchmark VLGC 1-year time charter rate remaining below $20 k/Day on an annual average basis. There was some upside over this period, supported by in part by the reopening of the US-Asia arbitrage in H2 2018. Overall, however, achievable charter rates remained significantly below levels in preceding years.

The LPG market improved notably in 2019 on the back of favourable arbitrage dynamics and strong exports from the United States, as well as logistical disruptions in the United States. This resulted in an improvement to the overall employment rate and an improvement in rates across most size ranges. The benchmark VLGC 1-year time charter rate rose to $33 k/Day, up 66% year-on-year.

Since 2020, there has been a divergence in fortunes for different sized tonnage. In broad terms, rates in the 23+ thousand cubic metres markets have remained firm. The spot market for FR LPG carriers hit an unprecedented seasonal peak in Q4 2022. Spot earnings for VLGCs peaked at above $120 k/Day in mid-December 2022, before easing back to around $90 k/Day at the end of 2022. This was driven by the normal seasonal factors: Panama Canal delays were prominent, aided by a surge in exports from the United States as high stocks boosted the arbitrage with Asia. The mid-size LPG carriers benefitted from the upward drag on spot rates, with spot rates exceeding $40 k/Day in December 2022. By comparison, achievable rates in sub-23 thousand cubic metres markets were more mixed over this period as global petrochemical demand was adversely impacted at various points during the COVID-19 pandemic.

Looking ahead, MSI anticipates conditions to be more challenging in the mid-size VLGC market in 2023, with potential for volatility in freight rates. Robust fleet growth is likely to limit any potential upside for freight rates. However, the cost advantage for LPG during a period of high energy prices is likely to continue to act in favour of LPG trade and as such, we expect the benchmark VLGC 1-year time charter rate to remain above $30 k/Day on an annual average basis for the fifth consecutive year. Rates are expected to fall next year. However, they are likely to remain above the most recent nadir in 2017-18 and will recover thereafter.

Chart: LPG Carrier Supply, Demand and Employment Rate, 2010-2027F



Source: MSI
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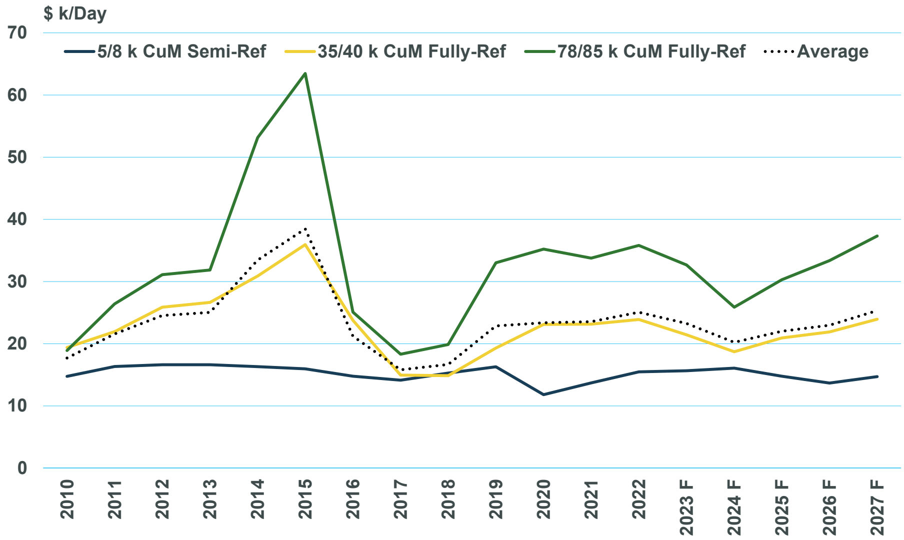
The semi-refrigerated and pressurised segments have emerged from a challenging period due to weak trade in petrochemical gases and earnings are likely to remain at relatively healthy levels over the next five years given the re-emergence of modest trade growth and a stable fleet. For this sector, near term risks are high due to the weak economic environment which is closely tied to consumption of products derived from petrochemical gases. The latter sector is likely to remain fragile and trade will also be at the mercy of the dynamics between domestic production and imports in China in particular. European production of ethylene and propylene has fallen sharply since the start of 2021 due to high production costs and ageing production facilities. Imports of ethylene have risen and are likely to remain high, compensating for volatility in the Asian market.

Chart: LPG Carrier 1-Year Time Charter Rates, 2010-2027F



Source: MSI
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Global Dry Bulk Outlook

Market Overview and Introduction

Dry bulk commodities cover a wide range of raw and semi-finished materials and are typically split into four different groups: iron ore, coal, grains, and minor bulks. The most important of these commodities are iron ore, coal, and grain, which together account for approximately two-thirds of total dry bulk trade. Minor bulks include a wide variety of different types of commodities including agricultural products (such as fertilisers), steel products, forest products, metals, cement and minerals.

The seaborne trade of these commodities is driven by global imbalances between supply and demand. Commodity supply is driven by global resource dynamics, such as geological deposits, weather patterns and human capital. Demand is driven by consumption in industry and agriculture. Industrial demand is closely correlated to the economic market cycle, whilst agricultural goods are affected by population growth and consumer preferences. Government policies, both domestic and foreign, also play a significant role in the dynamics of dry bulk trade.

Dry bulk cargoes can be transported equally by different-sized dry bulk vessels, and this drives high cross-correlations of earnings across vessel sizes. If it becomes cheaper to ship bulk materials in smaller vessels, then larger parcels are often adjusted or split into smaller parcels to be transported on smaller ships. Land-side infrastructure for both the exporting and importing partner tend to determine upper limits for stem sizes, though, the reverse argument does not always hold true. Iron ore and coal are typically transported in the largest, gearless vessel classes, Capesize (120+ thousand deadweight tonnes) and Panamax (between 65-120 thousand deadweight tonnes). Grains and minor bulks (including some unitised cargoes) are typically transported in smaller geared classes Handymax (40-65 thousand deadweight tonnes) and Handysize (10-40 thousand deadweight tonnes).

Shipping companies provide transportation to customers such as power utilities, steelmakers, grain houses, commodity traders and government agencies. International dry bulk transportation services are primarily provided by independent ship-owners. The ownership of the global dry bulk carrier fleet is highly fragmented, and the largest beneficial owner owns less than 3% of the global fleet capacity of 10+ thousand deadweight tonnes dry bulk carriers. In geographic terms, beneficial ownership is more concentrated with China, Greece and Japan. In aggregate, shipowners based in these countries account for around 20% of global fleet capacity.

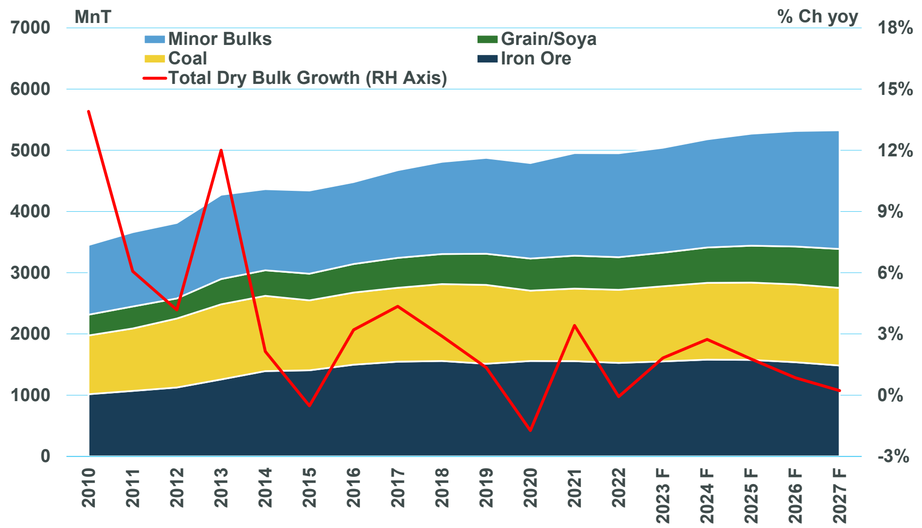
Dry Bulk Demand

Dry bulk commodity demand can be split into two principal end uses: agricultural and industrial. Agricultural trade mainly consists of various grains for human and animal subsistence, and fertilisers. Industrial dry bulk trade is primarily driven by the global steel market. Commodities including iron ore, coking coal and scrap steel are used to create semi-finished steel products for use in construction and the production of machinery, auto manufacture, white goods etc. Likewise, thermal coal is also a major industrial bulk traded by sea, used in electric power generation.

Dry bulk trade growth accelerated sharply following the accession of China to the WTO in 2001. Consequently, trade growth in the sector accelerated from an average 2.2% year-on-year in the 1990s to 4.9% in the 2000s. From 2010 to 2013, dry bulk trade expanded by an even stronger 7.4% year-on-year, as Chinese commodity demand surged in the aftermath of the global financial crisis. From a share of under 10% of global seaborne dry bulk trade in 2000, China now accounts for over 40% of the total. Trade expansion has slowed since; with cargo growth much reduced at an average 1.7% year-on-year in the nine-year period between 2013 and 2022.

This slower growth rate can be attributed to a sharp slowdown in the Chinese steel sector in 2015/16, and more recently the COVID-19 pandemic, which stifled industrial production and caused trade to fall by 1.7% year-on-year in 2020. Seaborne coal trade was the most adversely impacted by the COVID-19 pandemic, contracting 10.8% year-on-year in 2020. Trade volumes rebounded strongly in 2021 on the back of high levels of government borrowing. Seaborne dry bulk trade increased to 4.96 billion tonnes in 2021, which is up 3.4% year-on-year and 1.6% above pre-pandemic levels in 2019. The improved volumes were led by the trade in minor bulks, which grew 7.5% year-on-year on the back of the broad economic and industrial recovery globally, and the trade in coal, which grew 3.3% year-on-year. The rebound in 2021 was short and sharp, but it did not continue into 2022. Macroeconomic headwinds, weak trends in China's steel industry and the evolving Russia-Ukraine conflict exerted downward pressures on volumes. Overall, trade contracted 0.2% year-on-year in 2022. Moreover, we expect muted trade growth to become a feature of the dry bulk market moving forwards.

Chart: Global Dry Bulk Cargo, 2010-2027F



Source: MSI
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There are several structural drivers that will increasingly suppress dry bulk trade growth in the longer term. The first, and arguably most significant, is a structural change to China's iron ore import requirements, which currently account for around 60% of the global total. Essentially, China's iron ore imports will be suppressed by a combination of factors, namely; a decline in their steel use intensity; a sharp rise in the availability of scrap steel for domestic recycling; and a saturation point in the share of iron ore sourced from overseas. MSI expects global iron ore trade growth will slow before reaching a peak around 2025 and falling slowly thereafter. Risks to this view are mainly to the downside as some market analysts believe that China's steel output and iron ore imports have already peaked. The second major long term structural change will be in coal, demand for which is increasingly threatened as the world prioritises renewable energy and reducing carbon emissions over cheap energy. Whilst MSI anticipates there will be a short-term increase in seaborne trade levels largely in response to the Russia-Ukraine conflict, annual volumes will never exceed those registered in 2019 and will begin to gradually decline from 2026 onwards.

Unlike peaking and falling iron ore trade, and slowing coal trade growth, MSI is more positive about the long-term growth in grains trade. This is underpinned by the expectation of growing production and expansion of cultivated areas in the Americas and in Europe/FSU, which will provide grains to growing populations in areas of inadequate production or falling yields such as China, Africa, and the Middle East. In addition, short-term volatility in grain markets will play an even stronger role over the next decade given the increasing share of trade from soybean exports switching between North and South America according to seasonal trends. MSI anticipates that the grain and soya trade will grow on average by 3.5% per annum between 2022 and 2027.

MSI is also optimistic about potential growth in minor bulks trade. This is principally due to the increasing share of minor bulks accounted for by Asian countries, where we have stronger sustained import and export expectations. Strong support for minor bulk goods related to the global energy transition towards de-centralised renewable sources, and a larger share of seaborne trade due to a higher concentration of island populations separated by stretches of water (Southeast Asia in particular). MSI anticipates that minor bulk trade will grow on average by 2.7% per annum between 2022 and 2027. Overall, the increase in grain and minor bulk trades are expected to offset declines elsewhere, and total seaborne dry bulk trade is projected by MSI to rise by 1.5% over the next five years on a CAGR basis.

However, demand for dry bulk carriers is not governed solely by the volume of cargo tonnage. The distance or "average haul" that this tonnage must be transported from producer to consumer is also of key importance and ship demand is frequently expressed in "tonne-miles" as the product of these two quantities. Again, China's robust demand growth has historically been the significant cause behind driving up average voyage durations because of the long distances iron ore and grain cargoes need to travel; notably those from Latin America. Looking ahead - seaborne tonne mile adjusted dry bulk trade is projected to rise by 1.3% over the next five years on a CAGR basis, driven by modest cargo growth and longer cargo distances (notably coal and bauxite trades).

Dry Bulk Carrier Supply

In broad terms, the supply of ships is governed by the cargo capacity of the existing stock of ships, together with the inflow of newbuildings and the outflow of ship demolitions. Both contracting and scrapping volumes are influenced by prevailing market conditions as well as fleet renewal requirements. Typically, contracting volumes are relatively high in strong earnings environments, whilst scrapping is low and vice versa.

The two major determinants of demolition volumes are vessel age and the freight market balance. Technical obsolescence can also be a factor; whilst this is rare historically, there is potential for this to impact scrapping in the future on the back of new environmental regulations, potentially limiting the profitability of older ships using more pollutive propulsion technology. In general, few vessels less than 20 years of age are scrapped, and most demolitions occur when the ship is past 25 years old. By size, the economic life expectancy of a smaller vessel is typically longer than a larger ship: Handysize dry bulk carriers often continue trading into 30+ years, whereas Capesize dry bulk carriers as young as 15 years old have been scrapped in times of severe freight market troughs. At the start of February 2023, the average age of the dry bulk fleet is 13.5 years old, having risen from a long-term low of 10.8 years old in 2014.

Driven by strong trade growth following China's accession to the WTO in 2001, the dry bulk fleet underwent significant changes through the 2000-2010 decade. In the first half of the decade, the 10+ thousand deadweight tonnes fleet expanded at a CAGR of 3.8%, but this accelerated to 7.3% in the second half. This corresponded with a 'super-boom' in freight earnings, leading to an exceptionally high level of contracting, which reached an annual average of 71.1 million deadweight tonnes in the period from 2005 to 2009.

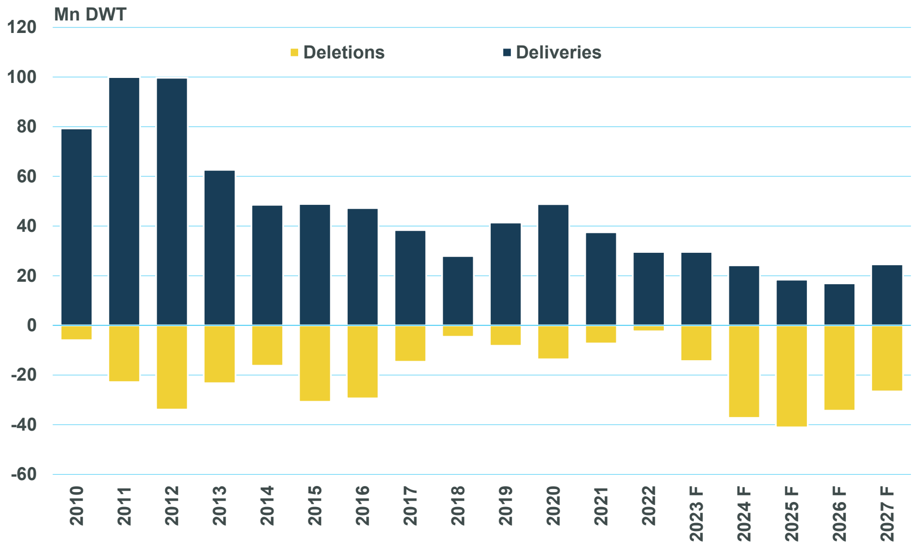
This rapid rate of growth continued in the early 2010s; in the first half of the last decade, fleet growth was 10.5% CAGR. This was partly driven by the deliveries of the large number of ships ordered in second half of the preceding decade, and a second wave ordered in 2013-14 on the back of new fuel-efficient ship designs attracting new investment. A sustained level of relatively high earnings also extended the economic life of older ships and scrapping was subdued. In the second half of the last decade (2015-2019), growth of the fleet has slowed, reducing to just 2.8% CAGR; this is mainly a result of substantially reduced contracting volumes, which fell from an average of 57.4 million deadweight tonnes per annum in the period 2010-2014 to 32.0 million deadweight tonnes between 2015-2019.

As a percentage of the fleet, the dry bulk orderbook peaked at a record high 72% of the fleet at the end of 2008 and has since dropped to just 5.7% as of the start of 2023, the lowest since 1990. Following a quiet year for contracting in 2020, volumes increased in 2021 on the back of improved market conditions and sentiments, reaching 45.2 million deadweight tonnes. Whilst this was more than double the volume of orders placed in 2020, it was unremarkable by historical standards, broadly in line with the average contracting volumes seen between 2010 and 2019. Moreover, contracting levels fell back to 20.2 million deadweight tonnes in 2022, which is the lowest annual total since 2016. Several factors are behind the modest contracting levels in recent years despite periods of stronger earnings. First is uncertainty over the near-term post-COVID 19 demand recovery. Second, and more fundamental to the industry, has been concerns over the optimal technology to meet future environmental regulations. However, this uncertainty will be overcome in time, and we expect newbuild contracting to recover towards the middle of this decade.

Scrapping volumes in the dry bulk carrier market have been subdued since 2018. This has largely been due to the youthful age profile of the fleet. However, levels have also been suppressed in the last few years by the buoyant freight markets – despite achievable scrap prices rising to their highest levels this year since 2008. In total, only 7.3 million deadweight tonnes of dry bulk carriers were scrapped in 2021 and an even smaller 2.4 million deadweight tonnes in 2022.

We expect a sharp increase in scrapping over the next two years to 14.4 million deadweight tonnes in 2023 and 37.3 million deadweight tonnes in 2024, driven by a softening of market balances and weaker freight earnings. Notably, this implies an uptick in younger assets being scrapped, particularly in the 120+ thousand deadweight tonnes Capesize segment. This has happened before; between 2015 and 2021, vessels aged under 20 years old accounted for just under 25% of all Capesizes scrapped. Beyond that, scrapping volumes are anticipated to remain at very high levels, rising above 30 million deadweight tonnes in 2024 through 2026. This will be driven partly by counter-cyclical drivers linked to higher costs to meet environmental standards. Specifically, those driven by government regulations, such as the IMO's EEXI and CII policies, and voluntary commitments within the industry, such as the Poseidon Principles and the Sea Cargo Charter. These elevated levels of demolition, in conjunction with the relatively modest orderbook, will result in relatively modest fleet growth of 1.6% in 2023, followed by a period of continued, albeit modest, contraction through to 2027. Over the five-year period between 2023 and 2027, fleet growth will average -0.8% per annum.

Chart: 10+ thousand deadweight tonnes Dry Bulk Fleet Deliveries and Deletions, 2010-2027F



Source: MSI
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Chart: 10+ thousand deadweight tonnes Dry Bulk Fleet Orderbook as % of Fleet, 2010-2027F

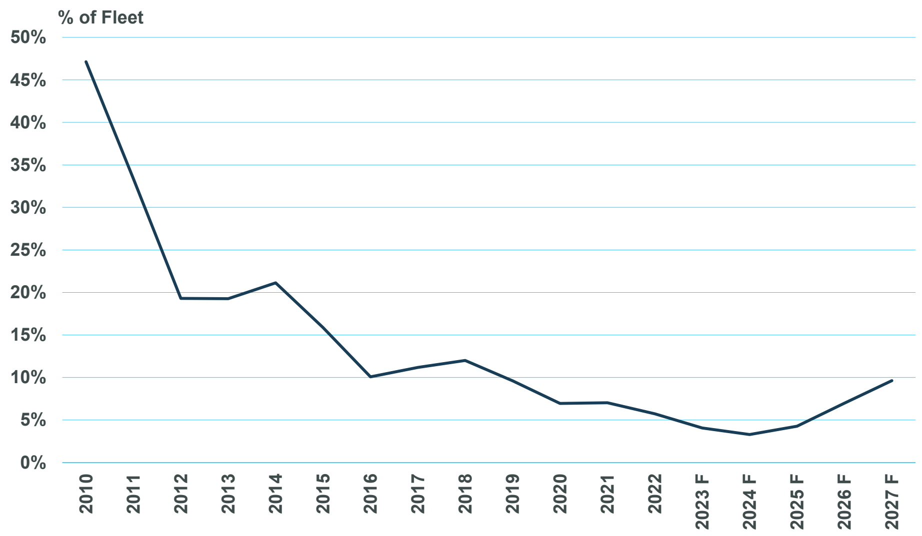

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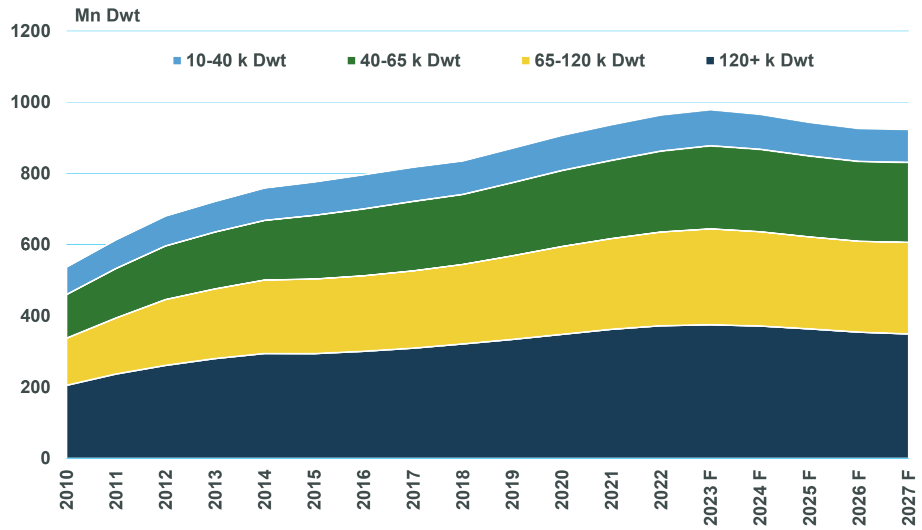
Chart: 10+ thousand deadweight tonnes Dry Bulk Fleet Development by Size Segment, 2010-2027F



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Note (2): Fleet statistics are basis end of year.

Market Fundamentals and Earnings

One notable trend in dry bulk carrier market balances since the onset of the COVID-19 pandemic has been the outsized impact of fleet efficiencies; specifically, the restrictions and supply chain disruptions, most notably at ports, caused by the pandemic. As detailed earlier, dry bulk seaborne trade grew by 3.4% in 2021. By comparison, the demand for dry bulk tonnage rose by 8.6% over the period due to the pandemic related inefficiencies. This added significant market support to the dry bulk fleet utilisaton rate, which reached 92% in 2021, its highest level since 2010.

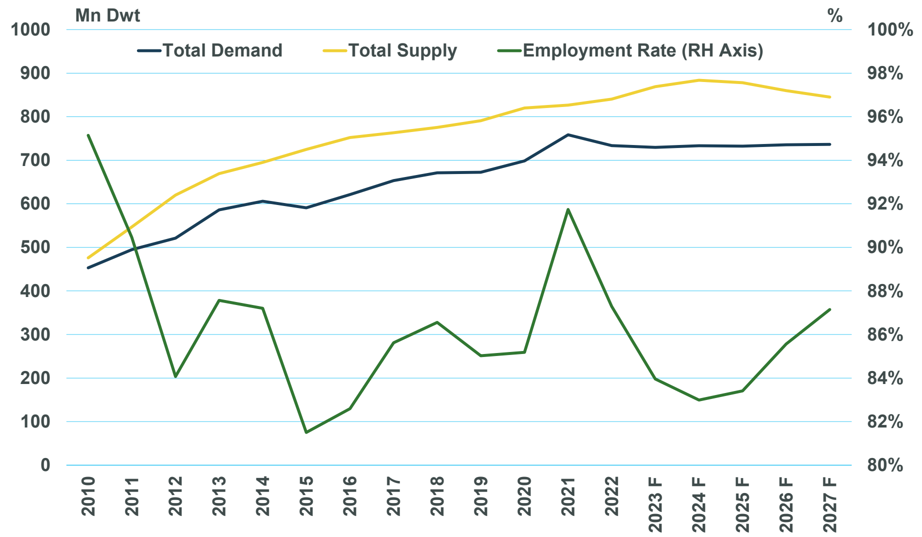
As these inefficiencies began to unwind last year, fleet utilisation levels also declined, averaging 87% for 2022. This trend is expected to continue this year and into next, exerting downward pressure on fleet utilisation.

This is coinciding with a period of weak supply and demand growth. Indeed, while the net supply of dry-bulk shipping capacity is expected to remain relatively low over the coming decade, with a notable period of negative fleet growth in the mid-2020s, demand for shipping is also expected to be subdued. As a result, vessel utilisation rates will in general remain under pressure in the next couple of years before starting to recover from 2025 onwards.

Earnings in the dry bulk sector have been very volatile over the past 20 years, partly due to strong demand growth from China combined with an acute shortage of tonnage before the 2008 financial crisis (and the dramatic rebalancing since then), and partly due to the development of charter markets in sectors of shipping formerly dominated by 'captive' fleets dedicated to particular operators/trades.

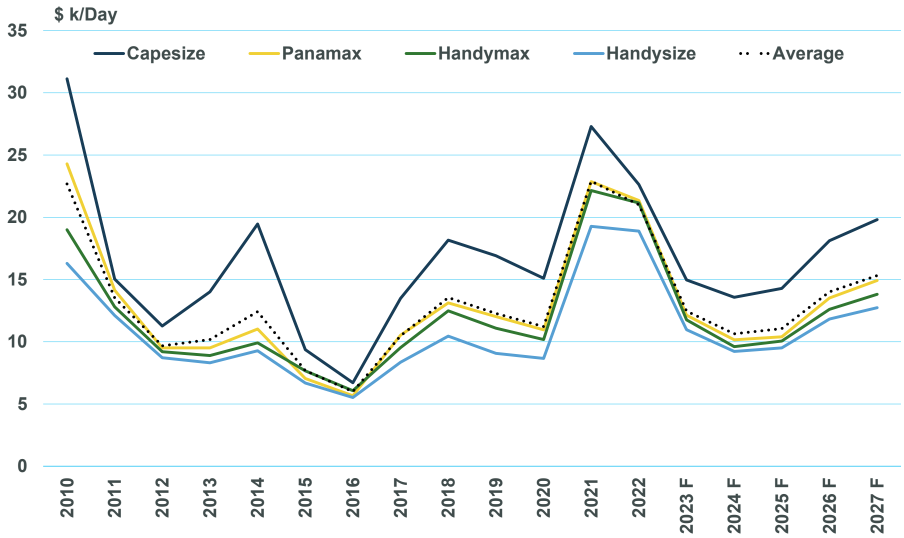
With some key factors expected to undermine shipping growth in dry-bulk shipping demand (slowing Chinese requirements, increasing fleet efficiencies), and others presenting some notable upside risk (potential for government-led investment stimulus programs), MSI's five-year outlook for time charter rates is cautious and subject to a high level of risk. However, in line with our outlook for market balances, MSI's view is that we are at the start of a period of relatively weak dry bulk earnings, which will last into the middle of the decade. While net earnings are not expected to approach the lows of the mid-2010s (when most ship sectors struggled to achieve net positive earnings), low vessel utilisation rates will continue to pressure the near-term potential of the dry bulk market.

Chart: 10+ thousand deadweight tonnes Dry Bulk Supply, Demand and Employment Rate, 2010-2027F



Source: MSI
Note (1): F = forecasts. These are basis the latest available data in February 2023 (MSI Q4 2022 Base Case) and are subject to limitations, including assumptions about general economic conditions. There is no guarantee that trends are sustainable.

Chart: Dry Bulk 1-Year Time Charter Rates, 2010-2027F



Source: MSI

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Offshore Oil and Gas Outlook

Market Overview and Introduction

The oil and gas industry can be segmented into three principal sectors:

1) **Upstream:** exploration, field development and production
2) **Midstream:** transportation, storage and trading
3) **Downstream:** refining and distribution

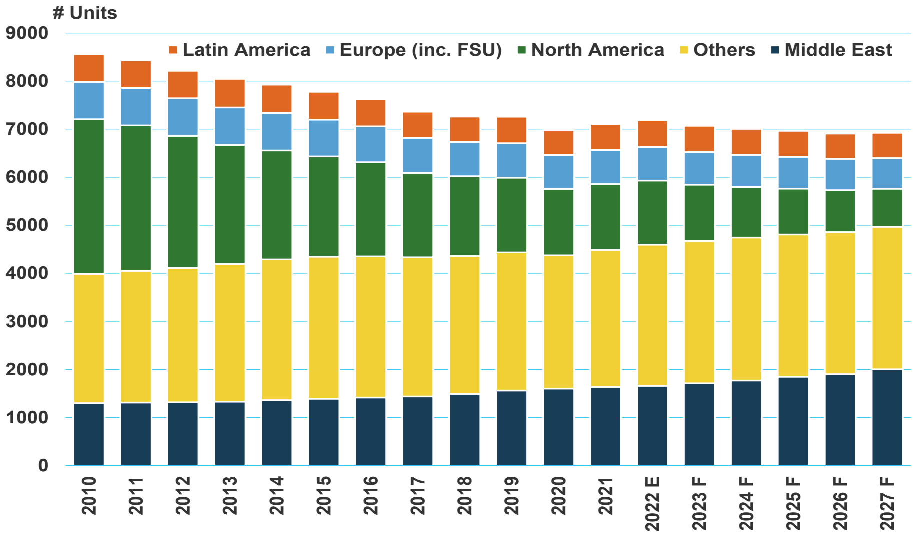
Together, these three activities represent the complete oil and gas value chain from the point of discovery through to the consumption of oil and gas and related products. This section of the report covers the offshore activities within the upstream sector of the oil and gas industry.

Within the upstream sector, activity can be further segmented into exploration and production ("E&P") activity. Exploration encompasses the discovery and assessment of oil and gas deposits in order to determine both the scale of the deposits as well as the technical and commercial viability of extraction. If the appraisal process confirms the commercial viability of the deposits, a field development plan will be commissioned to ensure optimal development of the field, including the number of wells required and the most suitable installations required for production. Once the development phase is complete, the field moves to the production phase. During the start-up period, production increases gradually as more wells are drilled, eventually reaching a plateau. The life of the field may be extended using enhanced recovery techniques to boost recovery rates. Production eventually begins to mature and decline, and once production ceases to be commercially viable, the field moves into the decommissioning phase and production and processing infrastructure is removed.

Global Offshore Platform Outlook

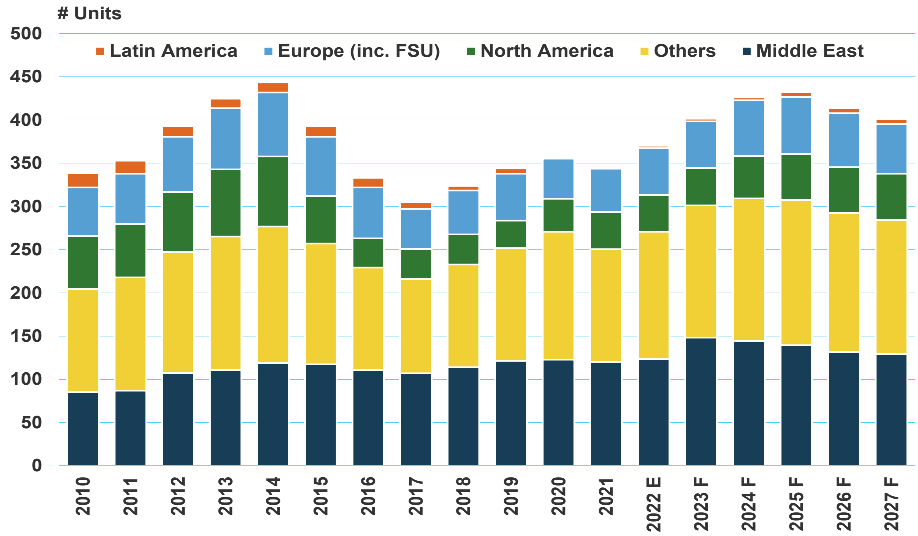
The type of offshore structure used in the extraction of oil and gas will depend on the water depth and geographical area of operation. Fixed platforms are typically attached to the seabed using concrete or steel supports and cannot be moved once fixed in place. In contrast, there are a number of different floating production systems can operate in deeper water and function as collection points for subsea wells linked by flexible pipeline infrastructure. Although floating production systems are typically secured to the seabed using mooring lines or tethers, they can be moved and therefore offer greater flexibility.

Chart: Active Fixed Platforms by Region



Source: MSI
Note (1): F = forecasts. These are basis the latest available data in February 2023 (MSI Q4 2022 Base Case) and are subject to limitations, including assumptions about general economic conditions. There is no guarantee that trends are sustainable.

Chart: Active Jack-Up Drilling Rigs by Region



Source: MSI
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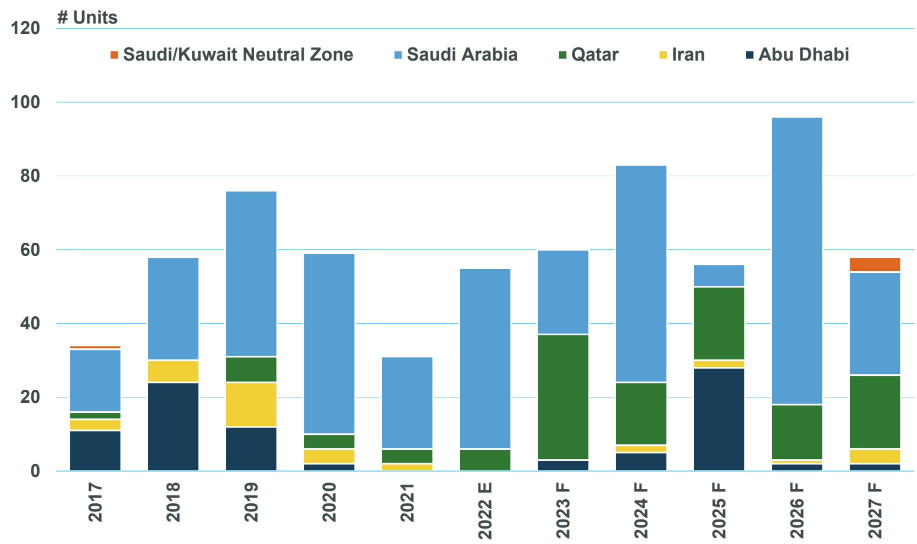
Offshore production within the Middle East is dominated by fixed platforms. Unlike other important regions for offshore oil and gas production, there has been no significant change in average water depths for offshore activity in the Arabian Gulf. The average water depth of production infrastructure has increased by less than two metres over the past two decades, and currently stands at 35.9 metres. Over 1,800 platforms have been installed in the Arabian Gulf, of which approximately 1,650 platforms remain in service. The Arabian Gulf accounts for nearly 25% of the global asset base, with facilities including a host of simple wellheads, larger central processing facilities and gas/oil separation complexes.

Market conditions within the offshore oil and gas sector remain positive. MSI tracked just over $71 Bn of development drilling and engineering, procurement, and construction (EPC) awards issued to the offshore sector in 2022, representing a 35% increase compared to 2021, and exceeding pre-pandemic levels of investment. Capital expenditure outlay continues to be heavily weighted towards the Middle East and South American regions where expansion plans have supported demand for offshore services.

Chart: New Fixed Platform Installations in the Arabian Gulf



Source: MSI
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MSI is expecting a surge in platform construction activity over the next five years, with over 80 platforms scheduled for installation in 2024 alone, according to proposed project details:

- In Qatar, the first expansion phase known as North Field East (NFE) is set to increase liquefaction capacity from 77 million tpa to 110 million tpa by 2025, and the second phase North Field South (NFS) should add an additional 15 million tpa of production capacity by 2027. Concurrently, the North Field Production Sustainability (NFPS) project is aimed at sustaining the field's production plateau. The construction phase of the NFE, NFS and NFPS projects stipulates the installation of up to 60 (new or replacement) offshore platforms by 2027.
- Saudi Aramco's unprecedented capex outlay over 2021/22 will require the installation of more than 80 offshore platforms and 560 km of subsea pipelines across its flagship Manifa, Zuluf, Safaniya, Marjan and Abu Safah fields.
- In 2022, ADNOC awarded a $3.6 Bn contract to a consortium led by Korea's Kepco to build a high voltage direct current subsea transmission system that will connect offshore production facilities to AD Power's onshore grid (Project Lightning), which will lead to a spike in control line installations beginning in 2023, and the project is scheduled to be operational by 2025.

Within the UAE, ADNOC plans to expand production capacity to 5 million bpd by 2027 from close to 4 million bpd currently. The upstream focus in 2023 will be on awarding work-scopes for the Hail and Ghasha, Lower Zakum and Umm Shaif. Furthermore, recent exploration activity off Abu Dhabi has boosted the country's gas reserves. In Offshore Block 2, 1.5-2 TCF of raw gas were discovered in Jurassic exploration targets during Q1 2022, before a further 1-1.5 TCF of were struck in a deeper exploration zone in Q3 2022.

In addition to the expansion plans outlined above, the existing network of platforms in the Arabian Gulf will remain an important source of employment for the offshore support vessel fleet currently deployed in the region. As in other regions, each offshore platform in the Arabian Gulf will require maintenance, with repair and maintenance requirements increasing as platforms age. The platforms installed in the Arabian Gulf were typically designed with a planned operational life of 20-25 years. Exceptional well productivity combined with Enhanced Oil Recovery (EOR) technology has meant that many of those platforms are now more than 35 years old and continuing to operate – albeit with considerable levels of maintenance and expenditure required. The average age of platforms in the region is approaching 30 years.

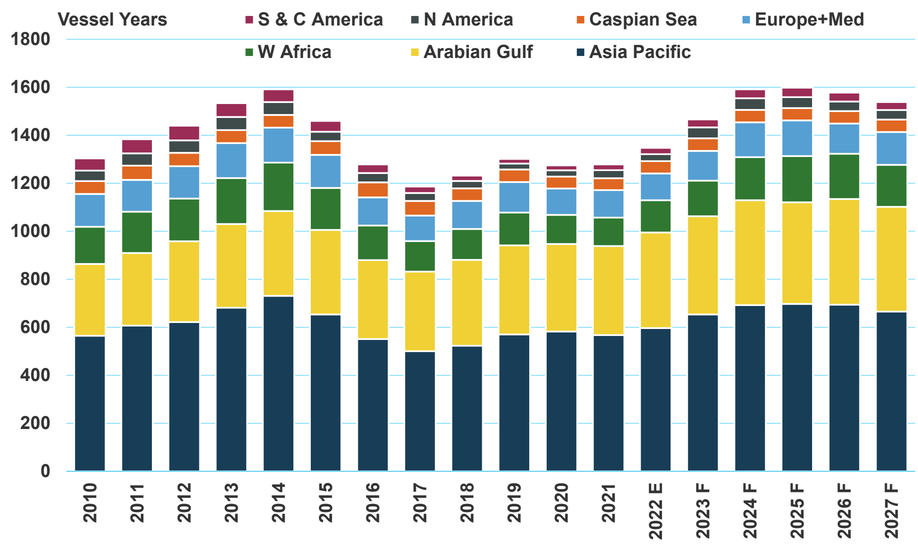
Although the operational base of platforms has continued to grow over the past five years, maintenance activity levels had been falling until very recently. This was principally related to the deferral of non-essential maintenance work in response to the weaker oil price environment during the last decade, OPEC quotas and subsequent cuts to production and capital investment. This deferral of work did not impact critical maintenance to keep production online but limited overall activity levels. Maintenance activity has since gathered pace owing to improved market conditions, and we expect the brownfield market will continue to provide opportunities, particularly through modification work-scopes, providing further employment support of the offshore support fleet. In Saudi Arabia, Aramco has launched a number of projects designed to modify existing facilities with incremental production deck modules.

Global Offshore Support Vessel Overview and Outlook

The offshore support vessel (OSV) fleet comprises of a broad range of vessel types in terms of both size and function. Demand for OSVs is primarily driven by the number of drilling rigs and production platforms in operation but have also found new employment opportunities supporting the development of offshore renewable energy installations. Every offshore platform installed in the Arabian Gulf will require maintenance and support services, and that demand increases as platforms age. The decommissioning phase and dismantling of offshore structures provides another layer of demand for OSVs.

Anchor handling tug (AHT) and anchor handling tug/supply (AHTS) vessels are utilised throughout the E&P phase, and provide towage, anchor handling and construction support services to a variety of offshore installations. AHTs are typically engaged to provide long range towage and are well suited for cross-regional transit as much of their under-deck space is allocated for fuel tanks, whereas AHTS vessels are designed for in-field support services and sacrifice fuel capacity for cargo space to provide supplies such as mud, cement, water, fuel, etc to offshore installations. Some AHTS vessels are also equipped for fire-fighting, rescue operations and oil spill recovery.

Chart: < 12 thousand BHP AHT(S) Demand by Region



Source: MSI
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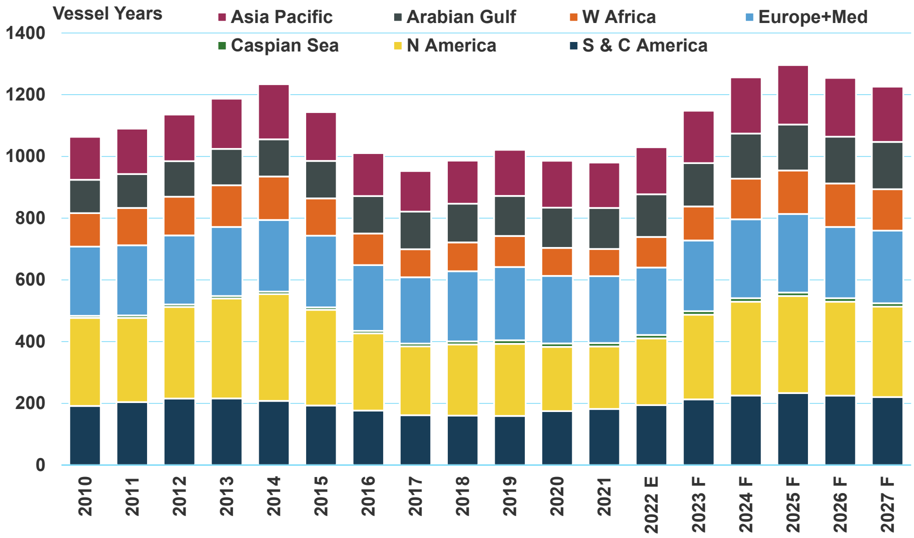
The defining characteristics of AHT(S) vessels are their engine power (BHP) and bollard pull, which measure the pulling capacity of the vessel and is an important consideration for towage and positioning activities. The largest AHT(S) vessels are typically employed in the most extreme environments; within the Arabian Gulf, the AHT(S) market is dominated by vessels with 12,000 BHP or less.

Platform supply vessels (PSV) are designed to shuttle between the shore and offshore installations, carrying a range of supplies and other cargoes on deck and in cargo tanks to the platform, and returning to shore with any cargo or waste materials for recycling. A PSV will typically have less engine power capacity than its AHT(S) counterpart, as its role is supply focused and PSVs are not equipped or designed to perform towing functions. PSVs are typically segmented by their deadweight tonnes tonnage and tank capacity.

Chart: PSV Demand by Region



Source: MSI
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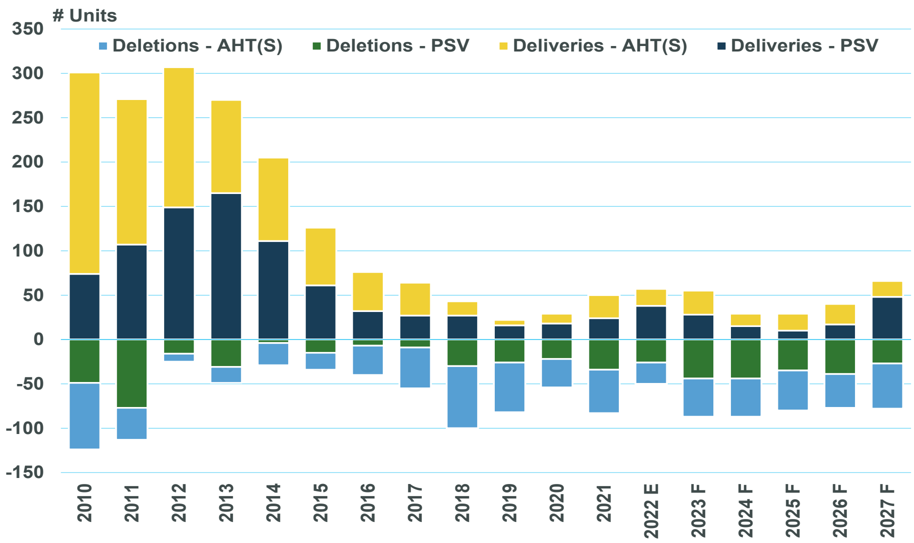
The reduction in offshore E&P spending from 2015 saw a significant decline in demand for AHT(S) vessels. However, vessel supply continued to expand as new vessels in the existing orderbook were delivered, with older vessels initially moving into long-term lay-up before gradually being sold for scrap or repurposed. With limited newbuilding contracting in recent years, the global AHT(S) fleet has gradually declined, and a significant portion of the fleet remains in lay-up and is considered unlikely to return to the market due to age and poor condition. MSI's fleet forecast for the global AHT(S) and PSV fleet sees a continued reduction in the overall fleet as a consequence of limited newbuilding contracting and an increase in scrapping of older vessels and those in long-term lay-up.

Chart: AHT(S) and PSV Deliveries and Deletions, 2010-2027F



Source: MSI
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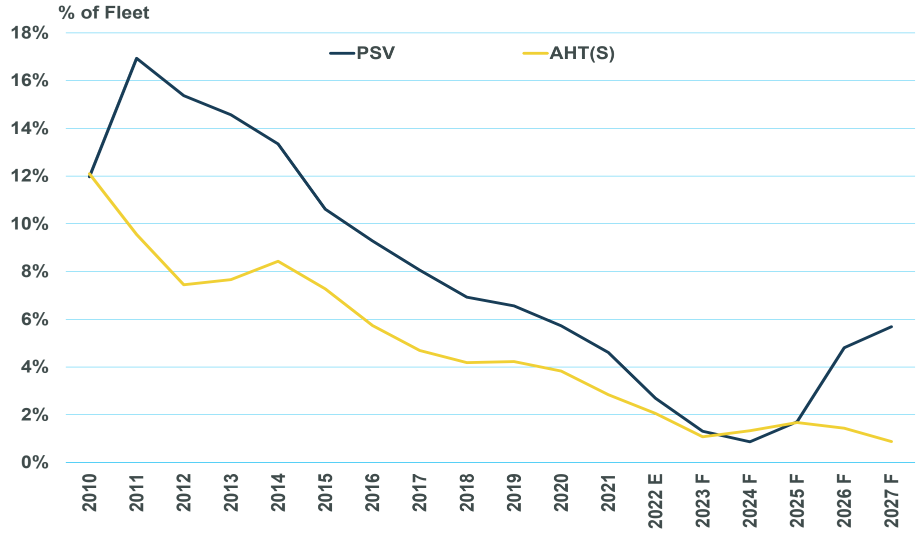
Note (2): Fleet statistics are basis end of year.

Chart: AHT(S) and PSV Orderbook as % of Fleet, 2010-2027F



Source: MSI
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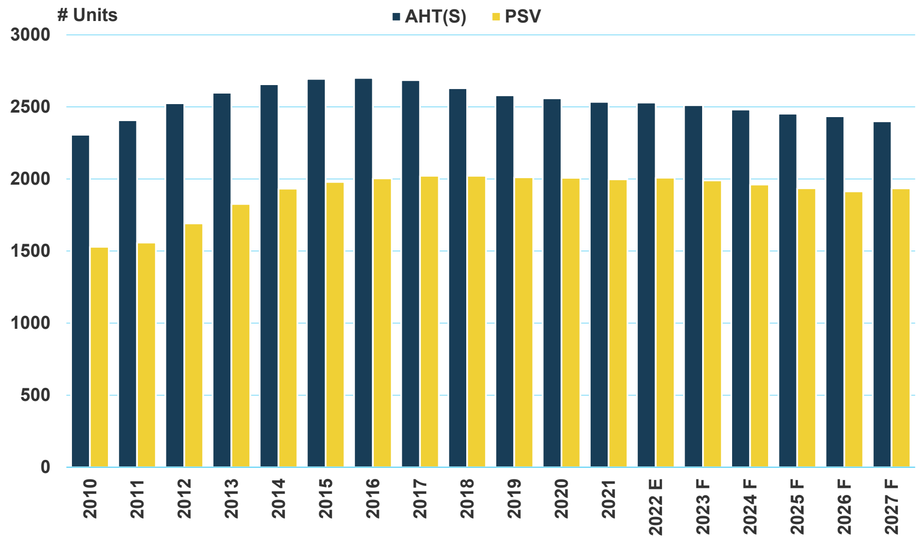
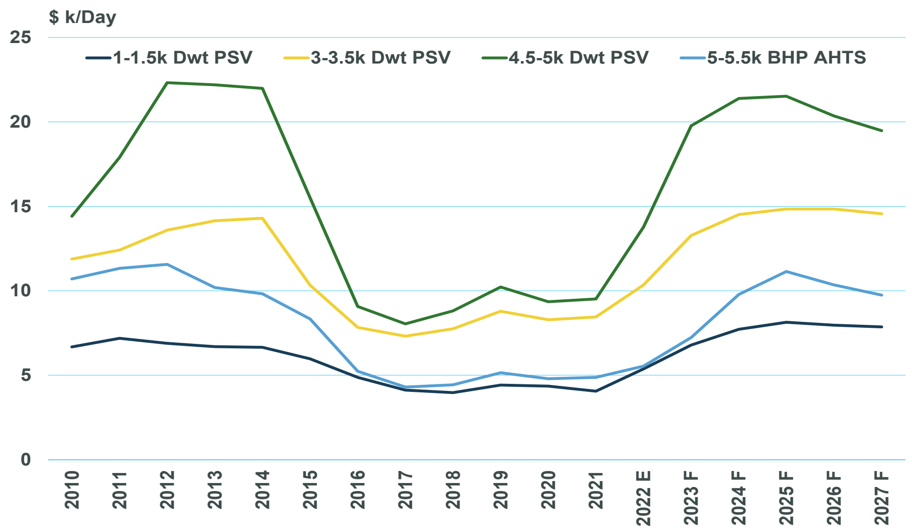
Note (2): Fleet statistics are basis end of year.

Chart: AHT(S) and PSV Global Fleet Development



Source: MSI
Note (1): F = forecasts. These are basis the latest available data in February 2023 (MSI Q4 2022 Base Case) and are subject to limitations, including assumptions about general economic conditions. There is no guarantee that trends are sustainable.

Chart: AHT(S) and PSV Day Rates in the Arabian Gulf



Source: MSI
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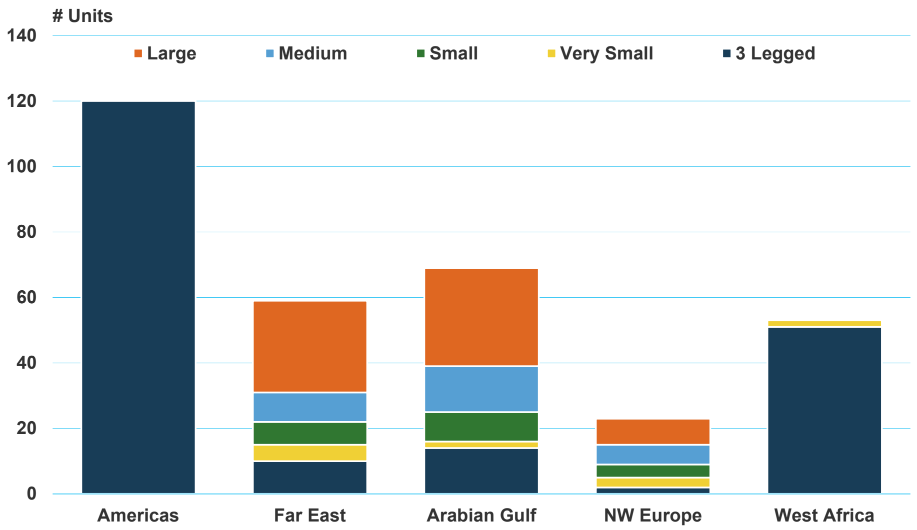
AHTS and PSV earnings have continued to trend upwards across asset types. MSI expects utilisation and earnings for assets deployed in the Arabian Gulf to improve significantly over the forecast period in response to the increasing number of operational fixed platforms, the age profile of existing platforms and heightened requirements for support and maintenance, and continued global fleet reduction in response to limited newbuilding contracting activity and increased scrapping of older and inactive vessels.

Liftboats are self-propelled and self-elevating vessels designed to support offshore E&P activities. They are equipped with three or four legs which are lowered to the seabed to provide a stable work and accommodation platform to support offshore maintenance and construction activities. Liftboats originated in the US Gulf of Mexico, where they were used to provide stable platforms for seismographic and wireline equipment and as supply vessels for production platforms without cranes. The US Gulf remains the biggest market for liftboats, but liftboats deployed in the US Gulf are typically smaller than those deployed elsewhere, and are often three-legged.

Chart: Liftboat Deployment by Region and Size



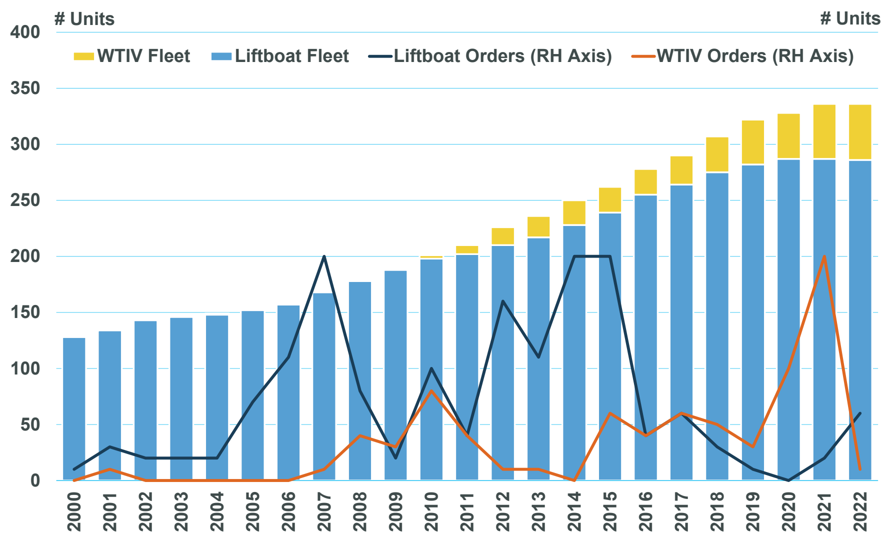
Source: MSI

The shallow water of the Arabian Gulf mean that the operational base of platforms can be served by liftboats. Such assets can jack-up alongside existing infrastructure to provide additional accommodation for offshore workers during maintenance campaigns and can be used to install new modules on existing facilities during modification work. Although some of the early liftboats deployed into the Arabian Gulf were similar to those deployed in the US Gulf, there is now a clear segmentation between liftboats originally designed to serve in the US Gulf and those for markets such as the Arabian Gulf. Liftboats serving the Arabian Gulf are typically larger as they fulfil different work roles, offering higher accommodation capacity, and capable of conducting sustained maintenance campaigns over multiple platforms to lower costs.

There are around 350 liftboats (including wind turbine installation vessels) in the global fleet, primarily deployed in the US Gulf, the Arabian Gulf, the Far East and West Africa. The fleet within North American and West African markets are typically three-legged vessels and mostly serve oil and gas markets. Liftboats deployed in Europe are larger and have been deployed across the oil and gas and offshore wind sectors. Those deployed in the Arabian Gulf are primarily comprised of four-legged units, as local NOCs strongly prefer them to three-legged liftboats.

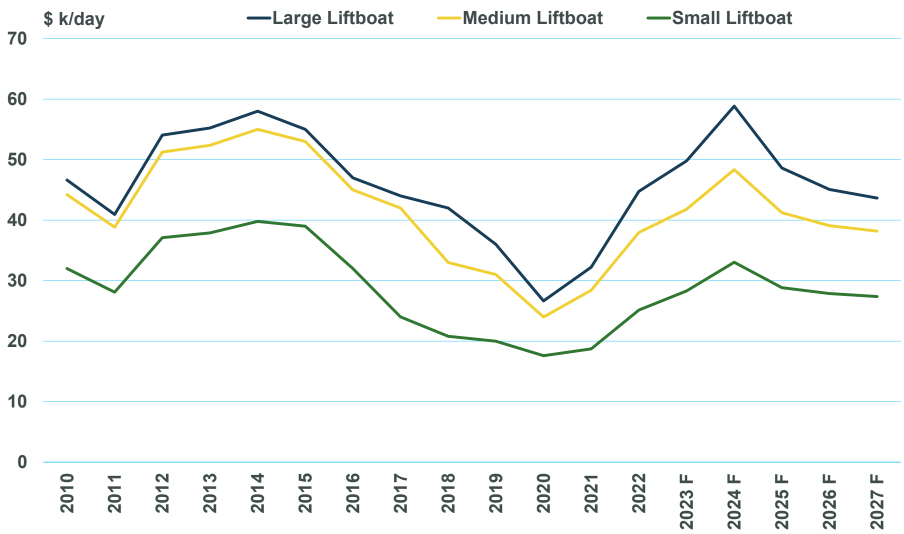
Liftboat utilisation, backlog and day-rates have all improved during 2022, primarily due to the constructive field development outlook in the Arabian Gulf. Recent geopolitical events and higher oil price have also contributed to higher earnings. We expect a modest increase in demand for four-legged liftboats through 2023 that will remain steady going into the latter half of the decade, driven by growth in the operational base of fixed platforms in the Arabian Gulf

Chart: Liftboat Fleet and New Orders



Source: MSI, Wind Turbine Installation Vessels (WTIV)

Chart: Liftboat Day Rates in the Arabian Gulf



Source: MSI

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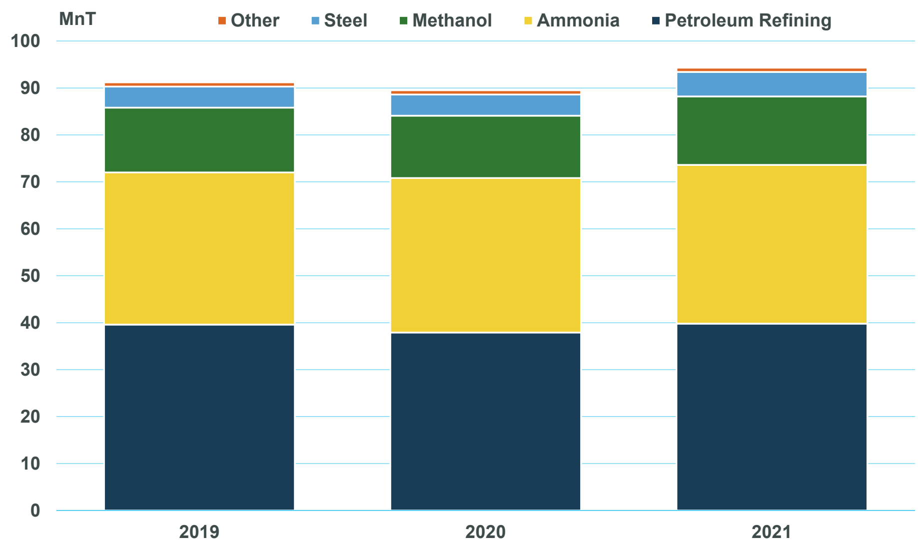
Global Hydrogen Market Outlook

Introduction to Hydrogen

Hydrogen is a colourless, odourless gas which has the lowest density of all gases and is highly flammable. Global hydrogen demand reached the historically high level of 94.3 million tonnes in 2021, a 5.4% year-on-year increase. Hydrogen demand currently remains concentrated in its traditional applications at of: (1) Petroleum refining; (2) Ammonia production; (3) Methanol production; and (4) Steelmaking. Their relative shares are detailed in the following chart.

Chart: Global Hydrogen Demand by End Use, 2021



Source: IEA

In recent years, hydrogen has attained a new status as an important component of the global transition to clean energy in the drive to decarbonise the global economy. It is widely believed that hydrogen and its derivatives could ultimately play an important role in sectors where emissions are hard to abate and alternative solutions are either unavailable or difficult to implement, such as heavy industry and energy-intensive transport segments, most notably aviation, shipping and heavy-duty road transportation. If realised, demand for hydrogen will grow significantly over the next decade.

Support for increased use of hydrogen is coming from across the spectrum of stakeholders. At a national level, an increasing number of governments have adopted a hydrogen strategy, committing to adopt it as a clean energy vector in their energy systems. For example, Japan's government plans to pass legislation to financially support industries that are involved in the production and establishment of hydrogen and ammonia supply chains, as well as the development of the relevant infrastructure.

On an industrial level, most major end users of hydrogen in its traditional applications have Paris Agreement-aligned GHG targets and are investigating ways of increasingly deploying hydrogen in their activities as a means of decarbonisation. In addition, many industries which have not been traditional end users of hydrogen are looking to hydrogen as a way of decarbonising their activities. An example of this is the cement industry. Although still in nascent stages, some cement producers have begun looking at ways of using hydrogen to reduce their GHG emissions. Some companies, most notably Cemex, are rapidly developing the process of injecting hydrogen into the kiln via the main burner to increase clinker production while simultaneously reducing petcoke consumption.

For hydrogen to play a pivot role in to decarbonising the global economy, there are several fundamental barriers which must be overcome.

Hydrogen Production and Green Hydrogen

The first barrier, and arguable the most prominent, is its method of production. As with other fuels, hydrogen is typically classified by colour depending on the feedstock. The major types of hydrogen are detailed in the following table:

Table: The Types of Hydrogen

Colour	Feedstock	Production Technology
Black	Black Coal	Gasification
Brown	Lignite	Gasification
Grey	Natural Gas	Methane Reforming
Blue	Coal or Natural Gas	Application of Carbon Capture and Storage to Black / Brown / Grey Hydrogen
Turquoise	Natural Gas	Methane Pyrolysis
Yellow	Grid Electricity	Water Electrolysis
Pink	Nuclear Electricity	Water Electrolysis
Green	Renewable Electricity	Water Electrolysis

Source: MSI based on industry sources

Existing hydrogen production is almost exclusively from fossil fuels. Hydrogen produced via low-emission methods (nuclear or renewable) represented less than 1% of total hydrogen production over the last three years. Factors that currently restrict the global production of green hydrogen are:

1) *Electrolysis Capacity*: Electrolysers are a critical technology in the production process of low- or zero-emission hydrogen. Although electrolysis capacity for dedicated hydrogen production has been growing at an accelerated pace in recent years and is widely cited as the fastest-growing sector of the energy transition, this growth is from a very low base. BloombergNEF estimates that commissioned electrolyser capacity totalled just 0.5 GW in 2021 and 1.2 GW in 2022. Estimates vary, but based on the projects currently under development, capacity could reach 5-5.5 GW by the end of 2023.

2) *Renewable Energy Production*: Renewable electricity production globally accounts for only a small portion of total electricity production (c. 10%). However, it increased by 54% in the decade to 2020 to almost 600 million TOE. Moreover, the pace of growth is set to increase, with significant investment in renewables across the globe, most notably in China, Europe, North America and Latin America. To date, investment in the Middle East has lagged behind the primary energy consuming areas, but this is changing, and capacity is projected to grow nearly six-fold over the next decade.

3) *Cost*: The levelised cost of hydrogen produced from dedicated renewables-based electrolysis (green hydrogen) is currently prohibitively expensive, costing \$3.4-8/kg H_2, compared to \$1.4/kg H_2 for grey hydrogen and just below \$3.0/kg H_2 for blue hydrogen. Moving forward, it is expected that green hydrogen will become more financially competitive as production costs decrease over time due to continuously falling renewable energy production costs, economies of scale, lessons from projects underway and technological advances. Carbon taxes are also expected to be crucial in this regard.

All commercial hydrogen production capacity in MENA at present uses natural gas as a feedstock. Whilst formalised policies regarding the production of low-carbon hydrogen are not generally common, there is a definite focus on the production of either blue or green hydrogen / ammonia moving forwards. The UAE has the most developed clean hydrogen strategy in the region. Entitled the Hydrogen Leadership Roadmap, it is a comprehensive national blueprint to support domestic, low-carbon industries, contribute to the nation's net-zero ambition, and establish the country as a competitive exporter of blue hydrogen in the medium-term and green hydrogen in the longer-term.

There are an estimated 53 green hydrogen projects that are planned in the Middle East and North Africa region at the start of 2023. Within the region, Egypt is the leader in terms of number of declared projects. 29 green hydrogen projects are located in the GCC; in Oman, UAE and Saudi Arabia. In contrast, Qatar and Kuwait are focusing their efforts on Blue Hydrogen, using natural gas as the primary feedstock.

It is important to note that most of these projects are in very early stages of development. Of the 29 active projects, 22 are still at the feasibility study phase with a further four at Front End Engineering Design (FEED). Only one is currently active: the Mohammed Bin Rashid Solar Park Green Hydrogen Project in Dubai, UAE. However, this is a pilot project that was undertaken as part of EXPO 2020 and is not generally considered commercial capacity. There is only one commercial green hydrogen plant currently under construction in the Middle East. It is the NEOM Green Hydrogen Project in Saudi Arabia. Scheduled to go online in 2026, it is the world's largest utility scale, commercially-based hydrogen facility powered entirely by renewable energy. It is scheduled to produce 0.24 million tonnes of green hydrogen and 1.2 million tonnes of green ammonia per year.

MENA, particularly the GCC, is well positioned to develop into a major centre of green hydrogen production, given the high solar intensity, constant wind (in some areas), large flat unpopulated areas, energy infrastructure and governments accustomed to supporting large energy-based projects. The growing number of projects under development illustrates that this potential is being recognized by companies in the region.

Hydrogen as an Energy Carrier

The second major barrier to widespread adoption is the chemical characteristics of hydrogen itself. A selection of its chemical properties is outlined in the following table:

Table: Chemical Properties of Hydrogen

Property	Details
Chemical Formula	H_2
Low Heating Value	120.0 MJ/kg
Volumetric Energy Density (Liquid)	8.49 MJ/L
Minimum Autoignition Temperature	500–577°C
Boiling Temperature at 1 atm	-253°C

Source: MSI based on industry sources

Hydrogen has a relatively low volumetric energy density of 8.49 MJ/L, compared to 22 MJ/L for LNG and 25 MJ/L for Heavy Fuel Oil (HFO). Another issue is its low boiling point of -253°C. These both have significant ramifications not only for the widespread transportation and storage of hydrogen, but also for associated energy requirements to convert it for use in industrial purposes.

Therefore, while hydrogen will undoubtedly be used on a standalone basis as part of the future energy mix, many market participants believe that its widespread use as an energy carrier will rely on hydrogen derivatives and hydrogen-based synthetic fuels, where the properties of these energy carriers make more sense for their application vis-à-vis pure hydrogen. The three most widely cited derivatives are: (1) Ammonia; (2) Methanol; and (3) Liquid organic hydrogen carriers (LOHCs).

Of these three, ammonia is most often cited as the most promising to drive the hydrogen economy and enable the energy transition to evolve rapidly. Ammonia is a carbon-free colourless gas which when burned at low temperatures produces water and nitrogen, although when burned at higher temperatures produces nitrous oxide or nitrogen dioxide. It has a higher energy density than hydrogen and a higher boiling point. Ammonia is also currently widely traded and has a significantly more mature and well-understood supply chain than hydrogen. Seaborne trade of ammonia was approximately 13.7 million tonnes in 2022, equivalent to around 8% of total global production.

Ammonia is not without its drawbacks as a potential hydrogen energy carrier. The primary issue with its use is the cost of conversion. Recent studies have put the cost of conversion from hydrogen to ammonia in the region of $1,000/T. Moreover, if the end use market requires hydrogen, rather than ammonia as fuel, then there is a further cost for reconversion, currently estimated to be in the region of $750/T. Another significant issue with the use of ammonia is its extreme toxicity.

Despite these cost and safety issues, many market commentators view ammonia, specifically green ammonia, as one of the most practical hydrogen carriers, especially for high volume uses. Ammonia can serve as a hydrogen energy carrier with a multitude of different applications. Ammonia can supply hydrogen for power generation plants in co-firing applications, acting as a battery to store hydrogen. Green ammonia could also help decarbonise the production of fertilisers, thereby reducing the carbon footprint of agriculture, which is one of the largest sources of GHG emissions globally. Another direct use of ammonia is as a marine fuel in a ship's combustion engine. Leading ship engine manufacturers are currently focusing on developing the technology and it is anticipated that ammonia fuel marine engines will be commercially available by the middle of this decade.

MSI's Base Case allows for an increase in green ammonia as a key driver for production expansion during the next decade. The Middle East, North Africa, Chile and Australia could emerge as significant exporters, if even a small proportion of the ambitious plans for these regions are realised. Europe and Northeast Asia will be the primary growth markets for green ammonia imports. A key source of demand is also likely to be use of green ammonia as a marine fuel, but this is unlikely to emerge before 2030. The rate of uptake will be driven by availability, price and the evolution of the IMO's regulations on decarbonisation.

According to fleet data, only 4% of VLGCs built in the last decade are ammonia capable. This would suggest a need for newbuildings, most likely ammonia fuelled.

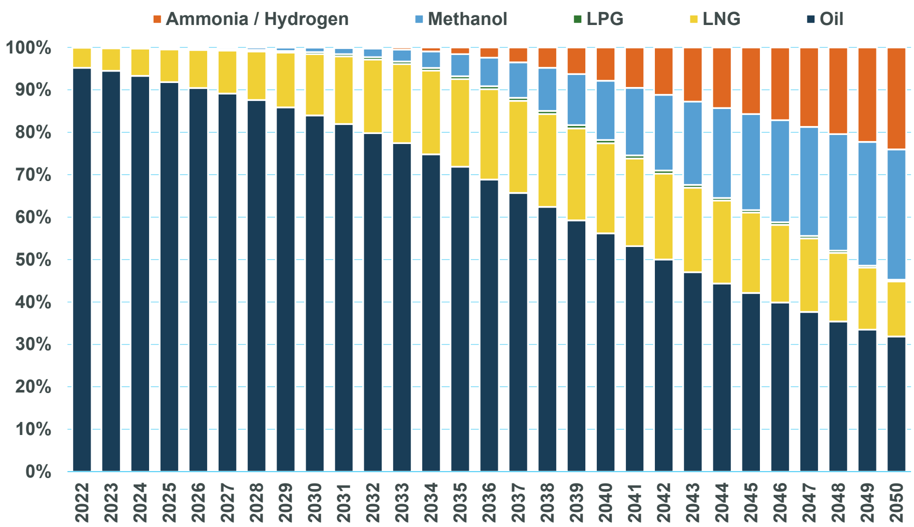
Zero-Emission Marine Fuels

In addition to the use of green hydrogen and green ammonia as marine fuels, the third widely discussed option as a potential zero-emission fuel is green methanol. Methanol is a colourless, flammable, water soluble and biodegradable alcohol that is widely used in the chemical industry, but is also increasingly used as a clean energy source in the automotive, marine and power sectors, either on its own or blended with other fuels. At present, methanol is primarily produced through steam reformation of natural gas to create syngas which can then be distilled to produce methanol. There is the potential to produce green methanol by combining green hydrogen with captured carbon dioxide.

Although there are vocal market proponents for all the alternative fuels currently under discussion, in all likelihood, the shipping industry will need to transition away from the current paradigm of a single dominant fuel type in order to successfully and rapidly decarbonise. Various factors will have to be considered in selecting an appropriate fuel type. These include, but are not limited to, the ship type, the age of the ship, its intended trading area, capital costs, operating budget, fuel availability, price, and infrastructure development.

Current and future fuel strategies are foremost in many owners and operators strategic planning at present, particularly in relation to newbuilds. The goal is to optimise the fuel storage and propulsion system of the ship to accommodate current and future fuel requirements. A vessel ordered now faces the significant risk that the most competitive fuel in the ship's early life will not be the same over the course of its expected trading life of 25 years, which could have significant repercussions on its economic longevity. MSI publishes forecasts for the breakdown of the primary bunker fuels of the world fleet. This is detailed in the following chart.

Chart: Forecast Share of Global Merchant Fleet by Fuel Type, 2022-2050



Source: MSI, Basis GT
Note (1): F = forecasts. These are basis the latest available data in February 2023 (MSI Q4 2022 Base Case) and are subject to limitations, including assumptions about general economic conditions. There is no guarantee that trends are sustainable.

These are highly provisional forecasts based on current technology developments and market sentiment. In broad terms, on the assumption that engines capable of burning zero-emission fuels become commercially available in the middle of this decade, MSI anticipates that zero-emission fuels will become increasingly widespread from 2030 onwards, although their uptake will be gradual. By 2050, hydrogen, ammonia and methanol fuelled vessels will account for over half the ships in the fleet. However, there will be significant variations on a ship type basis. These fuel types will be most widely adopted by the bulk markets – specifically, tankers, dry bulk carriers and containerships. The fuel mix for other ship types will be more varied. For example, gas carriers will continue to adhere to the "cargo-as-fuel" model.

REGULATION

UAE Laws and Regulations

In the UAE, ADNOC L&S is subject to a number of federal laws and regulations governing the local aspects of our shipping and logistics business, including protection of the marine environment, handling of hazardous substances and hazardous wastes, the import and export of products as well as certain specific laws and regulations governing and controlling the trading of petroleum products. The main regulations are as follows:

- Federal Law No. 14 of 2017 on regulating the trade of petroleum products.
- Federal Law No. 10 of 2020 on pesticides, Federal Law No. 12 of 2018 on integrated waste management, Federal Law No. 16 of 2007 (as amended) on the protection of animals.
- Federal Law No. 23 of 1999 on the exploitation, protection and development of the living aquatic resources of the UAE.
- Federal Law No. 26 of 1981 (as amended) on commercial maritime law and Federal Law No. 19 of 1993 on maritime areas of the UAE.
- Federal Law No. 1 of 2002 on regulating and controlling the use of radioactive sources and safeguarding against their risks.
- Federal Law No. 8 of 1980 on regulating labour relations.
- Federal Law No. 19 of 2002 on customs duty payable on goods and materials imported from outside the customs union of the GCC and Federal Law No. 13 of 2007 (as amended) on goods subject to import and export supervision.

Our business is also subject to various other laws and regulations, including Emirate level laws and regulations, including the UAE Penal Code (Federal Decree Law No. 31 of 2021), Federal Law No. 33 of 2021 on the protection of labour and health and safety, Federal Law No. 1 of 2006 on electronic transactions and commerce, Federal Law No. 23 of 2006 on civil defence, Federal Decree Law No. 45 of 2021 on personal data protection and Law No. 7 of 1971 on carrying out activities or projects related to maritime shipping.

Together, these laws and regulations, and the enforcement thereof, impact us by imposing:

- restrictions on operations and/or the requirement to install enhanced or additional controls;
- the requirement to obtain and comply with permits and authorisations; and
- specifications for the products we import and export.

The impact on our business of complying with existing laws and regulations is not always clearly known or determinable due in part to the fact that our operations may change over time. These laws and regulations could result in increased capital, operating and compliance costs. In addition, UAE law is not capable of conclusive interpretation, as there is no system of binding precedent in the UAE and a court is not required to follow decisions of another court (although previous judgments can be viewed as persuasive). Case reporting is also not comprehensive and judgments are not always publicly available. In addition, legislation may come into effect in the UAE without being made publicly available and local authorities have wide discretion to apply the law and may, in practice, develop policies or rules that are similarly not made publicly available.

International Laws and Regulations

In addition to the federal laws and regulations in the UAE, our business is also subject to international laws, regulations and treaties and certain laws and regulations of jurisdictions outside the UAE. The main regulations are as follows:

- Sanctions laws imposed by the UAE, the US, the United Nations, the EU and the UK, the US Export Administration Regulations of the Internal Code of 1986 on the control of certain exports, the Council Regulation (EU) No.227/1996 of 22 November 1996 on protecting against the effects of the extra-territorial application of legislation adopted by a third country and actions based thereon or resulting therefrom. The UAE has its own economic and trade sanctions regime which may differ from similar regimes implemented by the European Union, the United Kingdom and the United States.

- The Institute Warranty Limits/International Navigation Limits relating to the geographical limits within which vessels can operate without incurring additional insurance premium from hull and machinery underwriters.

- The Carbon Intensity Index Framework issued by the International Maritime Organisation on the introduction of a rating mechanism (A to E) linked to the operational carbon intensity indicator that came into force in January 2023.

- The Classification Society rules (such as set out by Lloyds and DNV) on setting appropriate standards for the design, construction and lifetime maintenance of ships, offshore units and land-based installations.

- The US Federal Water Pollution Act /Oil Pollution Act 1990 regarding the problems associated with preventing, responding to, and paying for oil pollution incidents in navigable waters of the US.

- The US Compensation and Liability Act 1980 on the prohibitions and requirements concerning closed and abandoned hazardous waste sites.

- The US Port and Tanker Safety Act 1978 regarding the limitations on the conditions under which vessel traffic may be controlled.

- The US Coast Guard Navigational and Vessel Inspection Circular No.8-92 of the Code of Federal Regulations providing detailed guidance about the enforcement or compliance with certain federal marine safety regulations and policies.

- The International Safety Management (ISM) Code on the safe operation of vessels.

- The International Convention for the Prevention of Pollution from Ships 1973 (as amended by the Protocol of 1978) ("**MARPOL 73/78**") on sulphur content regulations on vessels.

- The International Maritime Organisation 2020 regulations on sulphur in fuel oil for shipping.

- The ISO Standard 8217:2010/2017 on quality of bunkers and the requirements for petroleum fuels for use in marine diesel engines and boilers.

- The International Maritime Solid Bulk Cargoes Code 2009 on safe stowage and shipment of bulk cargo carriage.

- The International Ship and Port Facility Security Code (as amended) Chapter XI of SOLAS on vessel and port security regimes.

- Various flag state rules for vessels.

- The International Convention on Civil Liability for Bunker Oil Pollution Damage 2001, the International Convention on Civil Liability for Oil Pollution Damage (CLC) 1969 and MARPOL 73/78 on pollution.

- The US Maritime Transportation Security Act 2002 on trading to or from the US, US Customs Regulations on the carriage of cargo for discharge in the US and US Census Bureau Regulations (ISCFR30) on loading cargo in US.

- The EU Advance Cargo Declaration Requirements on loading cargo in EU.

- Regulations of Canada Border Services Agency on the carriage of cargo for discharge in Canada.

- The Classification Society of Nippon Kaiji Kyokai on discharge of LNG in Japan.

The ultimate impact on our business of complying with existing laws and regulations is not always clearly known or determinable due in part to the fact that our operations may change over time. These laws and regulations could result in increased capital, operating and compliance costs.

UAE Corporate Tax Law

Current Taxation of Corporates and Individuals

Corporate tax has been announced in the UAE under the UAE Federal Decree-Law No. (47) of 2022 on the Taxation of Corporations and Businesses (the "**Federal CT Law**") and will be aligned with yearly corporate financial reporting periods commencing after 1 July 2023. The Federal Tax law has a headline rate of 9% but allows certain qualifying income of free zone persons to be taxed at 0% and provides for certain other exemptions.

In addition to the Federal CT Law, there is corporate tax imposed in some of the Emirates (including Abu Dhabi) through Tax Decrees issued at the local level. However, in practice Emirates based taxation only applies to a limited class of companies that have been issued separate Fiscal Terms and is not applied uniformly across all businesses. The Federal CT Law, allows for exemptions for certain business activities and income that is subject to tax at the Emirate level, providing specific criteria as to the nature of the business are satisfied.

There is currently no personal income tax levied on individuals in the UAE.

BUSINESS

Investors should read this section of this Offering Memorandum in conjunction with the more detailed information contained in this Offering Memorandum, including the financial and other information appearing in "Management's Discussion and Analysis of Financial Condition and Results of Operations" and included elsewhere in this Offering Memorandum.

Overview

We are a global energy maritime logistics leader and the dedicated and vital logistics arm for the ADNOC Group providing critical and highly specialised services across ADNOC's entire value chain. We provide market-leading, reliable and cost-competitive maritime and logistics solutions through our three key business units:

- *Integrated Logistics* through which we believe we are one of the largest end-to-end, fully integrated energy logistics service providers for the energy sector and one of the largest owners and operators of self-propelled, self-elevating jack-up barges. In addition, we operate what we believe is one of the largest energy logistics bases in the GCC region in Mussafah and one of the largest single warehouses in the Middle East in KEZAD.

- *Shipping* through which we believe we own and operate one of the largest diversified shipping fleets in the GCC region of more than 500 modern and technologically advanced vessels, including 56 owned vessels, six VLGCs owned by AW Shipping Limited and vessels which are either contractually committed or contracted and under construction for scheduled delivery between 2023 and 2026. We provide market leading commercial shipping and ship management as well as chartering services for the transport of crude oil, refined products, dry bulk and gas (LPG and LNG).

- *Marine Services* operates a fleet of 65 specialised vessels. Through this business unit we provide a wide range of specialist services relating to marine terminals, all petroleum port operations in the Emirate of Abu Dhabi and oil spill and hazardous and noxious substances response operations. We are one of the largest oil spill and hazardous and noxious substances responders in the UAE.

The ADNOC Group companies, including ADNOC Offshore, ADNOC Onshore, Borouge and ADNOC Gas, constitute the largest portion of our client base. The ADNOC Group companies accounted for 72% of our total revenue for the year ended 31 December 2022, including approximately 90% of our revenue in the Integrated Logistics business unit, approximately 60% of our revenue in the Shipping business unit and approximately 95% of our revenue in the Marine Services business unit.

We provide services to over 100 global clients with whom we have built long-standing relationships and ship to more than 50 countries across the world. A long-term contractual framework with our anchor client underpins our revenue and cash flows, and helps us achieve high returns with limited variability (including contracts with minimum volume commitments at fixed rates). As at 31 December 2022 and based on revenues for the year ended 31 December 2022, over 65% of our total revenue is derived from Long-Term Agreements with our clients, including approximately 99% in the Integrated Logistics business unit, approximately 22% in the Shipping business unit and 100% in the Marine Services business unit.

We have a well-defined and ambitious growth strategy aimed at accelerating our growth by leveraging our existing relationship with the ADNOC Group companies. ADNOC and the UAE have made significant investments in the energy sector and are expected to continue to do so, with ADNOC announcing in late 2022 its USD 150 billion investment program for the five-year period 2023 to 2027 (inclusive). In particular, we expect this to serve as a major growth catalyst for us and we expect to benefit from ADNOC's planned growth and investment strategy to accelerate its targeted capital expenditure as ADNOC is aiming to meet upstream growth ambitions through the expansion of oil production capacity, the development of new gas reservoirs, the continuous exploration of new hydrocarbon prospects in addition to targeted expansion of its refining and petrochemical capacity, LNG exports and hydrogen production. Furthermore, we aim to significantly expand services to our existing clients, attract new clients and explore further growth opportunities in new geographies and areas, such as the construction offshore logistics services sector and expansion of our integrated logistics services platform offering.

As at the date of this Offering Memorandum, the Company is 100% owned by ADNOC. We have a strong leadership team based in Abu Dhabi which allows us to optimise operational and commercial processes in order to deliver efficiencies across the entire organisation. We are committed to operational and commercial excellence while focusing our operational strategy to achieve the highest standards of ESG, safety, reliability and integrity across the entire organisation.

On a pro forma basis reflecting the ZMI Holdings Acquisition as if it had occurred on 1 January 2022, our revenue for the year ended 31 December 2022 was USD 2,287.2 million. Adjusted pro forma EBITDA for the year ended 31 December 2022 was USD 599.3 million. Assuming full calendar year contribution from the ZMI Holding Acquisition in 2022, our revenue would have increased at a CAGR of more than 20% between 2017 and 2022.

Our Vision and Mission

Our vision and mission is to be the leading global energy maritime logistics company of choice.

Our Competitive Strengths

We are a mission-critical energy logistics service provider to ADNOC, Abu Dhabi and the UAE

We believe that we are a key enabler of the global flow and export of energy commodities, in particular the oil and gas production in the UAE which is managed by the ADNOC Group. The oil and gas industry production and exports are critical to the UAE economy, contributing approximately 50% of the Emirate of Abu Dhabi's nominal gross domestic product in 2021, having produced 4.6 million barrels of oil equivalent per day of which approximately 73% was exported. ADNOC is one of the largest integrated energy companies globally that operates across the hydrocarbon value chain, including exploration, production, storage, refining, petrochemicals, gas processing, marketing and distribution. ADNOC has access to approximately 95% of the UAE's total oil and gas reserves.

As the logistics service provider of choice to the ADNOC Group, we provide critical and highly specialised services across ADNOC's entire value chain. Our offshore energy logistics services are vital to enabling offshore production of oil in the UAE while our marine services help to ensure uninterrupted operations of the petroleum ports in Abu Dhabi and safety of sea operations through oil spill response hazardous and noxious substances response operations. Our business strategy going forward is underpinned by ADNOC's global growth strategy and plans to accelerate its targets relating to the production and processing capacity growth, international expansion and low carbon solutions. See "—*Our Growth Strategy*".

We are a global, fully-integrated energy maritime logistics leader with a world-class asset base

We provide fully-integrated, end-to-end services in the global energy maritime logistics industry through our three key business units: Integrated Logistics, Shipping and Marine Services.

Our Integrated Logistics business unit provides onshore and offshore services, including a wide range of services relating to the offshore logistics sector, such as jack-up barges services, supply services and personnel transportation, diving support in addition to other services, such as packaging, container terminal operations, jetty services and operations, and warehousing and material management, all of which are critical to the commodity supply chain. We operate five logistics bases, and warehouses in Mussafah, Ruwais, Riash and Fujairah. We provide our services at what we believe are world-class infrastructure bases, such as the KEZAD Gateway in the UAE, the terminal handling at the Khalifa Port, and warehousing services through one of the largest single warehouses in the Middle East region.

The transformative ZMI Holdings Acquisition was part of our strategic value creation and growth program and reinforced our commitment to deliver growth and drive investment in the UAE. As at the date of this Offering Memorandum, we own and operate a fleet of 31 high-quality, best-in-class specification jack-up barges (of which 23 are owned and eight are operated) and 101 owned offshore support and passenger transport vessels (and additional approximately 90 operated vessels), which we believe strengthens our position as one of the largest shipping and integrated energy logistics companies and provides us with growth opportunities both in the UAE and internationally. We expect to derive significant synergies from the ZMI Holdings Acquisition as we integrate ZMI Holdings' services as part of our Integrated Logistics business unit.

Our Shipping business unit operates one of the largest diversified shipping fleets in the GCC region of more than 500 modern and technologically advanced vessels, including 56 owned vessels, six VLGCs owned by AW Shipping Limited and vessels which are either contractually committed or contracted and under construction for scheduled delivery contractually committed to be delivered in the medium term between 2023 and 2026. We provide market leading commercial shipping and ship management as well as chartering services for the transport of crude oil, refined products, dry bulk and gas (LPG and LNG).

Our Marine Services business unit provides a comprehensive range of specialist services relating to marine terminal operations, all petroleum ports in the Emirate of Abu Dhabi and oil spill and hazardous and noxious substances response operations. We believe we are one of the largest oil spill and hazardous and noxious substances response responders in the UAE.

At the core of our business, we continue to maintain a focus on operational excellence and building on our existing high levels of asset reliability across our operations. We run world-class, large-scale assets that have a proven track record of operational excellence. We maintain our operations' high reliability through regular and timely maintenance programs and robust asset management policies and procedures across our operations.

We have highly visible cash flows, underpinned by Long-Term Agreements and ADNOC Group companies as anchor clients

A long-term contractual framework with our anchor client underpins our revenue and cash flows, and helps us achieve high returns with limited variability.

As at 31 December 2022 and based on revenues for the year ended 31 December 2022, over 65% of our total revenue is derived from Long-Term Agreements with our clients, including approximately 99% in the Integrated Logistics business unit, approximately 22% in the Shipping business unit and 100% in the Marine Services business unit. The ADNOC Group companies accounted for 72% of our total revenue for the year ended 31 December 2022, including approximately 90% of our revenue in the Integrated Logistics business unit, approximately 60% of our revenue in the Shipping business unit and approximately 95% of our revenue in the Marine Services business unit. See "—*Material Agreements*".

All contracts with ADNOC Group companies are negotiated on an arms-length basis and go through our internal approval procedures to ensure that the opportunity is in the best interest of the Company and aligned with our strategy. Such procedures are designed to maintain uniform processes and standards for performing economic evaluation, risk mitigation assessments and due diligence of commercial opportunities in line with our corporate governance framework.

Highly experienced senior management team driving robust financial performance

Our senior management team has significant years of professional experience in the maritime logistics and shipping industry and has a track record of successfully managing and integrating our key projects. We believe that this combination of industry and regional expertise has allowed us to develop long-standing working relationships with our commercial partners, regulators and other key stakeholders. The members of our senior management team, many of whom have significant leadership experience in other parts of the ADNOC Group, have worked in various management and leadership roles across major companies in the industry. We believe the team's combined industry and regional expertise enables us to clearly understand and effectively manage the inherent risks associated with our business.

Reflective of our commitment to the business, operations and robust financial performance, our management has been focused on delivering growing revenue, increasing EBITDA and margins as well as maintaining a strong balance sheet position. The combination of our successful track record of delivering organic and inorganic growth, operational excellence and strong cost discipline has enabled us to achieve strong operating profitability and financial results. Between 2020 and 2022 (assuming full calendar year contribution from the ZMI Holdings Acquisition to 2022) we would have increased our revenue by a CAGR of approximately 50% and Adjusted EBITDA by a CAGR of approximately 55%. Revenue in all business units would have increased between 2020 and 2022 (assuming full calendar year contribution from ZMI Holdings Acquisition to 2022) - in the Integrated Logistics business unit by a CAGR of approximately 71%, in the Shipping business unit by a CAGR of approximately 41% and in the Marine Services by a CAGR of approximately 4%.

Our Growth Strategy

Expand the scope of services provided to ADNOC Group

ADNOC and the UAE have made significant investments in the energy sector and expect to continue to do so, with ADNOC announcing in late 2022 its USD 150 billion investment program for the five-year period 2023 to 2027 (inclusive). We expect this to serve as a major growth catalyst for us, providing numerous opportunities to our business both directly and indirectly. ADNOC's sizable investment program is aiming to deliver transformative steps to make the lower carbon intensity energy that the world requires available today, while investing in the clean energies of tomorrow. ADNOC is aiming to meet upstream growth ambitions through the expansion of oil production capacity (expected to increase from 4 million barrels per day to up to 5 million barrels per day by the end of 2027), the development of new (including unconventional) non-associated gas reservoirs (such as Hail and Ghasha) and the continuous exploration of new hydrocarbon prospects (which has so far resulted in ADNOC identifying an additional 2 billion barrels of oil and 1 trillion cubic feet of natural gas reserves in 2022 alone). In addition, ADNOC is targeting to increase its refining capacity to more than 1 million barrels per day, double its petrochemical capacity by 2030, further increase its LNG exports by up to 9.6 million tonnes by 2027 and its green hydrogen production of 1 million tonnes per year. Furthermore, ADNOC has earmarked USD 15 billion for landmark decarbonisation projects by 2030, including carbon capture, electrification, new CO2 absorption technology and enhanced investments in hydrogen and renewables.

As the logistics and maritime service provider of choice to the ADNOC Group companies, we believe that we are well positioned to benefit from ADNOC's growth strategy. In particular, we are targeting a two-fold increase in ADNOC’s production volumes to be transported by us by 2030, while growing our share of ADNOC’s increased exports in the future. Our strategy envisages maximising our share of ADNOC’s targeted logistics spend, hence increasing volumes, services and our owned fleet in order to deliver added operational efficiencies. We intend to make additional investments targeted at supporting ADNOC’s exports of hydrogen derivatives and expanding our marine services solutions.

We believe that there is further potential to leverage our relationship with the ADNOC Group companies in the future.

- *Borouge*: We provide Borouge with packaging and maintenance services, container terminal management and feeder transport from Ruwais to Khalifa Port. We seek continuous engagement with Borouge aiming at increasing the scope of our integrated logistics solutions services.

- *ADNOC Offshore*: ADNOC Offshore operates across a vast area of approximately 250 square km and requires coordination and smooth logistics activities to ensure safety and operational efficiency. We expect the scope of our services to ADNOC Offshore to increase in the future as we expand our integrated logistics services model, including transporting a significant number of persons to the offshore islands and rigs.

- *ADNOC Onshore*: We supply ADNOC Onshore with certain marine resources. We believe that there is high potential for expanding our logistics services to ADNOC Onshore that could be centralised under our operations.

- *ADNOC Gas*: ADNOC Gas has a centralised gas processing facility on Das Island. We believe there is a potential to expand our ILSP model to support ADNOC Gas logistics requirements and to service its growing capacity production. Additionally, we aim to help expand the onshore logistics and terminal operations of ADNOC Gas in Ruwais.

- *TA’ZIZ*: We are well positioned to be a logistics leader for TA’ZIZ.

The following table sets out examples of additional projects with the ADNOC Group companies which we believe create further opportunities for us:

Expansion of our ILSP solutions to ADNOC Offshore	We created the ILSP model as part of our ongoing commitment to support the continued growth of the region’s energy sector. By managing all logistics requirements through one system, the ILSP model can reduce project logistics costs, with customers being invoiced in a unique, cost-per-tonne format, moving away from the standard asset lease model. We intend to expand our ILSP services significantly in the future. Our services are expected to include, among others: • offshore passenger transportation services, including infield movement utilising aviation and marine assets to support day-to-day operations, • Das & Zirku island airport operations,

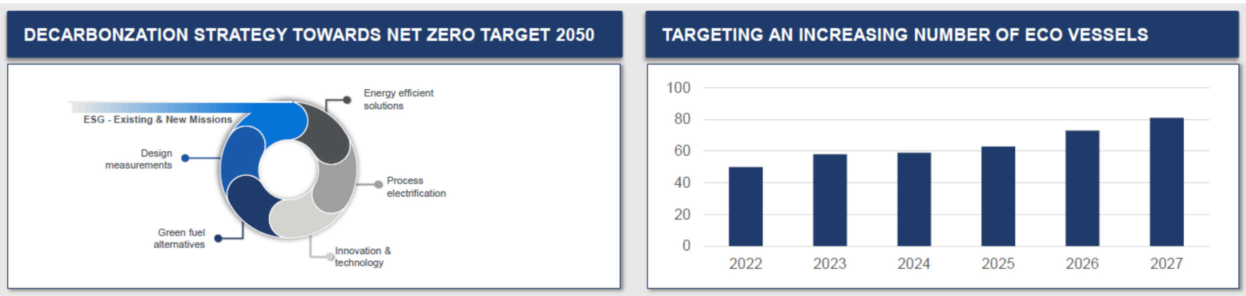
	• assistance with aviation technical & standards to ensure compliance and safe operations, • voyage and flight reservation and booking services, and • additional client support aviation and marine services.
Transformation of group-wide warehouse and logistics management operations	• We manage approximately 40% of ADNOC Group's warehouse capacity. As a result of the implementation of our ILSP model and services provided at KEZAD Gateway, we have established a track record in delivering value across this supply chain. • ADNOC Group currently operates over 40 facilities catering to warehousing and logistics across its network, with more operating companies in the ADNOC Group expected to require warehouse space and logistics going forward. • As a result of the implementation of our ILSP model and services provided at KEZAD Gateway, we have established a track record in delivering value across this supply chain.

We are focused on decarbonisation efforts and believe we are able to help drive the energy transition in the UAE.

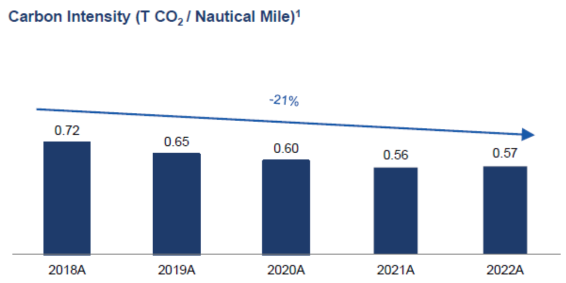
It is critically important that our business is carried out in a sustainable, socially conscious, and environmentally responsible manner, and as such, we seek to place ESG policies and strategy at the core of our business. See "—*Environmental, Social and Governance (ESG)*".

Our guiding principles are the policies and ambitions of the broader ADNOC Group and the UAE. We believe that we are a sustainability leader for the UAE's maritime and logistics ecosystem, leveraging our marine heritage to enhance the UAE's status in the global maritime industry. Our aim is to contribute to achieving the UAE's 2050 net-zero target in line the International Maritime Organisation's decarbonisation targets. We aim to lower the annual greenhouse gas emissions from international shipping by at least half by 2050 (compared with the 2008 levels) and to reduce carbon intensity of international shipping, in particular to lower carbon dioxide emissions per transport by at least 40% by 2030 while aiming towards 70% by 2050 compared to 2008. We may also consider using offsets in order to meet a portion of our decarbonisation targets. Our ESG strategy is intended to: (i) reduce our operational environmental footprint, (ii) continue to promote local talent and the UAE "in-country value" measures which to date have resulted in employment engagement rate of 72% in 2022 and an in-country value contribution of 72% in 2022, (iii) maintain a strong health and safety culture, with a total recordable incident rate of 0.18 in 2022 and 100% of business ethics and compliance trainings completed by all employees, and (iv) ensure that all of our contractors adhere to the relevant HSE performance standards and participate in HSE workshops.

The following diagram and graph illustrate our decarbonisation strategy towards the net zero target 2050 in operations and the targeted number of our owned environment-friendly vessels:



Our ESG strategy has yielded significant results and we continue to implement this strategy going forward. Between 2018 and 2022 we recorded a 21% decrease in carbon intensity:



(1) Includes owned vessels of the Shipping business unit which represent approximately 90% of our total carbon emissions.

We have invested or committed approximately USD 2 billion in environment-friendly, new-build vessels with scheduled delivery dates between 2023 and 2026. Furthermore, we have reduced the fuel consumption of our LNG fleet in 2015 by 40% compared to 2012 and, with the delivery of our new modern vessels, expect to further significantly reduce the fuel consumption in the medium term. We have successfully trialled the use of, and continue to use, biofuels in 13 of our vessels since 2020 and have equipped 37% of our vessels with a proprietary artificial intelligence-enabled smart vessel monitoring system.

Expand our relationships with, and scope of services provided to, our existing and new clients

We see a significant potential in further leveraging and strengthening relationships with our existing clients and expanding the scope of our services to new clients.

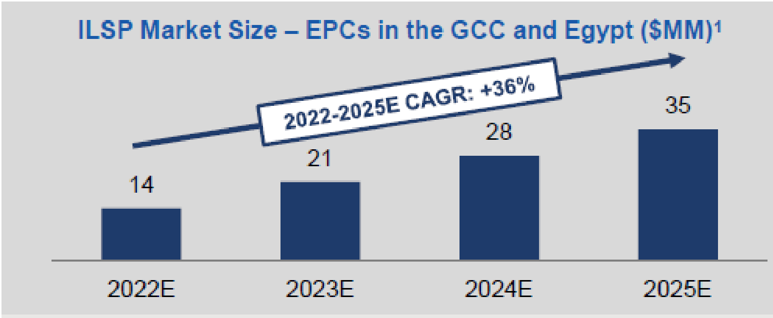
Shipping

As part of our growth strategy supported by our business plan and internal forecasting models, we intend to increase the scope of our international shipping services and our fleet size in the future to benefit from changing global trade patterns and forecasted growth of global oil and gas production, sulphur exports and global expansion of operations by our clients. According to MSI, there has been a structural underinvestment in exploration and production, which is likely to result in a widening of the supply-demand gap in the medium term. The Middle East is expected to increase its market share while providing over 40% of global oil and gas production growth volumes in this decade. The disruption of pipeline flows from Russia to Europe has opened up strategic opportunities for our business as the Middle East's seaborne export of oil and gas is expected to partially replace the supply of oil and gas from Russia to Europe. As a result, we expect a structural shift away from pipeline flows to seaborne trade in Europe. The oil and gas demand from South Asia and China is also expected to continue to increase beyond the current Russian inflows to such regions which further adds to our business' strategic opportunities in areas such as LNG shipping. See "*Industry Overview*". Our growth strategy is supported by four additional new VLCCs which are scheduled for delivery within 2023 and six new LNG carriers which are scheduled for delivery between 2025 and 2026. Our investment in the new LNG carriers reflects the increasing demand for LNG, especially as related to energy security, shifting logistics and the scarcity of available LNG tonnage in the long-term. We intend to grow our fleet further in the future. See "***—****Our Medium Term Targets*".

Integrated Logistics Services Platform (ILSP) Model

In March 2023, we together with ADNOC Offshore, launched our Integrated Logistics Services Platform (ILSP) at our base in Mussafah. We believe it is one of the largest turnkey offshore logistics offerings in the world designed to enable coordinated end-to-end management of energy logistics and maritime operations. We have created the ILSP as part of our ongoing commitment to support the continued growth of the region's energy sector. By managing all logistics requirements through one system designed to provide integrated end-to-end wholesale services covering all key services across the value chain, our ILSP services can significantly reduce project logistics costs with customers being invoiced in a unique, cost-per-tonne format instead of a standard asset lease model. We believe that our ILSP services has the potential to contribute significantly to the growth and margin expansion in our Integrated Logistics business unit in the future.

Since the adoption rate of the integrated logistics services solutions by other providers is currently low in the GCC region due the relative novel nature of such model, we expect our ILSP services to grow substantially in the future. We are one of the first offshore logistics providers to implement the ILSP model in the GCC region and are therefore well positioned to benefit from the adoption and implementation of ILSP by our existing and new clients in the UAE, the wider GCC region as well as other parts of the world. The following graph sets out the forecasted growth of the ILSP services for the engineering, procurement and construction ("**EPC**") sector in the GCC region and Egypt (Source: *KPMG*):



(1) KPMG analysis of the ILSP market forecast includes services, such as warehousing, material handling, port operations and supply vessels.

Offshore logistics services for the engineering, procurement and construction (EPC) sector

We aim to capture new growth areas by partnering with and supporting EPC contractors with offshore services, in particular through our jack-up barges which are required across all stages from development to decommissioning of a field, including dredging and construction of artificial islands. We are one of the largest owners and operators of self-propelled, self-elevating jack-up barges, a leading provider of offshore support vessels and subsea services in the GCC region, with operations across the UAE, KSA, Qatar and China. As a result, we believe that we are well positioned to add significant value to EPC contractors given our experience, existing infrastructure and asset base. We have been awarded four EPC projects since the end of 2021, including a recent contract signed with Samsung C&T to provide end-to-end logistics services to offshore islands, and have a significant pipeline of other projects at various stages of the tender process.

The demand for jack-up barge services is expected to grow in the future as a result of anticipated demand growth for rig-less operations, higher levels of planned oil production as well as ongoing and new EPC projects. In particular, the UAE, Saudi Arabia and Qatar, which have historically utilised jack-up barge services to a significant extent, are expected to further contribute to the demand increase for such services. Furthermore, as the global offshore wind farms sector grows due to the ongoing transition to renewable energy sources and increased focus on offshore wind capacity, we expect the demand for jack-up services to increase correspondingly since jack-up barges are used to set up and maintain offshore wind farms.

Enlarge geographic footprint and operations

Since 2020 we have increased our global gas shipping services through AW Shipping Limited while our jack-up barges fleet operates in KSA, Qatar and China. We intend to continue to pursue our growth strategy aimed at enlarging our geographic footprint and operations outside of the UAE opportunistically and in line with our growth strategy and targeted expansion plans while leveraging our relationship with the ADNOC Group companies. In particular, we believe that the increasing offshore energy exploration in North Africa and the GCC region, including in Morocco, Egypt, Sudan, Jordan, Saudi Arabia and Qatar, and demand for jack-up barges and offshore marine and other services in those and other regions, including in China and the Far East, present potential opportunities for our geographic expansion in the future.

Explore entering into new business verticals

We aim to actively explore entering into new business verticals, including services relating to decarbonisation, which we believe present further growth opportunities for our business. We intend to pursue this growth strategy by focusing on various verticals, including:

- Owning and operating green carriers, such as methanol and low-carbon ammonia as a carrier fuel for clean hydrogen. We are well positioned to support services in the low-carbon ammonia production in the UAE.

- Advising clients on decarbonisation, emissions abatement and other solutions with a view to growing our renewable energy services and supporting the broader decarbonisation agenda. For example, we aim to explore marine solutions aimed at lowering gas emissions.

- Exploring further opportunities and investments in the hydrogen vessels, storage and distribution sectors by leveraging Abu Dhabi's position as a leader in hydrogen in emerging international markets.

Our History

ADNOC L&S was established in 2016 by virtue of an Emiri Decree as Abu Dhabi Marine Business and Services Company "A public joint stock company" and a wholly-owned subsidiary of ADNOC, through the integration of several ADNOC entities (the combination Abu Dhabi National Tanker Company, Petroleum Services Company (ESNAAD) PJSC (established by the merger of Abu Dhabi Drilling Chemicals & Products and National Marine Services) and Abu Dhabi Petroleum Ports Operating Company (IRSHAD) (a joint venture between ADNOC and LAMNALCO) active in the tanker, gas carrier, logistics and infrastructure segments). ADNOC L&S is headquartered in Abu Dhabi, UAE.

Year	Milestone
1975	ADNOC established Abu Dhabi National Tanker Company.
1979	ADNOC and LAMNALCO agreed to form Abu Dhabi Petroleum Ports Operating Company (IRSHAD) as a joint venture between them.
1993	ADNOC established National Gas Shipping Company (NGSCO).
2003	Petroleum Services Company (ESNAAD) PJSC established by the merger of Abu Dhabi Drilling Chemicals & Products and National Marine Services.
2014	ADNOC acquired 100% of IRSHAD's share capital.
2016	ADNOC established ADNOC L&S through integration of ADNATCO, ESNAAD and IRSHAD.
2017	Transfer of business, assets and employees to ADNOC L&S from ADNATCO, ESNAAD and IRSHAD.
2020	ADNOC L&S, acting through Abu Dhabi Marine International Operations Holdings RSC Limited, entered into a joint venture with Wanhua Chemical (Singapore) Pte Ltd to establish AW Shipping Limited.
2021	ADNOC L&S acquires assets and resources from Speedy International Asset Services Equipment Rental LLC.
2022	ADNOC L&S acquired ZMI Holdings.
2023	In preparation for the Global Offering, in April 2023 we established our new holding company in the Abu Dhabi Global Market which holds 100% of shares of ADNOC L&S.

ZMI Holdings Acquisition

The ZMI Holdings Acquisition was part of our strategic value creation and growth program, reinforcing our commitment to deliver growth and drive investment in the UAE. We acquired one of the largest fleets of 23 self-propelled, self-elevating jack-up barges and 38 offshore support vessels operating across the UAE, KSA, Qatar and China. Since its establishment in the Emirate of Abu Dhabi in 1984, ZMI Holdings has significantly grown to provide a world-class service offering across the global offshore energy sector.

The ZMI Holdings Acquisition has significantly complemented our capabilities as owner and operator of a diversified advanced fleet of jack-up barges and complementary offshore support vessels and subsea services. ZMI Holdings has long-term contracts with a blue-chip client base consisting primarily of leading national oil companies ("**NOCs**"), international oil companies ("**IOCs**"), and EPC operators. We expect to derive significant synergies from the ZMI Holdings Acquisition as we integrate ZMI Holdings' services as part of our Integrated Logistics business unit.

Corporate Structure

As at the date of this Offering Memorandum, ADNOC holds 100% of the Company's issued share capital. The Company holds 100% of ADNOC L&S' issued share capital.

Operating Segments

In the year ended 31 December 2022, management of ADNOC L&S changed the manner in which the business is segmented and the level of reporting provided to the CODM. The CODM primarily uses EBITDA to monitor the performance of the business. Accordingly, the 2021 comparative segments have been restated to illustrate the revised structure in a consistent manner.

ADNOC L&S applies IFRS 8 Operating Segments. For management purposes, the business is organised into six operating segments (plus "others"): (i) tankers, (ii) gas carriers, (iii) dry-bulk shipping (which includes containers), (iv) offshore logistics services, (v) onshore logistics services, (vi) marine services and (vii) others. For reporting purposes, offshore logistics services and onshore logistics services are aggregated into one reportable segment which results in five reportable segments (plus "others"): (i) tankers, (ii) gas carriers, (iii) dry-bulk shipping (which includes containers), (iv) integrated logistics, (v) marine services and (vi) others.

We organise our reportable segments into three main business units (plus "Others"), by aggregating tankers, gas carriers and dry-bulk shipping reportable segments into one Shipping business unit, as follows:

- **Integrated Logistics**: comprising offshore logistics (which include services provided by ZMI Holdings, charter hire of offshore support vessels and barges and related services) and onshore logistics services. These two operating segments are aggregated into one reportable segment.

- **Shipping**: comprising the following operating segments, which are also reportable segments: (i) tankers; (ii) gas carriers and ship management services; and (iii) dry-bulk shipping (which includes containers).

- **Marine Services**: comprising marine terminal (including petroleum ports operations) and oil spill and hazardous and noxious substances response services which are aggregated in one reportable segment.

- **Others**: comprising one-off items and head office expenses classified separately by management to facilitate better understanding of the business and to ensure proper decision making. Finance income, finance costs, provision for expected credit losses, other income and other expenses which are largely non-operational costs are recorded under this segment to facilitate better decisions.

Selected Financial Information

The following table sets out the revenue of our business units and operating segments for the following periods:

	For the three-month period ended 31 March		Unaudited pro forma for the year ended 31 December 2022	For the year ended 31 December		
	2023	2022		2022	2021	2020
			USD '000			
Integrated Logistics	**350,956**	**127,232**	**1,258,076**	**923,015**	**428,616**	**428,315**
Shipping	**200,567**	**150,199**	**861,815**	**861,815**	**589,731**	**432,724**
Tankers	*95,800*	*42,304*	*334,570*	*334,570*	*158,100*	*169,100*
Gas carriers	*45,378*	*36,869*	*169,117*	*169,117*	*136,770*	*124,500*
Dry-bulk shipping	*59,389*	*71,026*	*358,128*	*358,128*	*294,861*	*139,124*
Marine Services	**40,654**	**35,526**	**167,343**	**167,343**	**172,456**	**154,854**
Others	-	-	-	-	-	-
Total Revenue	**592,177**	**312,957**	**2,287,234**	**1,952,173**	**1,190,803**	**1,015,892**

The following table sets out the EBITDA and EBITDA Margin for our business units for the following periods:

	For the three-month period ended 31 March		Unaudited pro forma for the year ended 31 December 2022	For the year ended 31 December		
	2023	2022		2022	2021	2020
	USD '000 except for percentages					
EBITDA[(1)]	**198,526**	**51,473**	**576,054**	**453,303**	**168,294**	**248,537**
Integrated Logistics	100,574	21,987	326,707	164,024	125,700	99,804
Shipping	83,091	29,205	275,441	275,441	103,341	86,472
Marine Services	8,132	3,129	27,089	27,089	35,923	40,311
Others	6,729	(2,848)	(53,183)	(13,251)	(96,670)	21,950
EBITDA Margin[(1)]	**34%**	**16%**	**25%**	**23%**	**14%**	**24%**
Integrated Logistics	29%	17%	26%	18%	24%	23%
Shipping	41%	19%	32%	32%	21%	20%
Marine Services	20%	9%	16%	16%	21%	26%

(1) For definitions of EBITDA and EBITDA Margin, see "*Presentation of Financial and Other Information—Non-IFRS Measures*". For reconciliation of EBITDA to profit, see "*Selected Historical Financial and Key Operating Information*" and "*Selected Unaudited Pro Forma Financial Information and Other Adjusted Unaudited Pro Forma Financial Information Data*".

The unaudited Pro forma EBITDA and Pro forma EBITDA Margin for the year ended 31 December 2022 are further adjusted to remove the impact of the loss on sale of vessels, plant and equipment by ZMI Holdings which is included in the Others segment as set out in the following table:

	For the year ended 31 December 2022
	USD '000 except for percentages
Adjusted unaudited pro forma EBITDA[(1), (2)]	**599,255**
Integrated Logistics	326,707
Shipping	275,441
Marine Services	27,089
Others	(29,982)
Adjusted unaudited pro forma EBITDA Margin[(1)]	**26%**
Integrated Logistics	26%
Shipping	32%
Marine Services	16%

(1) For definitions of Adjusted pro forma EBITDA and Adjusted pro forma EBITDA Margin, see "*Presentation of Financial and Other Information-Non—IFRS Measures—Adjusted Unaudited Pro Forma Non-IFRS Measures*".

The following table sets out the Adjusted EBITDA and Adjusted EBITDA Margin for our business units for the following periods:

	For the three-month period ended 31 March		For the year ended 31 December		
	2023	2022	2022	2021	2020
Adjusted EBITDA[(1)]	**198,526**	**51,473**	**453,303**	**259,210**	**248,537**
Integrated Logistics	100,574	21,987	164,024	103,341	99,804
Shipping	83,091	29,205	275,441	125,700	86,472
Marine Services	8,132	3,129	27,089	35,923	40,311
Others	6,729	(2,848)	(13,251)	(5,754)	21,950
Adjusted EBITDA Margin[(1)]	**34%**	**16%**	**23%**	**22%**	**24%**
Integrated Logistics	29%	17%	18%	24%	23%
Shipping	41%	19%	32%	21%	20%
Marine Services	20%	9%	16%	21%	26%

(1) For definitions of Adjusted EBITDA and Adjusted EBITDA Margin, see "*Presentation of Financial and Other Information—Non-IFRS Measures*". For reconciliations of EBITDA and Adjusted EBITDA to net profit for the period/year, see "*Selected Historical Financial and Key Operating Information*".

Selected Operating Fleet Data

The following table sets out details of our owned fleet as at 31 March 2023:

	As at 31 March 2023 [(1)]
Dry bulk	9
Container	3
Tanker	22[(2)]
Gas	22[(3)]
Offshore logistics	101
Jack-up barges[(4)]	23
Marine Services	65[(5)]

(1) Including vessels which are either contractually committed or contracted and under construction for scheduled delivery between 2023 and 2026.

(2) Including four vessels which have been ordered and are scheduled to be delivered within 2023.

(3) Including (i) six VLGCs owned by AW Shipping Limited and (ii) six LNG carriers which have been ordered for scheduled delivery between 2025 and 2026.

(4) Jack-up barges acquired as part of the ZMI Holdings Acquisition.

(5) Including 39 vessels for marine terminal operations and 26 oil spill response vessels. Includes two mini dive support vessels and two ASD tugs under construction.

Integrated Logistics

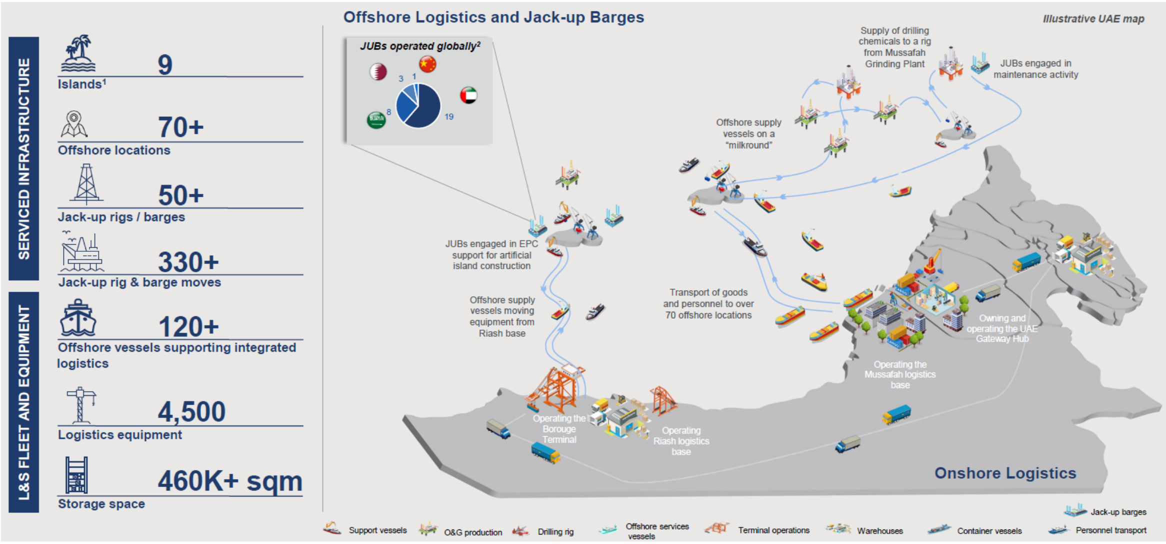
We believe our Integrated Logistics business unit is one of the largest end-to-end, fully integrated energy logistics services providers.

We provide a variety of services, including (i) logistics solutions, such as warehousing (managed or leased out) from bases in Mussafah, Ruwais, Riash and KEZAD Gateway; (ii) end-to-end supply chain logistics solutions, such as warehouse management, materials handling, waste management, aids to navigation maintenance, offshore logistics and rig/barge move services to ADNOC Offshore; (iii) provision of owned offshore support vessels and jack-up barges on chartering bases; (iv) provision of passenger terminal handling and marine passenger transportation to offshore locations from Mina Zayed Port; (v) provision of other EPC-related offshore logistics services; (vi) tender, manage and operate all offshore support vessels and lift boat requirements (owned and chartered) for ADNOC Offshore; (vii) provision of subsea services (internally and externally) including remotely operated underwater vehicle operations and inspection, maintenance and repair services at single point mooring for the facilities of all ADNOC Group companies; and (viii) supplying barite and bentonite to ADNOC Onshore and ADNOC Offshore pursuant to long term agreements.

We own and operate one of the largest fleets of 31 self-elevating jack-up barges and an additional fleet of 101 owned offshore support and passenger transport vessels (and additional approximately 90 operated vessels), including anchor handling tug, platform supply, safety standby and well stimulation vessels and landing craft and crew boats.

We provide integrated logistics solutions for the energy sector and have a strategic presence in all ADNOC offshore and onshore sites, enabling fast response to client needs. Our operations are conducted through a vast integrated logistics network, including nine natural and artificial islands, more than 70 offshore locations, more than 50 jack-up rigs and supporting barges. We operate more than 330 jack-up rig and barge moves, more than 190 offshore vessels supporting integrated logistics, 4,500 logistics equipment items and more than 460,000 square metres of storage space (as of 31 December 2022).

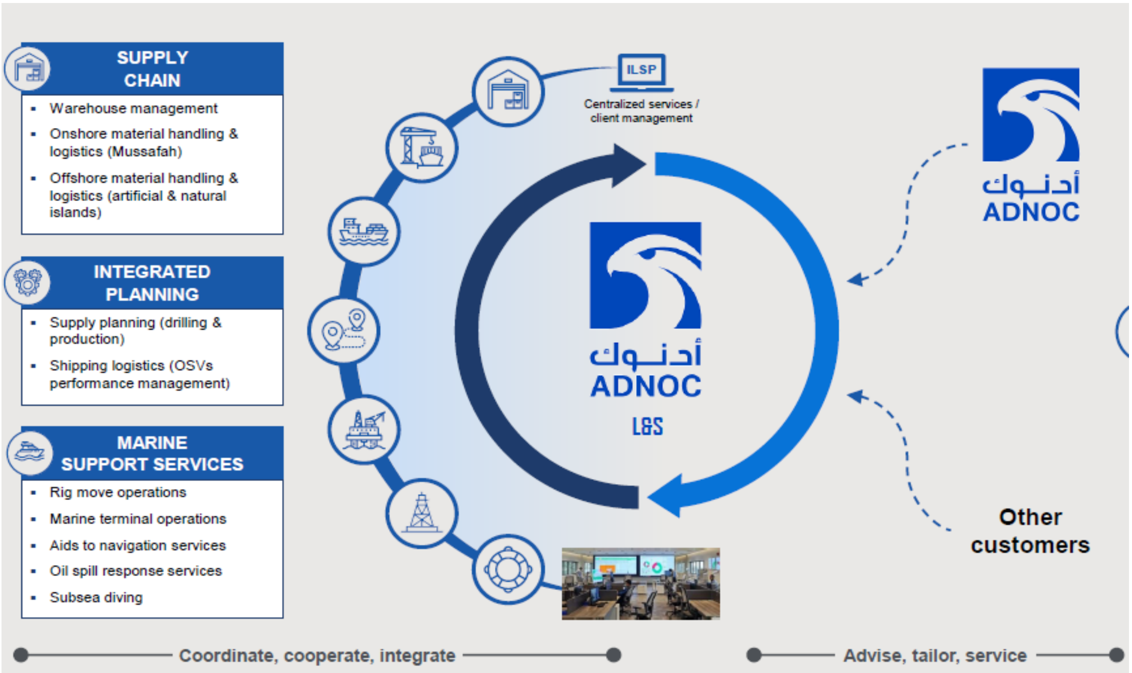
The following illustrative diagram sets out our operations in the Integrated Logistics business unit as at 31 March 2023:



(1) Including 3 natural islands and 6 artificial islands.

(2) Total number of jack-up barges includes 23 owned and eight operated vessels.

The following illustrative diagram sets out our centralised, one-stop business model:



Business Lines

Our Integrated Logistics services are provided through three main business lines: (i) offshore logistics, (ii) onshore logistics, and (iii) jack-up barges.

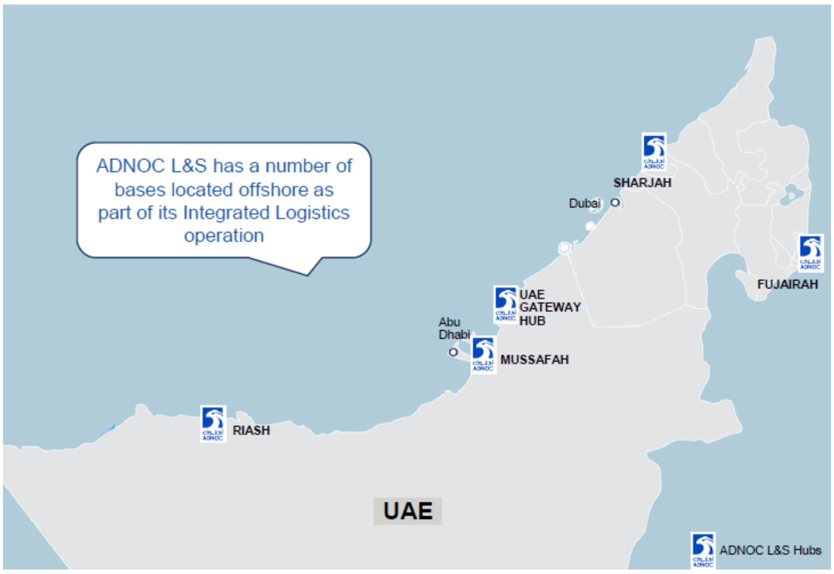
Offshore Logistics

Offshore logistics is the largest business line in our Integrated Logistics business unit. Key services provided by the offshore logistics segment also include offshore managed hubs, material and equipment handling, facility servicing, mini dive support services, chartering, cargo and supply, personnel transport, safety and intervention services and other projects / EPC-related logistics services. Offshore logistics manages an extensive fleet, including, 101 owned offshore support and passenger transport vessels (and additional approximately 90 operated vessels), including anchor handling tug, platform supply, safety standby and well stimulation vessels and landing craft and crew boats as well as three ferries transporting approximately 130,000 passengers per year.

Furthermore, we operate major logistics bases and warehouses with 243 terminal handling equipment units, including six quay cranes and eighteen rubber tyre gantries. We view the offshore logistics business line as a source of future potential growth with the ADNOC Group companies and other parties, including through EPC-related services as well as being capable of providing additional services to clients that meets the evolving market landscape in the UAE and beyond.

Key clients of our offshore logistics business line are ADNOC Offshore, ADNOC Onshore and ADNOC Drilling. ADNOC Offshore operates across a vast area of approximately 250km^2, with key offshore fields including Zakum, Umm Lulu, Nasr and the Hail and Ghasha mega-project, being one of the world's largest offshore sour gas developments that is set to play a key role in helping the UAE achieve gas self-sufficiency. The Hail and Ghasha concession is set to expire by 2058.

The following illustrative diagram sets out our offshore bases and hubs servicing ADNOC's oil and gas fields:



Approximately 93% of our revenue from the offshore logistics business line for the year ended 31 December 2022 (pro forma for the ZMI Holdings Acquisition) was derived from services contracted to the ADNOC Group companies, primarily under the ILSP Agreement signed with ADNOC Offshore in May 2022 and the Hail and Ghasha Integrated Logistics Technical Services Agreement signed in October 2022. See "—*Material Agreements—Integrated Logistics—ILSP Agreement*" and "—*Material Agreements—Integrated Logistics—Hail and Ghasha Integrated Logistics Technical Services Agreement*".

The following table sets out our owned fleet in the offshore logistics business line (excluding offshore support vessels of ZMI Holdings) as at 31 March 2023:

Vessel	Built	Age (years)	Capacity (DWT)	Number of vessels
Crew Boats				
ADNOC 110	2007	15	150	1
ADNOC 151	2007	15	150	1
ADNOC 152-159	2011-2012	10-11	4	8
ADNOC C03	2022	0	144	1
Platform Supply				
ADNOC 850-851	2006-2008	14-16	1,263	2
ADNOC 221	2005	17	2,177	1
ADNOC 222-230	2015-2016	6-7	1,046-2,216	9
Offshore Supply				
ADNOC F01	2016	8	35	1
ADNOC S01-S02	2015-2016	6-7	1,724-3,757	2
ADNOC C02	2018	4	24	1
ADNOC B01	2016	8	n.a.	1

Passenger				
Ameer Al Kouloub	2013	9	86	1
Yasat – Ghagha 1	2015	7	56	2
ADNOC C01	2017	5	27	1
Safety Standby				
ADNOC 710-712	2008-2011	11-14	300-808	3
Fast Intervention				
ADNOC 810-812	2009-2010	12-13	370-425	3
ADNOC 251-252	2012	10	313-320	2
ADNOC 713-715	2009-2012	10-13	310-338	3
ADNOC W01	2014	8	4,811	1
ADNOC 250	2012	10	300	1
Anchor Handling				
ADNOC A01	2008	14	313	1
ADNOC A02-A06	2008-2013	9-14	326-1,903	5
ADNOC 510-511	2006	16	1,254-1,266	2
ADNOC 512-513	2008	14	1,269	2
Dive Support				
Aradah	2012	10	n.a.	1
Tawam-1	2015	7	n.a.	1
JASH	1983	39	n.a.	1
Maintenance				
ADNOC 950-952	2007	15	693-1,753	3
ADNOC 1010-1011	2010	12	1,400-2,171	2

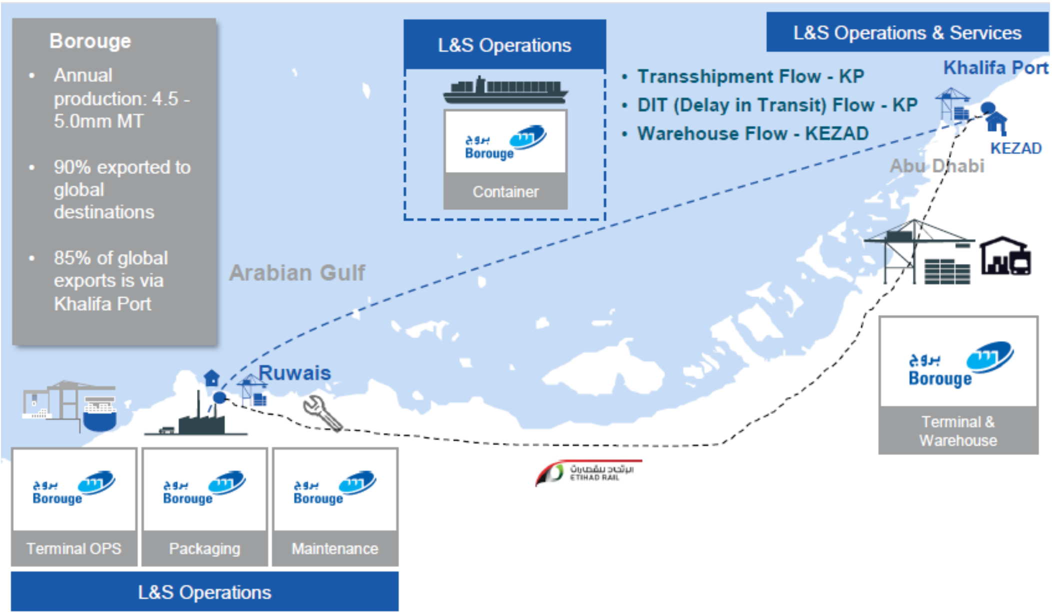
Onshore Logistics

Onshore logistics provides a variety of logistics solutions, including warehousing and material management, packaging and container terminal operations as well as jetty services and operations through a number of bases:

- **Borouge Container Terminal in Ruwais** in the Emirate of Abu Dhabi, with 760 thousand twenty-foot equivalent units annual throughput capacity and through which we provide shipping services in respect of more than 3.5 million metric tonnes of cargo a year.

- **KEZAD Gateway** in the Emirate of Abu Dhabi, which comprises (i) a warehouse which is one of the largest warehouses in the Middle East, developed as a advanced polymer storage hub and is designed to enables Borouge to store 180,000 tonnes of polyolefins, with 2.5 million tonnes per year throughput and (ii) the Khalifa Port. KEZAD Gateway provides terminal handling, warehousing operations and related services (including warehousing facilities, logistics operations and transhipment services catering to Borouge export products to worldwide destinations) at the Khalifa Port for all Borouge polymers. In addition, over 200,000 square metres of land within the 609,071 square metres plot can be further developed to support expansion of the hub facility to meet future demands. The base currently uses existing container terminal facilities and will also have access to any future railway networks inside the Khalifa Port.

- The following illustrative map sets out our operations at the Ruwais container terminal and KEZAD Gateway:



- **Logistics base in Musaffah** in the Emirate of Abu Dhabi. At over 1.5 million square meters, Mussafah is one of the largest integrated energy supply bases in the UAE and can accommodate an average of 4,500 port calls per year. It provides onshore and offshore logistics services to the ADNOC Group companies and other clients, including warehousing to more than 70 offshore locations, including nine islands (three natural islands and six artificial islands). It is capable of providing its port services and material handling through 14 berths, 78 forklifts and more than 360 vessels PCM, 760 specialist manpower and eight heavy lift cranes that can carry between 60 and 220 tonnes. Through this base we also supply barite and bentonite from the Mussafah logistics base to ADNOC Onshore and ADNOC Offshore. The base comprises a 870 metre quayside jetty, a grinding plant, warehouses, offices and open yard space. We provide our ILSP offering through the state-of-the-art integrated planning centre located at the Musaffah base.

- **Riash logistics base** in the Emirate of Abu Dhabi, includes warehousing space at Ruwais and loading areas alongside four vessel jetties. The base is capable of receiving international cargo, loading, packing and reshipping materials, and is currently undergoing development to expand footprint and capabilities including lengthening jetties and expanding warehousing space.

- **Fujairah base**, through which the oil spill and hazardous and noxious substances response department will have the ability to respond to any incident within a target response time of three hours. In addition, an oil spill response vessel will be stationed within the Port of Fujairah and can be serviced effectively from the facility.

Substantially all of our revenue from the onshore logistics business line for the year ended 31 December 2022 (pro forma for the ZMI Holdings Acquisition) was derived from services contracted to the ADNOC Group companies. See "—*Material Agreements*".

<u>*Jack-up Barges*</u>

We own 23 jack-up barges and operate further eight jack-up barges (following novation of certain contracts with ADNOC Offshore). Jack-up barges have a full life of field focus from drilling to construction and operations, maintenance and modification as well as decommissioning, providing a "one stop shop" solution for our clients. The fleet is technologically advanced and operates in the UAE (19 jack-up barges), KSA (8 jack-up barges), Qatar (3 jack-up barges) and has recently deployed its first jack-up barge in the offshore wind sector in China.

Key services provided in this business line include well services, maintenance, accommodation and certain other services, such as third-party chartering and subsea / EPC services. Key clients in this business line include: (i) NOCs with a relationship length of up to 30 years; (ii) IOCs, with a contractual relationship length of up to 15 years; (iii) engineering, procurement and construction companies with a contractual relationship length of up to 20 years; and (iv) other companies with a contractual relationship length of up to 15 years.

We are focused on reducing our overall expenses with a view to maintaining competitiveness. As part of this process, we maintain a young asset base and apply a robust maintenance and real-time monitoring process aimed at quick turnaround times for repairs combined with a long-term contract framework for our jack-up barges services. Our versatile fleet allows for a range of capabilities and a wide scope of services, such as in respect of the oil and gas wells, renewables, accommodation and construction.

Due to the nature of the brownfield projects and operational expenditure driven activity in which jack-up barges are employed, client turnover in this business line tends to be low. Due to the high replacement costs of switching the jack-up barges in an existing project, end clients typically prefer extending existing contracts to ensure continuity of business in a cost-efficient manner under jack-up barges services contracts which typically extend up to 5 years.

Approximately 42% of our revenue from the jack-up barges business line for the year ended 31 December 2022 (pro forma for the ZMI Holdings Acquisition) was derived from services contracted to the ADNOC Group companies.

The following table sets out certain technical specifications and capabilities of our jack-up barges fleet as at 31 March 2023:

Number of Owned Jack-Up Barges:	23
Average age:	6 years
Operating depth:	60 – 112 meters
Crane capacity:	100 – 400 metric tonnes
Deck tonnage:	4.1 – 10.0 (metric tonnes / square meter)
Operating parameters of the fleet:	Highly versatile in supporting oil and gas ("**O&G**") and offshore wind farm ("**OFW**") operations in shallow water
Core capability:	O&G: maintenance, modification and well services, OFW maintenance s
Potential capability:	O&G construction and decommissioning, OFW construction

The fleet of jack-up barges was built over the past 10 years. The number of owned jack-up barges increased by one from sixteen to seventeen between 2020 and 2021 while six jack-up barges were added to the fleet in 2022. The fleet of owned jack-up barges has historically achieved what we believe are best-in-class utilisation rates (calculated from the start day of the operations if a vessel is acquired during a year) and ranged from approximately 81% in 2020, to 91% in 2021 and 94% in 2022.

The following table sets out certain technical specifications of our owned jack-up barges fleet as at 31 December 2022:

Vessel	Built	Operating depth (m)	Main Crane Capacity (tonnes)	Auxiliary Crane Capacity (tonnes)	Deck space (m^2)	Deck Tonnage (tonnes/m^2)
Patriot	2002	60	156	103.0	450	4.1
QMS Al Oula	2010	65	181	181.0	1,000	10.0
QMS Conquest	2011	65	210	181.0	1,000	5.0
QMS Gloria	2012	65	226	226.0	850	5.0
QMS Constructor	2015	60	190	20.0	1,600	5.0
QMS Lulwa	2015	65	190	20.0	1,600	5.0
QMS Supporter	2016	60	190	20.0	1,500	5.0
QMS Pearl	2016	60	190	20.0	1,500	5.0
QMS Pride	2016	60	190	20.0	1,500	5.0
QMS Subhiya	2014	112	181	63.5	1,350	10.0
QMS Achiever	2017	80	190	50.0	1,900	7.5

QMS Al Shahama	2018	60	190	20.0	1,500	5.0
QMS Sentinel[(1)]	2018	80	600	50.0	1,900	7.5
QMS Al Bahia	2019	65	190	20.0	1,500	5.0
QMS Al Maryah	2019	65	190	20.0	1,500	5.0
QMS Surprise II	2019	65	190	20.0	1,500	5.0
QMS Omar	2019	80	100	20.0	1,300	7.5
QMS BaniYas	2019	65	190	20.0	1,500	5.0
QMS Gladiator	2019	85	400	50.0	1,850	7.5
QMS Nouf	2019	80	100	20.0	1,300	7.5
QMS Marwa	2019	70	300	15.0	1,000	5.0
Surprise XI	2019	60	200	20.0	1,450	5.0
QMS Al Shahama II	2020	65	190	20.0	1,500	5.0

(1) QMS Sentinel has two main cranes each with a capacity of 300 tonnes.

Shipping

We offer market-leading commercial and ship management and well as chartering services for the transport of crude oil, refined products, dry bulk and gas ensuring reliable supply of energy and bulk commodities to all our clients. Our fleet is diversified across dry bulk and container, tankers and gas shipping.

As at 31 March 2023, we owned and operated one of the largest diversified, modern and advanced shipping fleets in the GCC region of more than 500 modern and technologically advanced vessels, including 56 owned vessels, six VLGCs owned by AW Shipping Limited and vessels which are either committed or contracted and under construction for scheduled delivery between 2023 and 2026, of which 46 were on water. As part of our growth strategy, we seek to grow the fleet of our owned vessels in the future. As at 31 December 2022, the average age of our owned fleet was approximately 11 years (excluding the new-build ordered vessels, which will reduce the fleet's average age).

The following chart sets out an overview of our fleet of owned vessels as at 31 March 2023, including ordered vessels and vessels owned by AW Shipping Limited:

	Dry Bulk and Container	**Tankers**	**Gas**
Owned vessels (+ orderbook): [(1)]	9 dry bulk and 3 container	18 (+4)[(2)]	16 (+6)[(3)]
Average age:[(4)]	Dry bulk: 8 years Container: 13 years	6 years	17 years
Type of shipping services:	Vessels trade globally for both the ADNOC Group companies and other clients Bulkers typically transport sulphur, grain, fertilizers and coal Container vessels are engaged in a domestic UAE trade from Ruwais to Jebel Ali / Khalifa Port Vessels carry containerised polymers under a contract of affreightment with Borouge	VLCCs carry crude oil per voyage in long haul trades (all eco-friendly vessels, either scrubber fitted or LNG duel fuel) Five long range 2 vessels are scrubber fitted Product tankers transport refined petroleum products	Cryogenic containment systems for LNG and LPG transportation New build LNG and LPG flee built with advanced technology committing to greener shipping while maximising value from the energy value chain Including one molten sulphur vessel
Key contractual terms:	Dry bulk contracts mainly on a spot basis (excluding the Ghantout vessel) Container contracts on approximately 3-year time charter	Crude and clean vessels mainly on a spot basis 20-year time charter for chemical vessels	Up to 15-year time charter
Fleet capabilities:	Handysize, supramax, ultramax and container vessels	Long range 1, long range 2, VLCC, chemicals tanker	LNG, LPG and molten sulphu
DWT ('000)	Dry bulk: 507 Container: 67	2,439	872

(1) Including vessels which are either contractually committed or contracted and under construction for scheduled delivery in the medium term.
(2) Including four vessels which have been ordered and are scheduled to be delivered within 2023.
(3) Including (i) six VLGCs owned by AW Shipping Limited and (ii) six LNG carriers which have been ordered for scheduled delivery between 2025 and 2026.
(4) Age as at 31 December 2022, excluding the new vessels ordered for scheduled delivery date between 2023 and 2026.

Business lines

Our Shipping business unit is comprised of three business lines which are also our separate reportable segments: (i) dry-bulk shipping (which includes containers), (ii) tankers, and (iii) gas carriers.

Our contracted shipping fleet allows us to generate a stable baseline level of revenue and earnings and provides protection against material movements in spot rates. The share of our revenue from Long-Term Agreements for the year ended 31 December 2022 for the three business lines amounted to approximately 14% in the dry-bulk shipping business line (in respect of containers only since the dry-bulk shipping operates on a spot basis), approximately 3% in the tankers business line and approximately 79% in the gas carriers business line. Levels of contracted revenue are expected to grow in the future following scheduled delivery of ten additional vessels between 2023 and 2026.

We have established long-standing relationships with a diverse client base. The ADNOC Group companies are our key clients of our Shipping business unit, in particular ADNOC Gas and Borouge. Further, we provide shipping services to leading international energy and bulk transport companies, including NOCs, commodity trading, energy, shipping, chemicals and refining sectors. With a diversified client base across the crude, products, LNG/LPG and dry-bulk shipping segments we are able to foster a worldwide presence, with vessels capable of meeting a wide variety of client needs.

Dry-bulk shipping

Our dry-bulk shipping business line contributed 42% of our total revenue in the Shipping business unit for the year ended 31 December 2022.

The dry-bulk fleet consists of nine owned vessels and a significant number of chartered-in vessels designed to capture attractive opportunities as they arise in the market. Our dry-bulk shipping business line transports all of ADNOC Gas sulphur export (4.2 million metric tonnes transported in 2022) and we expect to increase the sulphur export volumes to approximately 6.0 million metric tonnes as well as the freight for third party traders purchasing sulphur from the ADNOC Group companies. Additionally, the dry-bulk shipping business line transports 0.75 million metric tonnes of petcoke exports throughout the UAE, with some green petcoke ad hoc sales also transported globally. Our container business is engaged in the domestic UAE trade transporting containerised polypropylene under a contract of affreightment with Borouge.

The residual contract length in respect of our owned containers was approximately two years as at 31 December 2022. As at 31 December 2022, more than 90% of our owned dry-bulk and container fleet had an average age of less than 11 years.

Our dry-bulk shipping services are provided though owned and chartered-in vessels. Third party vessels are chartered-in for different requirements, such as single voyage cargoes, single voyages trips and period charterers up to one year in duration. The growth of our dry-bulk shipping business line benefits from a number of factors, including shipping of all of sulphur and petcoke exports of the ADNOC Group companies under cost and freight terms which we combine with a policy of seeking arbitrage opportunities for our owned fleet in light of market tonnage for cargo execution and volumes of transported products by clients outside of the ADNOC Group.

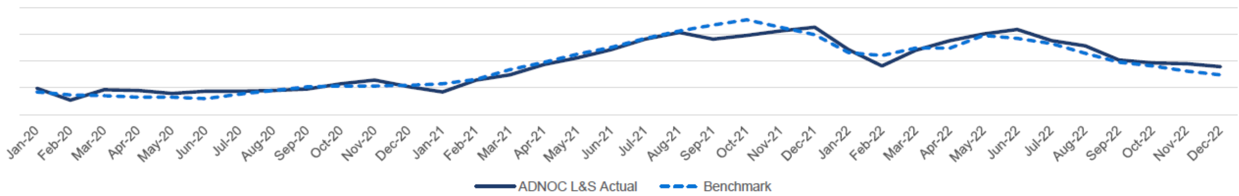
Between 2020 and 2022 we recorded an approximate 17% increase in transported dry-bulk volumes from 6.8 million metric tonnes transported in 2020, to 8.5 million metric tonnes transported in 2021 and 8.0 million metric tonnes transported in 2022, with increasing volumes transported for clients outside of the ADNOC Group. Furthermore, we recorded an approximate 11% increase in the number of executed dry-bulk voyages with owned and chartered tonnage for the ADNOC Group companies and other clients' cargoes from 154 in 2020, to 177 in 2021 and 193 executed in 2022.

The following table sets out selected financial information for our dry-bulk shipping business line:

	For the year ended 31 December		
	2022	**2021**	**2020**
		USD million	
Revenue	**358**	**295**	**139**
Owned	*143*	*133*	*64*
Managed / operated	*215*	*161*	*76*
Gross profit	**94**	**78**	**13**
Capital expenditure	**2**	**35**	**89**
Growth	*-*	*22*	*86*
Maintenance	*2*	*13*	*3*

The number of days on which our owned vessels generated revenue was 4,337 in 2022, 4,066 in 2021 and 3,358 in 2020.

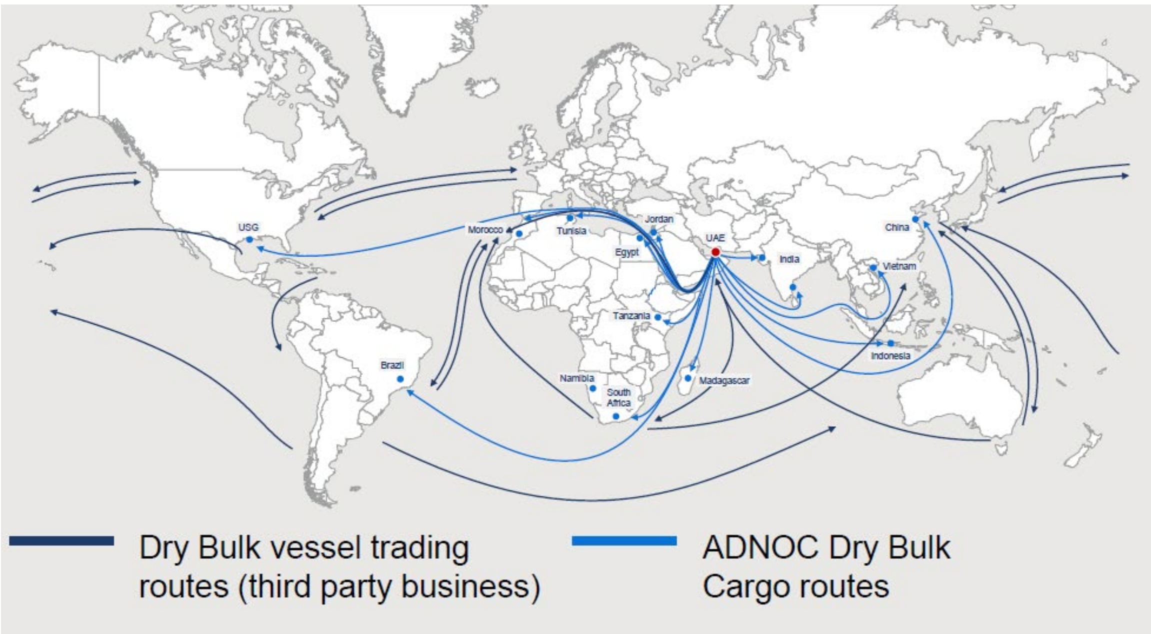
The following graph sets out our achieved TCE rates for our dry-bulk shipping business line compared to the industry benchmark (Baltic Dry Index) in U.S.$ per day:



The total number of owned vessels was 12 in 2020, 11 in 2021 and 12 in 2022. The following table sets out certain information about our owned dry-bulk and container fleet as at 31 March 2023:

Vessel Name	Type	Built	Age (years)	Capacity (DWT)	Pricing Methodology
Dry bulk					
Al Jimi	Ultra Max	2017	5	63,000	Spot
Al Karama	Ultra Max	2019	3	64,000	Spot
Al Dhafra	Ultra Max	2019	3	63,000	Spot
Al Wathba	Ultra Max	2019	3	63,000	Spot
Abu Al Abyad	Supramax	2011	11	57,000	Spot
Al Yasat – II	Supramax	2011	11	57,000	Spot
Butinah	Supramax	2011	11	57,000	Spot
Ras Ghumays – I	Supramax	2011	11	57,000	Spot
Ghantout	Handysize	2011	11	23,200	Spot
Container					
Al Bazm – II	Container	2011	11	13,900	Contracted
Al Reem I	Container	2006	16	38,700	Contracted
Al Sadar – I	Container	2011	11	13,900	Contracted

Our dry-bulk fleet trades global routes carrying cargoes for both ADNOC and non ADNOC clients, with container volume being exported from Ruwais to Jebel Ali and Khalifa Port:



Tankers

Our tankers business line contributed 39% of our total revenue in the Shipping business unit for the year ended 31 December 2022.

Our fleet consists of VLCCs, long range 1 ("**LR1**") and long range 2 ("**LR2**") vessels as well as specialised chemical tankers and chartered-in vessels designed to capture attractive market opportunities although chartering-in of vessels has historically been limited. Since 2020 our trading footprint has expanded to a global scale including the USA, West Africa, Caribbean, South America and the Far East, having signed co-operation agreements with ADNOC Trading and ADNOC Global Trading which is among one of the largest traders of certain refined products to the east of Suez. With a growing shift from free on board ("**FOB**") to cost and freight ("**CFR**") model of our operations, we expect to see more volumes managed through our subsidiary Abu Dhabi Marine International Chartering Holdings, which provides services to ADNOC Trading and ADNOC Global Trading.

Contracted revenue in our tankers business line is generated by chemical tankers only while the majority of the tankers shipping is contracted on a spot basis.

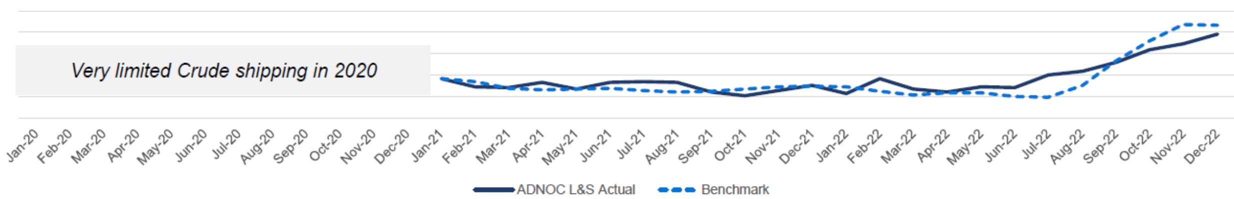
Between 2020 and 2022 we recorded a significant increase in transported crude and other product cargoes volumes (excluding coastal movements by ADNOC Distribution) from 0.3 million metric tonnes of crude and 3.4 of other products transported in 2020, to 4.2 million metric tonnes of crude and 7.0 million metric tonnes of other products transported in 2021 and 6.2 million metric tonnes of crude and 8.4 million metric tonnes of other products transported in 2022 driven primarily by expansions of our fleet in 2021.

The following table sets out selected financial information for our tankers business line:

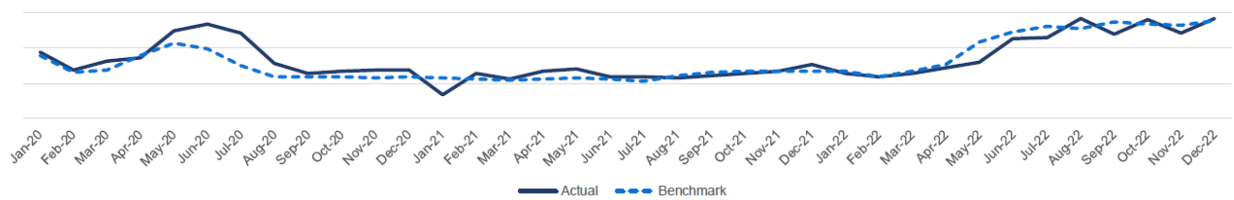
	For the year ended 31 December		
	2022	2021	2020
		USD million	
Revenue	**335**	**158**	**169**
Spot	*316*	*113*	*76*
Contracted	*11*	*20*	*20*
Other	*8*	*25*	*73*
Gross profit / (loss)	**69**	**(33)**	**15**
Capital expenditure	**127**	**512**	**178**
Growth	*117*	*494*	*168*
Maintenance	*11*	*18*	*10*

The number of days on which our owned vessels generated revenue was 6,504 in 2022, 5,368 in 2021 and 3,294 in 2020.

The following graph sets out our achieved TCE rates in our tankers business line (crude oil tankers) compared to the industry benchmark (Clarkson index) in U.S.$ per day:



The following graph sets out our achieved TCE rates in our tankers business line (product tankers) compared to the industry benchmark (Clarkson index) in U.S.$ per day:

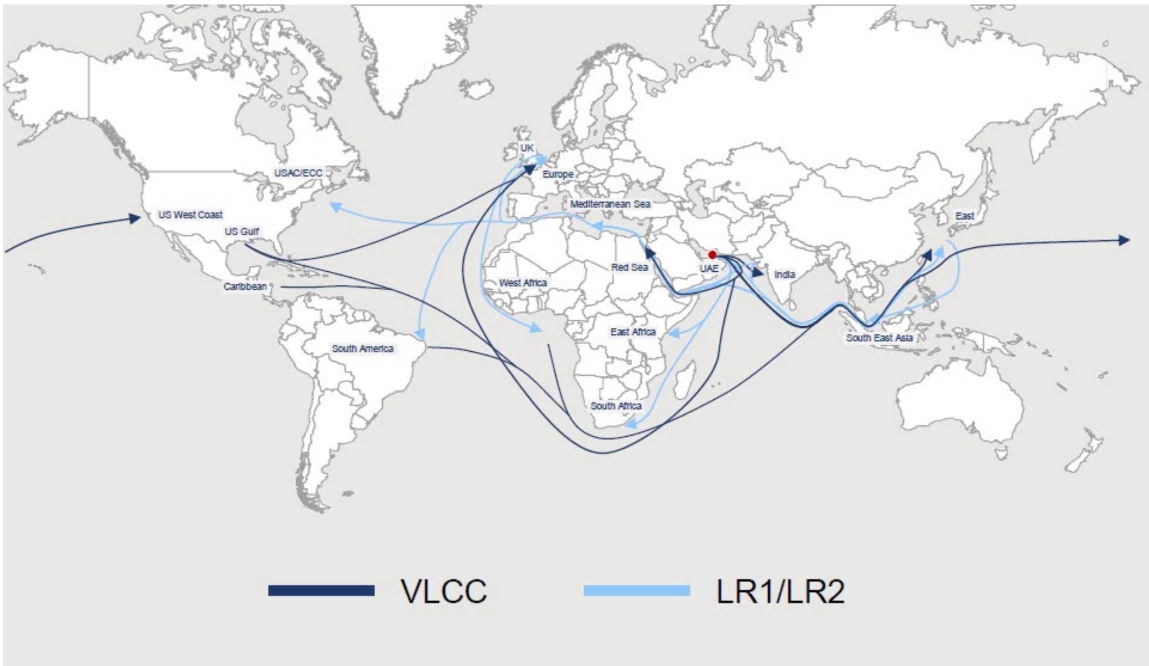


The total number of owned vessels was 9 in 2020, 19 in 2021 and 18 in 2022. The following table sets out certain information about our owned tanker fleet as at 31 March 2023, including ordered vessels:

Vessel Name	Type	Built	Cargo	Capacity (DWT)	Pricing Methodology
Existing Vessels					
Bani Yas	LR1	2010	Clean petroleum product	74,900	Spot
Diyyinah - I	LR1	2011	Clean petroleum product	75,000	Spot
Mezairaa	LR1	2011	Clean petroleum product	74,900	Spot
Yamilah - III	LR1	2011	Clean petroleum product	74,900	Spot
Abu Dhabi - III	LR2	2011	Clean petroleum product	105,100	Spot
Liwa - V	LR2	2011	Clean petroleum product	105,200	Spot
Al Bateen	LR2	2020	Clean petroleum product	114,700	Spot
Al Falah	LR2	2021	Clean petroleum product	114,800	Spot
Al Khtam	LR2	2021	Clean petroleum product	114,600	Spot
Al Ruwais	LR2	2021	Clean petroleum product	114,700	Spot
Jarnain	LR2	2021	Clean petroleum product	114,800	Spot
Tarif	LR2	2021	Clean petroleum product	114,800	Spot
Das	VLCC	2019	Crude oil	300,000	Spot
Hili	VLCC	2019	Crude oil	300,000	Spot
Barakah	VLCC	2021	Crude oil	307,900	Spot
Zakum	VLCC	2019	Crude oil	300,000	Spot
Al Samha	Chemical	2010	Clean petroleum product	17,500	Contracted
Umm Al Lulu - I	Chemical	2008	Clean petroleum product	15,200	Contracted
Ordered Vessels					
5485 (Hull) Daewoo	VLCC	2023[1]	Crude oil	300,000	Spot
5486 (Hull) Daewoo	VLCC	2023[1]	Crude oil	300,000	Spot
5487 (Hull) Daewoo	VLCC	2023[1]	Crude oil	300,000	Spot
5507 (Hull) Daewoo	VLCC	2023[1]	Crude oil	300,000	Spot

(1) Scheduled delivery date.

Our tanker fleet shipping routes are generally from the Arabian Gulf and West Africa to the Far East, Southeast Asia and Australia:



Gas carriers

Our gas carriers business line contributed 19% of our total revenue in the Shipping business unit for the year ended 31 December 2022.

Revenue from our gas carriers business line is predictable because the vessels, including vessels owned by AW Shipping Limited, operate mainly under long term time charters, including the LNG/LPG carriers which operate on time charters. We are targeting an increase in revenue in the gas carriers business line going forward following delivery of six new LNG carriers that are scheduled for delivery between 2025 and 2026, five of which are already contracted on long-term charters from seven years (one vessel) to fifteen years (four vessels). Our investment in the new LNG carriers reflects the increasing demand for LNG, especially as related to energy security, shifting logistics and the scarcity of available LNG tonnage in the long-term.

As at 31 December 2022, the total residual contract length in the gas carriers business line was approximately seven years with a total contracted revenue of approximately 79% for the year ended 31 December 2022.

Our strong focus on profitability and cost discipline is aimed at creating additional value, extending the fleet life and taking advantage of subdued market conditions to add new vessels. Through our LNG fleet life extension programme, we invested in legacy LNG carriers to extend their usable life to over 35 years. For example, we charter certain of our legacy vessels, securing long term charters through floating storage unit ("**FSU**") and floating storage regasification units ("**FSRU**") arrangements which allows us to monetise such assets for further 11 to 15 years.

Our ongoing focus on maximising value enables us to continue our investment in new vessel technologies with a focus on reducing fuel consumption and emissions. Our new LNG carriers are built with a 40-year lifespan and advanced technological features including optimised hull form, high efficiency propellers, twin skeg propulsion and air lubrication system. The new vessels are designed to improve fuel consumption in gas mode by approximately 8% and by 6% in diesel fuel mode.

We transported 4.7 million metric tonnes of gas-related cargo in each of 2020 and 2021 and 4.3 million metric tonnes of gas-related cargo in 2022 under Long-Term Agreements.

The following table sets out selected financial information for our gas carriers business line:

	For the year ended 31 December		
	2022	**2021**	**2020**
		USD million	
Revenue	**169**	**137**	**124**
Contracted	*164*	*124*	*124*
Other	*5*	*12*	*-*
Gross profit	**68**	**50**	**48**
Capital expenditure	**147**	**84**	**25**
Growth	*122*	*49*	*-*
Maintenance	*25*	*35*	*25*

The number of days on which the owned vessels generated revenue was 3,650 in 2022, 3,206 in 2021 and 3,270 in 2020.

The total number of owned vessels was 9 in 2020, 9 in 2021 and 10 in 2022. As at 31 March 2023, AW Shipping Limited owned additional six VLGCs (one delivered in 2021, four delivered in 2022 and one delivered in February 2023).

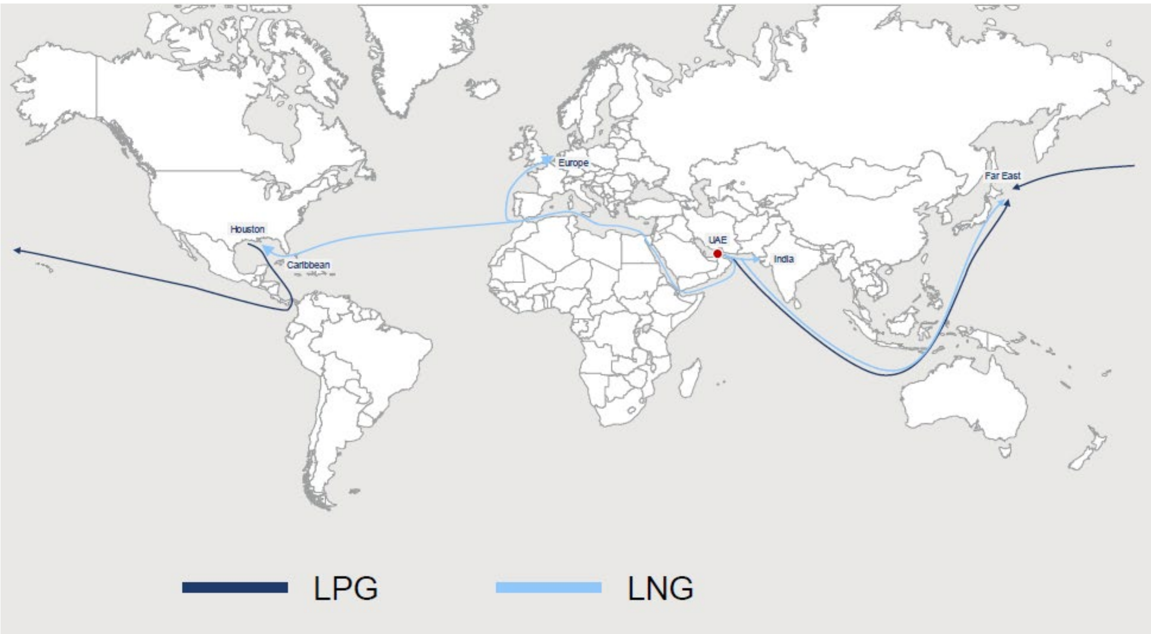
The following table sets out certain information about our own gas fleet, including vessels owned by AW Shipping Limited and ordered vessels, as at 31 March 2023:

Vessel Name	**Type**	**Built**	**Holding**	**Capacity (DWT)**	**Pricing Methodology**
Existing Vessels					
Al Hamra	LNG	1997	100%	73,000	Contracted
Al Khaznah	LNG	1994	100%	71,500	Contracted
Ghasha	LNG	1995	100%	71,600	Contracted
Ish	LNG	1995	100%	71,600	Contracted
Mraweh	LNG	1996	100%	73,000	Contracted
Mubaraz	LNG	1996	100%	73,000	Contracted
Shahamah	LNG	1994	100%	71,900	Contracted
Umm Al Ashtan	LNG	1997	100%	73,100	Contracted
Yas	LPG	2011	100%	10,000	Spot
Janana	Molten Sulphur	2006	100%	9,400	Contracted
AWS Delma(1)	LPG-VLGC	2016	50%	54,000	Contracted
AWS Al Ain(1)	LPG-VLGC	2022	50%	55,000	Contracted
AWS Zakher(1)	LPG-VLGC	2022	50%	55,000	Contracted
AWS Rabdan(1)	LPG-VLGC	2022	50%	55,000	Contracted
AWS Al Salam(1)	LPG-VLGC	2022	50%	55,000	Contracted

AWS Baynounah[(1)]	LPG-VLGC	February 2023	50%	55,000	Contracted
Ordered Vessels					
H2700 Jiangnan	LNG	2025[(2)]	100%	95,000	Contracted
H2701 Jiangnan	LNG	2025[(2)]	100%	95,000	Contracted
H2702 Jiangnan	LNG	2025[(2)]	100%	95,000	Contracted
H2703 Jiangnan	LNG	2026[(2)]	100%	95,000	Contracted
H2704 Jiangnan	LNG	2026[(2)]	100%	95,000	Contracted
H2705 Jiangnan	LNG	2026[(2)]	100%	95,000	Spot

(1) Vessels owned by AW Shipping Limited.
(2) Scheduled delivery date

The primary shipping routes for LNG are from the Arabian Gulf to the Indian sub-continent, servicing India, Southeast Asia and the Far East while the primary LPG shipping routes are principally from the Arabian Gulf to the United States and from the United States to the Far East.



Marine Services

Our Marine Services business unit provides a comprehensive range of specialist marine terminal and port operations services covering the full range of petroleum ports operations, diving services and oil spill response.

Our Marine Services business unit is comprised of two key business lines: (i) marine terminal operations, including all petroleum ports in the Emirate of Abu Dhabi; and (ii) oil spill and hazardous and noxious substances response which is one of the largest responders of this type in the UAE.

We operate a marine service fleet of 65 owned vessels (which includes two mini dive support vessels and two ASD tugs under construction), including providing for port operations including pilot boats, mooring boats, tug boats and oil spill and maintenance. As at 31 December 2022, our fleet (excluding two mini dive support vessels and two ASD tugs under construction) had an average age of nine years.

All revenue from the Marine Services business unit for the year ended 31 December 2022 was generated under Long-Term Agreements. Approximately 95% of our revenue from the Marine Services business unit for the year ended 31 December 2022 was derived from services contracted to ADNOC Group companies.

The following chart sets out an overview of our fleet of owned vessels as at 31 March 2023:

	Marine terminal operations	**Oil spill and hazardous and noxious substances response**
Number:	39 vessels[(1)]	26 vessels

Overview:	Every vessel that arrives at and departs from Abu Dhabi petroleum ports is assisted by at least one tug boat	Purpose built vessels to protect marine environment Specialised equipment for the containment and removal of marine oil spills
Key services:	Pilotage, towage, mooring and line handling, oil and gas cargo operations, single point mooring maintenance, diving services	Oil spill response, hazardous substances response, oil spill detection modelling, technical and contingency planning, drills and exercises planning, training courses
Fleet capabilities:	Maintenance, ASD escort tug, berthing tug, firefighting tug and pilot boat	OSRV, fast rescue, firefighting and safety standby

(1) Including two mini dive support vessels and two ASD tugs under construction. We also operate one chartered-in vessel (tug)

Marine Terminal Operations

The marine terminal operations business line operates export facilities of the ADNOC Group, including: onshore ports of Jebel Al Dhanna and Ruwais as well as the Fujairah hub as well as offshore ports of Das, Zirku and Mubarraz. We are the only operator with the licence to service all petroleum ports in the Emirate of Abu Dhabi.

Revenue from the marine terminal operations business line is derived from services contracted to ADNOC Group companies, primarily pursuant to a 25-year licensing agreement with ADNOC entered into in 2020, with other contracts in place with certain ADNOC Group companies covering specific services. See "—*Material Agreements—Integrated Logistics—Petroleum Ports Operations Licencing Agreement*".

Oil Spill and Hazardous and Noxious Substances Response

We are one of the largest oil spill and hazardous and noxious substances responders in the UAE with detection, monitoring and forecast technology, over 22 km length booms, and dedicated wide base of specialised and trained manpower. Our fleet includes oil spill response, fire fighting and safety standby vessels that are built to protect the marine environment and also includes specialised equipment for the containment and removal of marine oil spills, with approximately 140 dedicated personnel.

We provide niche services with one of the largest oil spill and hazardous and noxious substances response capabilities in the UAE for Tier 1, 2 and 3 level incidents. Tier 1 involves a basic onsite response in which we have 5-year contracts with certain ADNOC Group companies and other third parties, Tier 2 a more regional response where multiple stakeholders are involved, while Tier 3 constitutes a major incident response in which we operate on a call-out basis only.

The majority of revenue from this business line is derived from a 20-year service contract with the ADNOC Group companies that covers Tier 2 response services at all ADNOC Group's facilities in the UAE. Additional third-party revenue derives from agreements with TAQA and NAWAH. See "—*Material Agreements—Marine Services*".

The following table sets out certain information for our owned marine services fleet as at 31 December 2022, including vessels under construction:

Vessel	Type	Built	Number of vessels
Oil Response Vessel			
ADNOC SR 01-04	Oil Spill & HNS Response	2021-2022	4
ADNOC SR 20-24	Oil Spill & HNS Response	2022	5
ADNOC SR 50-54	Oil Spill & HNS Response	2022	5
ADNOC SER 03	Oil Spill & HNS Response	2008	1
Aroosa	Oil Spill & HNS Response	1995	1
Anfooz	Oil Spill & HNS Response	1991	1
ASD Escort Tug			
AlBuzam	Marine Terminal Operations	2011	1
Alaryam	Marine Terminal Operations	2011	1
Hanyurah	Marine Terminal Operations	2011	1
Ras Emshaireb	Marine Terminal Operations	2011	1
Al Qubah	Marine Terminal Operations	2010	1
Attaf	Marine Terminal Operations	2010	1
Khasifa	Marine Terminal Operations	2009	1

Vessel	Type	Built	Number of vessels
Meyzad	Marine Terminal Operations	2009	1
Egmais	Marine Terminal Operations	2009	1
Al Qafai	Marine Terminal Operations	2009	1
Al-Bateen	Marine Terminal Operations	2005	1
Mooring Boat			
ADNOC M01-06	Marine Terminal Operations	2021	6
Al Marfa 1 – Line Boat	Marine Terminal Operations	2015	1
Daughter Craft			
ADNOC SR 05-12	Oil Spill & HNS Response	2021-2022	7
Landing Craft			
Samnhan 15	Oil Spill & HNS Response	2014	1
Fa'res 15	Oil Spill & HNS Response	2014	1
Berthing, Fire Fighting and D.S.V			
Hamour	Marine Terminal Operations	1991	1
Gubab	Marine Terminal Operations	1991	1
Berthing and Fire Fighting Tug			
Nagroor	Marine Terminal Operations	1994	1
Pilot Boat			
ADNOC P-01	Marine Terminal Operations	2021	1
Jed	Marine Terminal Operations	2011	1
Khabat	Marine Terminal Operations	2011	1
Dhafeer	Marine Terminal Operations	2006	1
Ohaidah	Marine Terminal Operations	2007	1
Anchor Handling Tug			
El-Yah ASD TBB	Marine Terminal Operations	2007	1
Assad ASD TBB	Marine Terminal Operations	2007	1
Yas ASD TBB	Marine Terminal Operations	2007	1
Crew Boat			
Shah 1	Marine Terminal Operations	2015	1
Habshan ASD TBB	Marine Terminal Operations	2007	1
Line Boat			
Garnian3	Marine Terminal Operations	2016	1
Makasib	Marine Terminal Operations	2000	1
Sooly	Marine Terminal Operations	1995	1
Under Construction			
ASD	Marine Terminal Operations	—	2
DSV	Marine Terminal Operations	—	2
Multi-Purpose Maintenance Dive Maintenance & Support Vessel			
Remah-1	Marine Terminal Operations	2015	1

Our Medium Term Targets

As part of our business strategy aimed at positioning us for long term growth, we have set certain medium term targets. The medium term targets are not a profit forecast and no statement or projection in this Offering Memorandum should be interpreted to mean that earnings for the current or future financial periods or years would necessarily match or exceed historical earnings or meet the targets set out below. We have not defined the terms "medium term" or "long term" by reference to any specific period, and, unless otherwise specified, the targets below are not to be read as indicating that we are targeting or expecting such metrics in respect of any particular financial year. Our ability to meet the medium term targets depends on a variety of factors, including market conditions and industry knowledge, the accuracy of various assumptions involving factors that are beyond our control and are subject to known and unknown risks, uncertainties and other factors that may result in our being unable to implement the strategy and achieve such medium term targets. See "*Information Regarding Forward-Looking Statements*" and "*Risk Factors – Risks Related to our Business – We may not be able to successfully achieve and implement our business and growth strategy or meet our targets*". PricewaterhouseCoopers (Abu Dhabi Branch) ("**PwC**") have not examined the medium term targets and therefore do not express an opinion on it.

Medium Term Capital Expenditure Targets

- We target growth capital expenditure between USD 4-5 billion in the medium term which will be subject to our highly disciplined investment policy targeting a minimum low double digit internal rate of return. Approximately one third of the targeted expenditure has been approved internally by our committees and is hence committed.

- The following table sets out our targeted growth capital expenditure for the periods indicated:

	2023[(1)]	2024[(1)]	2025	2026	2027
			USD million		
Targeted growth capital expenditure	1,100 – 1,200	600 – 700	750 -850	1,300 – 1,400	550 - 650
Select committed capital expenditure	59 (in respect of 6 LNG carriers) 281 (in respect of 4 VLCCs)	63	556	462	-

(1) Capital expenditure in 2023 and 2024 relates largely to our Integrated Logistics business unit.

- The growth capital expenditure is targeted to be split among our business units as follows: Shipping business unit (LNG) – approximately 47%, the Integrated Logistics business unit – approximately 29%, Shipping business unit (others) – approximately 22% and the Marine Services business unit – approximately 2%.

- The majority of the revenue associated with the targeted growth capital expenditure is already contracted or anticipated to be contracted prior to commitment of the growth capital expenditure budget and relates to assets where there is either a memorandum of understanding, a framework agreement or management expectation that the asset to be acquired will be under contract upon delivery. Assets with non-contracted assets are typically acquired in respect of specific pipeline opportunities.

- We target maintenance capital expenditure between USD 150 and 200 million in 2023 due to dry docking and approximately USD 100 million per annum in the medium term.

Group Medium Term Targets

Consolidated Revenue: We target mid-to-high single digit growth year-on-year in the medium term. We aim to achieve this growth through near term new contracts awards, significant expansion of our ILSP services, optimised redeployment of jack-up barges to maximise utilisation rates, expansion of our fleet size by adding four VLCC carriers scheduled to be delivered within 2023 and six new-build LNG carriers scheduled to be delivered between 2025 and 2026.

Consolidated EBITDA: We target an EBITDA margin of approximately 30% in 2023. Over the medium term, we target average annual EBITDA growth in the low teens and to achieve an EBITDA margin of 35%, including income from joint ventures of between USD 10 to 15 million per annum in the medium term.

Capital Structure: We intend to follow a disciplined leverage policy with targeted leverage averaging 2.0-2.5x net debt / EBITDA in the medium term.

Dividends: See "*Dividend Policy*".

Other:

- In 2023, we target net working capital as a percentage of revenue to increase to approximately 10% and to remain stable thereafter in the medium term.

- We target a minimum amount of cash on balance sheet of approximately USD 150 million in the medium term.

- In 2023, we target depreciation and amortisation as a percentage of revenue to decline to 7% and to increase to high single digits in the medium term.

- We expect our effective tax rate for the year ended 31 December 2024 to be 10-11% taking into account operations and revenue generated outside of the UAE.

- Funding is expected to be sourced on an arm's length basis, at market standard rates, commensurate with our credit profile.

Segmental Medium Term Targets

Integrated Logistics

Revenue: We target mid-teens year-on-year growth in 2023 and 2024 due to new contracts awards, further expansion of ILSP and optimised redeployment of jack-up barges. We target growth to continue in line with UAE inflation thereafter.

EBITDA: We target an EBITDA margin of approximately 30% in 2023, increasing to mid-30% levels afterwards in the medium term.

Shipping

Revenue:

- In our gas carriers business line, we target a minimum low single digit growth in the near term (mostly contracted cash flows), with an increase of approximately 50% year-on-year starting from 2025 attributed to the delivery of the new-build LNG carriers (with six vessels due to be delivered between 2025 and 2026).

- In our tankers business line, by applying a conservative approach, we target revenue normalisation in 2023 (with a mid-single digits decrease compared to 2022) and revenue increase above UAE inflation levels thereafter in the medium term.

- In our dry-bulk shipping business line, by applying a conservative approach, we target revenue normalisation in the near term (with approximately 10% decrease compared to 2022) and revenue to remain in line with UAE inflation thereafter in the medium term.

EBITDA:

- We target EBITDA margin normalisation in 2023 (with a mid-single digit decline) due to declining spot TCE rates. Thereafter, we target EBITDA margins to remain stable at the 2023 levels and to increase from 2025 onwards to above 35% in the medium term as the new-build LNG carriers are delivered (profitability of LNG carriers in line with industry benchmarks and fully contracted starting from 2026).

Marine Services

Revenue: We target mid to high single digits year-on-year growth in 2023 as a result of newly awarded contracts. In the medium term, we target the growth rate in line with UAE inflation.

EBITDA: We target EBITDA margins above 20% in 2023 and in the medium term.

Environmental, Social and Governance (ESG)

Overview

We are committed to environmental, social and governance ("**ESG**") principles, which are integrated into our strategic objectives. ESG is at the core of our priorities and as a shipping and logistics service provider, we are cognisant of our responsibility to encourage sustainable practices in our policies, operations, supply chains, and communities. We have aligned our strategic priorities to create sustainable value for all our stakeholders — our clients, our employees, our communities and our shareholders.

Our vision is aligned with ADNOC's ESG strategy. We believe we are a sustainability leader for the UAE's maritime and logistics ecosystem and we seek to leverage our maritime heritage to enhance the UAE's status in the global maritime industry. As part of our ESG strategy we intend to (i) reduce our operational environmental footprint; (ii) maintain strong health and safety culture; (iii) promote local talent and in-country value; and (iv) secure responsible supply chain management. ADNOC introduced an in-country value program for its suppliers focusing on local supplier selection, development of UAE nationals and localisation of critical functionalities in the oil and gas industry.

Our ESG targets and approach are in alignment with the ambitions of the ADNOC Group. In particular, we are a major contributor to ADNOC's 2030 target of reducing emissions intensity by 25%. In addition, our greenhouse gas ("**GHG**") and new energy strategies encompass projects focusing on electrification, green power, energy optimisation and development of carbon capture initiatives. Our GHG emissions estimation and reporting follow 'US-EPA AP42' and 'API Compendium of Greenhouse Gas Emissions Methodologies for Oil and Natural Gas Industry (2009)' standards, with verification and compliance via ADNOC Group's HSE function.

We are entrusted with the responsibility to protect the health and safety of our people, minimise the consumption of resources and control emissions to ensure a sustainable ecosystem for future generations. On the social aspect, we are passionate about developing our people through ADNOC centres of excellence and training programs, our health and safety management system focus on operational excellence and safety.

Environmental

We are, and will remain, committed to the protection and enhancement of the environment through monitoring, reporting and continual improvement of our environmental performance across a range of areas, including: energy, material consumption, emissions efficiency schemes, real time optimisation, reduce, reuse and recycle initiative, use of hazardous waste as raw material for other industries, water management (through key systems and software, as well as recycling and reuse of wastewater), and waste management.

We are currently progressing on decarbonisation ambitions by investing in a technologically advanced fleet with low fuel consumption with approximately USD 2 billion invested or committed in environment-friendly vessels. In addition, we are supporting the gas carrier operations our ambition to strive for a greener future with the aim of achieving 36% improved energy efficiency, reduction of potential methane slip by 50% and saving 3,376 carbon dioxide tonnes per year.

The following table sets out our targeted decarbonisation roadmap, which may be achieved in part through carbon offsets, broken down by segment and the period during which we expect implementation to occur:

DECARBONIZATION ROADMAP	SEGMENT	ANNUAL ABATEMENT TARGET (ktCO_2eq)	2022-2030 TARGET (ktCO_2eq)	TARGETED START OF IMPLEMENTATION
Incorporating new eco-vessels	Shipping	122	1,103	2022
Improving Energy efficiency (Including Replacement of non-efficient LNG)	Shipping	150	1,050	2024
Alternative Fuel (Low carbon) (LNG, LPG, Methanol)	Offshore Logistics	200	1,000	2025
Alternative Fuel modification (Zero carbon) (Hydrogen, Ammonia)	Offshore Logistics + Marine Services	108	108	2029
Energy Power Controller for non efficient vessels - pre-replacement[1]	Shipping	21	84	2022
Cold Ironing	Offshore Logistics	5	41	2023

Notes: [1] IMO initiative to limit the power and speed of non-eco vessels, the new regulation act will go into effect in Q2 2023

Diversity and Inclusion

We recognise the importance of creating an engaged, diverse and capable organisation for the long-term success of our organisation. Embracing diversity enables us to attract and retain talented people. We are committed to fostering an inclusive culture, and to provide equal opportunities for career development and advancement, regardless of gender, ethnicity, age and culture. Our employees come from the UAE and other countries.

We have designed female-focused development programs that we believe have led to an increase in the share of female representation in senior and middle management positions and leadership positions from 10.1% in 2020 to 11.4% as at 31 December 2022. We support our employees' professional development through focused training and talent development programs. As part of our social-related efforts, we promote Emiratisation across our entire organisation. As at 31 December 2022, 2021 and 2020, UAE nationals constituted 35.9%, 32.0% and 29.7%, respectively, of all our employees.

Governance

We embrace sustainability as a strategic path to increase integrity and accountability across the Company. We ensure an effective governance framework across our global operations and we are committed to the principles of good corporate governance and adhere to standards of corporate governance that are in line with international best practice. See "*Management—Corporate Governance*".

Our board which oversees our management and business affairs consists of duly qualified and experienced directors appointed in line with SCA requirements. We comply and are aligned with the SCA rules concerning the corporate governance of listed companies and have strong independence criteria in place. Our board committees consist of an audit committee, a board executive committee and a nomination and remuneration committee.

We have a highly experienced and reputable senior management team with deep industry experience and significant professional experience in the industry. In addition, our management has a track record of delivering on key projects.

Our board of directors, composed of seven directors appointed in line with SCA requirements, is collectively responsible for our management and strategy. The board of directors supervises the interests of stakeholders, the creation of a culture aimed at long-term value creation, the internal audit function, and the effectiveness of internal risk management and control systems. Our executive committee is responsible for matters relating to commercial, financial and operational performance, function and planning of the ADNOC Group, information and reports relating to the group, reserved matters and related party transactions. Our newly formed audit committee oversees ADNOC's group corporate governance, risk management, legal and compliance, financial and non-financial reporting, internal control and internal and statutory audits. Our nomination and remuneration committee is newly formed and oversees remuneration arrangements, senior appointments, succession planning and board evaluation. Our senior management team is charged with day-to-day management and is responsible for the continuity and optimisation of our business to create long-term value for our stakeholders. See "*Management—Corporate Governance*".

Ethics and compliance

In terms of ethics and compliance, we strive to conduct our business activities responsibly, efficiently, transparently, and with integrity and respect towards stakeholders. In doing so, we promote a culture of performance, collaboration and responsibility. These values underpin everything we do and defines the day-to-day attitudes and behaviours of our employees.

We are committed to operating our business to the highest ethical standards and practices. The ADNOC Group Supplier Code of Business Ethics outlines the minimum standards of compliance and ethical practices that we expect from each of our partners and suppliers, and our code of conduct guides our business, requiring ethical behaviour and integrity in everything we do, and is updated regularly to ensure it reflects the changing risk environment that the ADNOC Group operates in. To ensure that our employees are guided on their ethical conduct, we have mandatory ethics and compliance e-learning across all functions. Face-to-face workshops and awareness communications were also held across all regions covering topics like anti-bribery and corruption, data privacy, conflict of interest, whistleblowing, and gift and entertainment. We aim to continue our efforts to reinforce our ethical business standards and culture by enhancing our e-learning modules on the code of conduct, as well as ongoing ethics and compliance e-learning modules in emerging risk areas.

We encourage (and expect) employees to directly report suspected violations of our Code of Conduct through appropriate channels. From a governance perspective, we have an ethics and compliance department to ensure management oversight, monitoring and adherence to our code of conduct.

Material Agreements

Integrated Logistics

<u>ILSP Agreement</u>

ADNOC Offshore and ADNOC L&S entered into an agreement dated 1 May 2022 for the provision of integrated logistics services to ADNOC Offshore (the "**ILSP Agreement**"). The term of the ILSP Agreement is five years from 1 May 2022, with an option to extend for a further five years. Under the ILSP Agreement, ADNOC L&S provides various services to ADNOC Offshore, including receipt, storage, and dispatch of materials from warehouses ordered by either ADNOC Offshore or its vendors; lifting and handling services for materials; waste management services within industrial and non-industrial areas; onshore and offshore port services; maintenance support services of ADNOC Offshore's owned assets/vehicles; integrated supply chain planning involving the fleet of supply vessels, jack-up rigs and barges; conducting inspection and surveys of marine vessels, barges and jack-up rigs. Fees for the performance of services under the ILSP Agreement remain fixed for its duration and, subject to the terms of the ILSP Agreement, amount to a total of USD 2.6 billion.

Hail and Ghasha Integrated Logistics Technical Services Agreement

ADNOC and ADNOC L&S entered into an agreement dated 20 October 2022 to support offshore oil and gas drilling operations through the provision of marine and logistics service to transport personnel and materials for the duration of eight years starting on the call-off commencement date specified in each call-off order, with the option to extend the agreement for additional two years from the end of the initial period (the "**Hail and Ghasha Integrated Logistics Technical Services Agreement**"). Under the terms of the Hail and Ghasha Integrated Logistics Technical Services Agreement, ADNOC L&S provides complete logistics services, including planning and execution of the works; receipt, storage, transportation and handling of all materials/equipment and waste; marine support, including provision of marine assets and port facilities services; onshore base supply services inclusive of warehousing and storage of goods; onshore island port management services; provision of intra island movements of cargo and personnel; hotel services offshore; provision of passenger transportation by vessel; mobilisation of land rigs to offshore islands; mobilisation of cement, fluid and bulks plants to offshore islands; and coordination of maritime operations offshore. Fees for the performance of services under the Hail and Ghasha Integrated Logistics Technical Services Agreement remain fixed for its duration.

Ruwais Terminal Port Operations Agreement

Borouge and ADNOC L&S entered into an agreement dated 12 November 2017 (effective 2 March 2018) pursuant to which ADNOC L&S provides services for the Ruwais port operations for a period of five years until 1 March 2023. The contracted services include the handling and movement of shipping containers between the container yards and the packaging lines / bulk-filling silos, including lifting shipping containers on and off the feeder container ships and associated supervisory and administrative services. As at the date of this Offering Memorandum, the parties to this agreement are in discussions to extend it. Until execution of such extension, the existing arrangement will continue on the same terms with any excess fees from 1 March 2023 due to be paid as per the terms of the existing agreement.

KEZAD Gateway Operations at Khalifa Port and KEZAD Agreement

Borouge and ADNOC L&S entered into an agreement dated 22 November 2021 under which ADNOC L&S has agreed to perform gateway operations at Khalifa Port and KEZAD for a period of twenty-five years starting from 1 January 2022 (the "**KEZAD Gateway Operations at Khalifa Port and KEZAD Agreement**"). The contracted services include the trans-shipment / destination interchange terminal of shipping line containers to their destinations, unloading of inbound containers, transportation of outbound terminal containers, and general warehouse operations, encompassing the transportation of incoming material in the counterparty's or shipping line containers, the loading of material at KEZAD for distribution to clients within UAE and other GCC, and handling of materials produced at its Ruwais production facility in the storage operations.

Petroleum Ports Operations Licencing Agreement

Under Abu Dhabi law, ADNOC is vested with the overall responsibility for managing and operating the petroleum ports in the Emirate of Abu Dhabi. ADNOC granted ADNOC L&S a licensing agreement dated 26 July 2020 to provide pilotage services, towage services, line handling services and additional services for all petroleum ports in the Emirate of Abu Dhabi on behalf of the Petroleum Ports Authority ("**PPA**"), which includes the onshore Jebel Dhanna Ruwais Petroleum Port and the offshore Das Island, Zirku Island and Mubarraz Petroleum Ports in the Emirate of Abu Dhabi (the "**Petroleum Ports Operations Licencing Agreement**"). The agreement is for an initial term of five years starting from 1 June 2020 with an option to cumulatively extend it in five-year terms for up to twenty-five years in total. The agreement contemplates certain additional services, such as diving services, waste disposal, emergency services, wreck removal, towage assistance outside of berthing and unberthing, transfer or personnel and equipment and general boat services.

Agreement for Jack-Up Barges Services

ADNOC L&S entered into agreements on a rolling basis with ZMI Holdings (agreements dated 4 August 2022, 16 August 2022, 26 August 2022, 16 September 2022, 26 September 2022 and 27 September 2022), NAVTECH Marine Services SA Abu Dhabi (agreement dated 1 August 2022), SEAFOX Contractors BV Abu Dhabi (agreement dated 19 August 2022), Control Contracting and Trading Co (Pvt.) LLC (agreement dated 4 August 2022), Gulf Marine Services Company (agreement dated 30 September 2022), all for the duration of four years with an option to extend for another year at ADNOC's discretion.

The services to be provided under the agreements are the charter of a total of 13 self-propelled jack-up barges for (i) rig-less operations, and (ii) wellhead tower maintenance and integrity restoration demobilisation, messing and accommodation services for the personnel. ADNOC L&S has an option to extend the agreements up to one year at ADNOC L&S' discretion.

ADNOC Onshore Services Agreement

ADNOC Onshore and ADNOC L&S entered into an agreement dated 17 November 2022 for a period of ten years for the provision of services by ADNOC L&S in relation to the maintenance of oil tankers berths and ADNOC Onshore's facilities, such as maintenance of berths, channel buoys and beacons, sea line marker buoys, and other services required for the operation of the Jebel Dhanna and Fujairah terminals (the "**ADNOC Onshore Services Agreement**"). Under the terms of this agreement, ADNOC L&S provides at its sole cost and expense all supervision, labour, equipment, materials and consumables (excluding duel and other non-routine spares required for performance of the agreed services), and is solely responsible for the safety, security, health, and welfare or personnel. ADNOC L&S has agreed to provide messing, accommodation and other services for the person.

Shipping

Shipbuilding Agreements

Jiangnan

ADNOC L&S and China Shipbuilding Trading Co., LTD and Jiangnan Shipyard (Group) Co., LTD ("**Jiangnan**") entered into certain shipbuilding agreements for the construction of six 175,000 cubic meter capacity, liquified natural gas carriers with hull numbers H2702, H2703, H2704 (each dated 11 May 2022), H2700, H2701 (each dated 28 February 2022) and H2705 (dated 26 August 2022). The ships are to be delivered at different dates in 2025 and 2026. The agreements include certain early termination provisions allowing Jiangnan to terminate the agreement if ADNOC L&S is in continuing default (*i.e.*, fails to pay an instalment or fails to take delivery) for fifteen days, as well as provisions permitting Jiangnan to sell the vessel after cancellation. In case of a default of payment obligations, ADNOC L&S is required to pay interest on relevant instalment at 5% per annum until the date of payment and Jiangnan's reasonable costs. Further, in the event of delays in delivery or defects in construction, the buyer shall be entitled to reductions in the contract price as liquidated damages, based on the type and extent of the delay or defect in construction, as specified in the agreement. These vessels are intended to be chartered to ADNOC LNG (now ADNOC Gas) pursuant to heads of terms dated January 2022, pursuant to which ADNOC Gas will pay ADNOC L&S for the use and charter of those six vessels at a daily rate.

AW Shipping Limited Vessels

Jiangnan and AW Shipping Limited entered into two shipbuilding agreements with Jiangnan dated 23 October 2020 for the construction of two 86,000 cubic meter gas carriers, with each vessel being owned by a separate Liberian special purpose vehicle, which have now been delivered to the nominated owner, and have been chartered on time charter to Wanhua Chemical (Singapore) Pte. Ltd ("**Wanhua**").

In addition, Jiangnan and AW Shipping Limited entered into separate agreements dated 29 July 2020 for the construction of three additional 86,000 cubic meter gas carriers, with each vessel being owned by a separate Liberian special purpose vehicle. All the vessels were delivered to the nominated owners within the stipulated timeframes and chartered to Wanhua.

Daewoo

ADNOC L&S and Daewoo Shipbuilding & Marine Engineering Co., LTD ("**Daewoo**") entered into four shipbuilding agreements dated November 2020 (three agreements) and 8 April 2021 for the construction of four 300,000 crude oil tankers with hull numbers 5507, 5485, 5486 and 5487. The ships are to be originally due to be delivered on or before various dates between 13 October 2022 and 30 September 2023. Due to permissible delays under the agreements delivery of these vessels has not yet taken place and the revised delivery schedule contemplates the delivery of the vessels by October 2023. Daewoo may terminate the agreements if ADNOC L&S

is in a default (*i.e.*, fails to pay an instalment, fails to take delivery) and such default continues for fifteen days. In case of a default of payment obligations, ADNOC L&S is required pay interest on relevant instalment at 5% per annum until the date of payment and Jiangnan's reasonable costs. Further, in the event of delays in delivery or defects in construction, ADNOC L&S shall be entitled to reductions in the contract price as liquidated damages, based on the type and extent of the delay or defect in construction, as specified in the agreement.

<u>*Second-hand Vessel Purchases*</u>

In 2020 and 2021, ADNOC L&S entered into memorandums of understanding with Hunter Tankers AS ("**Hunter Tankers**"), Geogas Maritime SAS ("**Geogas Maritime**"), Maersk Tankers Singapore Pte Ltd ("**Maersk Tankers**") and CSSC WKMT Tanker I Co Limited ("**CSSC WKMT Tanker**"), for the purchase of a total of 11 secondhand vessels.

Hunter Vessels

ADNOC L&S entered into two memorandums of understanding with Hunter Tankers dated 28 October 2020 and another dated 18 February 2021 for the purchase of three secondhand vessels. The vessels have been successfully delivered to the nominee buyers Hili Inc., Das Inc. and Zakum Inc., which are each Liberian special purpose vehicles which are 100% subsidiaries of Holdco 2 Inc., which is a 100% subsidiary of Abu Dhabi Marine Assets Company LLC ("**Assetco**"), which itself is an asset owning entity which is a 100% subsidiary of Abu Dhabi Marine Business and Services Company PSC, the immediate parent company of ADNOC L&S, and are chartered out as required

Maersk Vessels

ADNOC L&S entered into a memorandum of understanding with Maersk Tankers dated 11 April 2021 for the purchase of six secondhand vessels. The vessels have been successfully delivered to the nominee buyers Al Bateen Inc., Al Falah., Tarif Inc., Al Ruwais Inc., Al Khtam Inc., and Jarnain Inc, which are each 100% subsidiaries of Abu Dhabi National Shipping Company BVI, which is a 100% subsidiary of Assetco, and are chartered out as required.

CSSC Vessel

ADNOC L&S entered into a memorandum of understanding with CSSC WKMT Tanker dated 5 March 2021 for the purchase of the secondhand vessel T308K-5 (now renamed Murban) to the registered owner Murban Inc. The vessel has been successfully delivered and is chartered out as required.

<u>*LNG Vessels*</u>

NGSCO Transportation Charterparties

NGSCO and ADNOC LNG (now ADNOC Gas) entered into six separate time charterparties for the charter of the vessels "Ghasha" "Shahamah", "Umm Al Ashtan", "Ish", "Mraweh" and "Mubaraz" from NGSCO to ADNOC LNG (now ADNOC Gas), all effective from 1 April 2022 with a term until 31 March 2025. Pricing for these charterparties is based on a (i) fixed rate of hire per month and pro rata for a part of the month, plus (ii) an additional charge of a fixed percentage of the cost of operations, (together (i) and (ii) the "base charter rate", capped at a fixed annual average per day and pro rata for part of a day), plus (iii) a transportation fee of fixed percentage of the base charter rate, capped at a fixed annual average per day and pro rata. At the time of the agreement, the vessel "Ghasha" was agreed to be chartered to AG&P but was ultimately substituted by the vessel "Shahamah", with the latter now being on charter to AG&P together with "Ish". "Ghasha" is currently on charter to ADNOC Gas together with the vessels "Seasto Knutsen", chartered in from Shell, and "Sohan LNG".

NGSCO and ADNOC LNG (now ADNOC Gas) entered into a time charterparty dated 21 November 1997 for the charter of the vessel "Janana", a molten sulphur carrier. While the original charterparty was due to expire on 31 March 2023, the parties are in the process of finalising a contractual extension of the charterparty until 2028. Pricing for this charterparty is based on a fixed rate of hire per day and pro rata for a part of a day and contemplates an additional fixed percentage fee per day and pro rata in the event NGSCO continues to be the owner of the vessel.

Borouge Ruwais Terminal and Borouge UAE Gateway (Khalifa Port & KEZAD) Feeder Container Ship Services Agreement

ADNOC L&S and Borouge entered into an agreement dated 20 September 2018 (which was renewed on 1 October 2021 for a term of three years) for the provision of feeder container ship services from Ruwais to Khalifa Port and Jebel Ali Port, with fees calculated based on an 'all-inclusive rate' per metric tonne of polymer, utilising a dynamic pricing mechanism which is intended to maintain broadly the same annual revenues and profit margins (the "**Borouge Ruwais Terminal and Borouge UAE Gateway Feeder Container Ship Services Agreement**"). It is expected that approximately 12 to 13 million metric tonnes of polymers and raw materials will be shipped from Ruwais to Khalifa Port of Jebel Ali Port for the term of the agreement, subject to production of the materials remaining at expected levels.

Chemical Tankers Time Charterparties with ADNOC Distribution

Umm Al Lulu Marine Services LLC and Al Samha Marine Services LLC entered into two-time charterparties with ADNOC Distribution for the charter of the vessels "Umm Al Lulu-1" and "Al Samha", commencing in January 2010 and 22 June 2010, respectively, both with a term of twenty years.

The charterparties contemplate a fixed rate of hire per day and pro rata for part of a day and the rates include extra war risk insurance and overtime. The fixed rate is to be reviewed every three years. Umm Al Lulu Marine Services LLC and Al Samha Marine Services LLC are to pay certain charges and expenses (such as maintenance and repairs for the vessel, expenses for crew, provisions, wages, insurance, fumigation expenses and customs and import duties and insurance), and ADNOC Distribution is to pay certain charges and expenses (such as fuel, towage and pilotage shipping, discharging fees, agency fees, port charges, commissions, expenses of loading and unloading cargoes and canal dues. The hire rates for both charterparties are due to be reviewed in April 2023.

ZMI Holdings Agreements

ZMI Holdings has, through its operating subsidiary entities, entered into a number of agreements with several companies in the GCC region for the hire of offshore marine assets and equipment, namely offshore support vessels and jack-up barges and pumping equipment, for terms of differing duration. Rates for all agreements were agreed through a tendering process and finalised at the time of entering into the agreements and are not subject to revision nor adjustments insofar as the contracted services remain as set out in the agreements.

In addition, ZMI Holdings' subsidiary Zakher Marine International – Abu Dhabi regularly enters into agreements with ADNOC Offshore and ADNOC L&S pursuant to which it provides conventional size rigless propelled jack-up barges and offshore support vessels for long-term and short-term charters. The agreements cover the charter of 59 vessels, including 22 vessels with ADNOC Offshore and ADNOC L&S, for terms ranging from six months to one year for short-term agreements and one year to five years for long-term agreements, after which an extension may be negotiated and agreed between the parties. Fees under the agreements are subject to fee adjustment at date of extension.

Cleaning, catering, laundry, and other necessary personnel services for jack-up barges hire agreements have been outsourced in agreements for differing durations, ranging from one year to three years duration on average, after which time each of the agreements may be extended for the same or a renegotiated fee.

Other Relevant Charters

Bareboat Charter to Wison

Al Khaznah Inc and Wison Clean Energy (Singapore) Pte Ltd entered into a bareboat charterparty for the charter of the vessel "Al Khaznah", for the duration of eleven years. The vessel is not yet required by Wison and the parties entered into an amendment agreement in terms of which Wison have until March 2024 to confirm the delivery date of the vessel. During this period, it is agreed that the parties shall both seek other chartering opportunities for the vessel, with any hire received being deducted from the hire which Wison would otherwise be required to pay, while the owners continue to receive a management fee. Hire is agreed on a fixed rate of hire per day and pro rata for part of the day, and the charterer have the option to purchase the vessel either on the expiry of the charter period, any time after 30 June 2025, if the charter is terminated by the charterer due to the default of the owners or if there is an unresolved sanctions event following which the owners elect to terminate. Technical management and maintenance of the vessel, including repair of machinery as required by general commercial maintenance practice and licencing, insurance, and general certificate compliance, is conducted by, and financially attributable to, the owners on the terms of a ship management agreement for the duration of the chartering period. A termination fee is due if the charterer were to terminate the charter on or after 30 June 2025 but prior to the end of the charter period and if the charterer did not elect to purchase the vessel under the terms of the agreement.

AG&P Time Charterparty for the Storage of LNG

Ghasha / Shahama

Ghasha Inc. and Atlantic, Gulf and Pacific Company of Manila ("**AG&P**") entered into a time charterparty dated 9 September 2022 for the charter of the LNG carrier "LNGC Ghasha" managed by ADNOC L&S to be delivered by 1 March 2023. The vessel Shahamah was provided in substitution for Ghasha and is to be delivered to AG&P in April 2023. The charterparty is set to have a duration of eleven years from the delivery date, after which AG&P can either exercise a purchase option or extend the period by four years on the terms set out in the original charterparty. Payment for the use and charter of the vessel is made at the daily rate agreed. Hire is a fixed rate of hire per day and pro rata for part of the day. AG&P has the right, subject to L&S board approval, to purchase the vessel at the end of the eleven-year charterparty period or earlier if the charterparty is terminated and on payment of an early termination fee.

ISH

Ish Inc. and AG&P entered into a time charterparty dated 4 February 2022 for the charter of LNGC "Ish", managed by ADNOC L&S, for the duration of eleven years commencing on date of delivery, with an option to extend the charterparty for four further years. Early termination is allowed under the charterparty as long as two weeks' notice is provided, but may carry specified termination fees agreed at the time of signing. Hire is agreed on a fixed rate of hire per day and pro rata for part of the day. AG&P has the right, subject to ADNOC L&S board approval, to purchase the vessel at the end of the eleven-year charterparty period, or earlier if the charterparty is terminated and on payment of an early termination fee.

Geogas Maritime

ADNOC L&S entered into a memorandum of understanding with Geogas Maritime dated 1 July 2021 for the purchase of the secondhand vessel Champlain (now renamed Delma). The vessel has been successfully delivered and is on time charter to Wanhua.

Marine Services

Framework Agreement for Technical Services relating to Tier 2 Oil Spill Response and HNS Services

ADNOC and ADNOC L&S entered into a framework agreement dated 21 March 2022 for the duration of twenty years from 1 January 2022 (the "**Framework Agreement for Technical Services**"). Under this agreement, ADNOC L&S provides response services to ADNOC for Tier 2 oil spills and hazardous and noxious substances, covering all spills occurring within ADNOC's concession areas and the UAE maritime region and within a specified timeframe after the incident is detected. Under the terms of this agreement, ADNOC has agreed to supply ADNOC L&S with all vessels, training programmes for staff, and other equipment or resources required to perform such services.

TAQA Oil Spill Agreement

ADNOC L&S and Abu Dhabi National Energy Company PJSC entered into a technical service agreement dated 2 February 2021 pursuant to which ADNOC L&S provides an analysis of satellite imagery received and identification of credible threats to the locations of Taweelah, Shuweihat, Umm al Nar, Mirfa, Fujairah 1 and 2, and Barakah for a total of three years from the effective date 2 February 2021.

ENEC Oil Spill Agreement

ADNOC L&S and Nawah Energy Company P.J.S.C. ("**Nawah**") entered into an agreement dated 4 February 2021 pursuant to which ADNOC L&S provides services related to the organisation and operation of Nawah's nuclear reactors for a period of up to 3 February 2026.

Others

AW Shipping Limited Loan Agreements

Each of the vessel owners, being a 100% subsidiary of AW Shipping Limited, and Standard Chartered Bank (Singapore) Limited entered into loan agreements for the partial financing of each of the vessels constructed for AW Shipping Limited and on charter to Wanhua Chemical Group Co. Ltd., for a period from 2 August 2023 to 3 September 2031. The agreements contain certain restrictions on the borrower, including not (i) to dispose its assets; (ii) to enter into any transaction with any person except on arm's length terms and for full market value; (iii) to enter into corporate reconstruction without consent of the majority lenders; (iv) to substantially change the nature of its business; (v) to acquire a company or shares or incorporate a company; (vi) to enter into joint ventures; (vii) to incur any financial indebtedness; (viii) to act as a creditor in respect of any financial indebtedness; (ix) to incur any guarantee in respect of any obligation of any person; and (x) to make changes in its capital. The agreements also contain change of control provisions, which will be triggered if, among other things, AW Shipping Limited ceases to be directly or indirectly owned 50% by ADNOC L&S and 50% by Wanhua. The loans may be repaid in 39 consecutive equal quarterly instalments, and may be prepaid (whole or in any part) subject to conditions.

ZMI Holdings Share Sale and Purchase Agreement

On 12 July 2022 Zinc Holdco Zinc Holdco and Hassan El Ali, as Seller, entered into the ZMI SPA pursuant to which Zinc Holdco purchased the entire issued share capital of ZMI Holdings from HEA Investments, a nominee of the Seller.

The final consideration was determined following the preparation of a completion statement based on items including net debt and working capital adjustments, growth asset expenses, as well as an aggregate remaining consideration calculation. Under the terms of the ZMI SPA, a part of the remaining consideration was agreed to be determined based on expected revenue of ZMI Holdings through 31 December 2024. On 28 October 2022, the Seller, Zinc Holdco and ADNOC entered into a deed of novation pursuant to which the rights, obligations and liabilities of Zinc Holdco in respect of the remaining consideration under the ZMI SPA were novated to ADNOC. Zinc Holdco and ADNOC agreed that the novation should be effective from 1 January 2023. As such, any such amounts payable to the Seller pursuant to the ZMI SPA are the liability of, and to be paid by, ADNOC.

The Seller has undertaken to be responsible for all demands, costs, expenses and other liabilities incurred by Zakher Marine International Inc. – Abu Dhabi, a foreign branch of Zakher Marine International Inc. ("**ZMI Abu Dhabi**") in connection with an agreement for lease and development dated 13 December 2015, with respect to the Plot SB01, Al Maryah Island, Abu Dhabi, UAE entered into by Alsowah Square Properties LLC (as landlord), the Seller (as tenant), ZMI Abu Dhabi (as guarantor) and Forty Sixth Investment Company LLC (as community manager).

The Seller has provided indemnity to Zinc Holdco in respect of all liabilities, costs, expenses, damages and losses (including reasonable professional costs and expenses) suffered or incurred by any group company from completion arising out of or in connection with one of the vessels.

At completion: (i) the Seller was appointed as a director on the board of directors of the Company on substantially the same terms as any other director(s) to be appointed by Zinc Holdco to the board of directors of the Company or on the standard terms of Zinc Holdco's group; and (ii) the Seller procured that Mr. Ali El Ali entered into an employment agreement appointing him as the Chief Executive Officer of ZMI Holdings. If at any time prior to 31 December 2024, Mr. Ali El Ali's employment agreement is terminated by Zinc Holdco's group without cause, Zinc Holdco shall procure that ZMI Abu Dhabi makes the Seller an offer of employment as Chief Executive Officer of ZMI Holdings and the group (on the same terms as the employment agreement) with a term that extends through 31 December 2024.

The Seller's warranties under the SPA are customary warranties on topics such as authority and capacity, ZMI Holdings, its group, material contracts, compliance with laws, ownership of the vessels, debts owned by group companies, litigation and investigations, insurance, insolvency, accounts and financial matters, real estate, employment, intellectual property, tax and environment. The Seller's warranties are subject to customary materiality, knowledge and time-based qualifiers, thresholds. Zinc Holdco has provided limited warranties on matters such as authority and cash resources.

The SPA sets out certain restrictions on the Seller including with respect to: (i) engaging in a competing business; (ii) soliciting any client or client of the group, in the UAE, the MENA region and the GGC countries; and (iii) soliciting or employing certain key employees. Such restrictions on the Seller are limited from three to five years from the date of completion.

Financing Arrangements

<u>*Term Loan Agreement*</u>

Under the unsecured senior corporate term facility agreement ("**TLA**") entered into on 5 May 2023, and subject to its terms, ADNOC has agreed to provide to ADNOC L&S a facility in the amount of USD 1,500,000,000. The facility must be utilised by ADNOC L&S towards its working capital and for capital expenditure purposes (which include without limitation the payment of costs, fees and expenses associated with the TLA). ADNOC is not bound to monitor or verify the application of any borrowed amount.

The initial term of the facility is two years from the date of the TLA and subject to an extension option exercisable at ADNOC L&S' discretion for one additional year.

The interest rate on each loan is 0.85% per annum plus the applicable term secured overnight financing rate ("**SOFR**") published by CME Group Benchmark Administration Limited (or any other person which takes over the administration or publication of that rate, as applicable) for the initial two-year terms and 0.95% per annum plus the applicable SOFR for the one-year extension option. ADNOC L&S will pay accrued interest on each loan on the earlier of the last day of each interest period and at six monthly intervals after the first day of the interest period.

ADNOC L&S may cancel the whole or part of an available facility or prepay the whole or any part of a loan (subject to minimum thresholds) by giving ADNOC prior notice. Any prepayment of loans shall be made together with accrued interest on the amount prepaid and any applicable break costs (as set out in the TLA) in connection with that prepayment.

If ADNOC L&S fails to pay an amount under the TLA when due, interest shall accrue on the overdue amount from the due date up to the date of actual payment at the rate specified in the TLA. ADNOC's commitments under the TLA will be cancelled and any outstanding loans will be repayable to ADNOC if (i) in any applicable jurisdiction, it becomes unlawful for ADNOC to perform any of its obligations or to fund or maintain its participation in any loan under the TLA; or (ii) ADNOC ceases to have direct or indirect ownership of more than 50% of the issued share capital of ADNOC L&S.

All loans under the TLA are to be repaid on or prior to the final maturity date. ADNOC L&S may not reborrow any part of the facility once repaid. In connection with providing the TLA, ADNOC L&S agreed to pay to ADNOC (i) an agreed upfront fee, (ii) a commitment fee on ADNOC's available commitment for the availability period, and (iii) any increased costs incurred by ADNOC (or any of its affiliates) as a direct result of the introduction of, or any change in, any law or regulation after the date of the TLA, or any compliance therewith.

The TLA contains certain events of default, including non-payment of amounts due under the TLA on their due date, misrepresentation, cross-acceleration (subject to a materiality threshold), the insolvency of ADNOC L&S or it becoming the subject of insolvency proceedings, unlawfulness or invalidity of ADNOC L&S' obligations under the finance documents, or ADNOC L&S' repudiation of a finance document. Upon an event of default, ADNOC may declare all loans and amounts accrued or outstanding under the finance documents immediately due and payable.

ADNOC may, subject to certain conditions and procedures, dispose of, transfer and assign its rights or obligations under the finance documents, and charge, assign or otherwise create security in or over its rights under any finance document.

The TLA and any non-contractual obligations arising out of it are governed by the laws of the Emirate of Abu Dhabi. The courts of the Emirate of Abu Dhabi have exclusive jurisdiction to settle any dispute in connection with the TLA.

<u>*Revolving Facility Agreement*</u>

Under the unsecured senior corporate revolving facility agreement ("**RCF**") 5 May 2023 dated and subject to its terms, ADNOC has agreed to provide ADNOC L&S a USD 350,000,000 revolving loan facility The facility must be utilised by ADNOC L&S towards its working capital and for capital expenditure purposes (which include without limitation the payment of costs, fees and expenses associated with the RCF). ADNOC is not bound to monitor or verify the application of any borrowed amount.

The initial term of the facility is two years from the date of the RCF and subject to an extension option exercisable at ADNOC L&S' discretion for one additional year.

The interest rate on each loan is 0.85% per annum plus the applicable SOFR for the initial two-year terms and 0.95% per annum plus the applicable SOFR for the one-year extension option. ADNOC L&S will pay accrued interest on each loan on the earlier of the last day of each interest period or at six monthly intervals after the first day of the interest period.

If there is no loan outstanding under the RCF, ADNOC L&S may select an interest period of three or six months or any other period agreed between the parties, provided that the interest period for any new loan to be made while a loan is outstanding shall have a maturity end date that aligns with the end of an interest period of an outstanding loan. If ADNOC L&S fails to pay any amount payable under the RCF when due, interest shall accrue on the overdue amount from the due date up to the date of actual payment at the rate specified in the RCF.

ADNOC's commitments under the RCF will be cancelled and any outstanding loans under the RCF will be repayable to ADNOC if (i) in any applicable jurisdiction, it becomes unlawful for ADNOC to perform any of its obligations or to fund or maintain its participation in any loan under the RCF; or (ii) ADNOC ceases to have direct or indirect ownership of more than 50% of the issued share capital of ADNOC L&S.

ADNOC L&S may also voluntarily prepay the whole or any part of a loan (subject to a minimum prepayment amount) by giving ADNOC prior notice. Any prepayment of loans shall be made together with accrued interest on the amount prepaid and any applicable break costs (as set out in the RCF) in connection with that prepayment. ADNOC L&S shall repay each loan on the last day of the loan's interest period, provided that the interest period does not extend beyond the date falling three years from the date of the RCF.

Under the terms of the RCF, ADNOC L&S will pay to ADNOC (i) an agreed upfront fee, (ii) a commitment fee on ADNOC's available commitment for the availability period, and (iii) any increased costs incurred by ADNOC (or any of its affiliates) as a direct result of the introduction of, or any change in, any law or regulation after the date of the RCF, or any compliance therewith.

The RCF contains certain events of default, including non-payment of amounts due under the RCF on their due date, misrepresentation, cross-acceleration (subject to a materiality threshold), the insolvency of ADNOC L&S or it becoming the subject of insolvency proceedings, unlawfulness or invalidity of ADNOC L&S' obligations under the finance documents, or ADNOC L&S' repudiation of a finance document. Upon an event of default, ADNOC may declare all loans and other amounts accrued or outstanding under the finance documents immediately due and payable.

ADNOC may, subject to certain conditions and procedures, dispose of, transfer and assign its rights or obligations under the finance documents, and charge, assign or otherwise create security in or over its rights under any finance document. The RCF and any non-contractual obligations arising out of it are governed by the laws of the Emirate of Abu Dhabi. The courts of the Emirate of Abu Dhabi have exclusive jurisdiction to settle any dispute in connection with the RCF.

Material Joint Ventures

On 1 March 2020 Abu Dhabi Marine International Operations Holdings RSC Limited ("**ADMOH**") and Wanhua Chemical (Singapore) Pte. Ltd. ("**Wanhua**") entered into a shareholders' agreement in relation to the establishment and operation of AW Shipping Limited. The shareholders' agreement governs the management of AW Shipping Limited and the relationship between ADMOH and Wanhua.

AW Shipping Limited is incorporated in the ADGM and held 50% by ADMOH and 50% by Wanhua. The business of the joint venture is conducted through AW Shipping Limited, which operates vessels for the purposes of transporting LPG and/or petroleum products under time charter party agreements that are entered into between AW Shipping Limited and its relevant vessel-owning subsidiary (of which there are six in total, with each subsidiary being incorporated in the Republic of Liberia), which then charters the vessel to Wanhua on back-to-back terms.

The shareholders' agreement grants a right to AW Shipping Limited to require the shareholders to provide funds: (a) agreed to be provided by the shareholders in an approved business plan; or (b) where AW Shipping Limited reasonably determines it necessary to: (i) manage an emergency which poses imminent material risk to the environment, health and safety or integrity of the assets of the company or its subsidiaries; or (ii) to immediately discharge payment obligations that are unable to be discharged using free cash or third party debt.

The mandatory shareholder funding obligations require unanimous approval at both the board of directors and shareholder decision-taking levels.

AW Shipping Limited is jointly controlled by the shareholders. Decisions at the board of directors and shareholder levels require unanimous consent. The shareholders' agreement contains an escalation mechanism to resolve deadlocks, however, if following the escalation procedure a deadlock that relates to: (a) the approval of an annual budget or a business plan for two consecutive years, or (b) an acquisition of a gas carrier vessel with a contractually agreed internal rate of return is left unresolved on more than one occasion, it triggers a right of a shareholder to require the board of directors to wind up the company.

The shareholders' agreement contains change of control provisions, however, the change of control is not triggered so long as ADNOC continues to indirectly control ADMOH. Under the shareholders' agreement 'change of control' means: (i) in the case of ADMOH, ADMOH ceasing to be directly or indirectly controlled by ADNOC; and (ii) in the case of Wanhua, Wanhua ceasing to be directly or indirectly controlled by its parent company, Wanhua Chemical Group Co. Ltd or a person acquiring direct or indirect control of the Wanhua parent company. A customary definition of 'control' is applied in the shareholders' agreement, whereby a person is considered to have control if they directly or indirectly hold 50% or more of the equity interests or voting stock, or have the ability to procure the direction of management.

Transfers of shares are generally restricted subject to fulfilling certain conditions around transfers to affiliates and pre-emption rights in respect of disposals to third party purchasers. Transfers are also subject to a lock-in period which expires the earlier of the 10th anniversary of the initial vessel completion in respect of the final initial vessel or the termination of any initial time charter party agreement.

The business and affairs of AW Shipping Limited are managed by, and under the direction of, its board of directors. The directors are appointed by the shareholders in proportion to each shareholder's shareholding.

Certain matters require unanimous written approval of the shareholders, including among others: (a) a change in the scope of the business of AW Shipping Limited or carrying on any activity other than the business of AW Shipping Limited; (b) reducing or increasing the share capital of AW Shipping Limited; (c) liquidating AW Shipping Limited of any of its subsidiaries or undertakings or merging the into or consolidating them with any third party; (d) approving the annual financial statements in the case of a 'qualification' in AW Shipping Limited's auditor's opinion; (e) incurring indebtedness in the nature of borrowings or making an investment above any amount of threshold agreed in an approved budget or business plan of AW Shipping Limited; and (f) the entry into, extension or amendment to the terms of, or waiver of rights under, certain related party transactions.

In respect of each financial year of AW Shipping Limited the dividend policy is calculated as an amount equal to a contractually agreed percentage of net earnings before profit after tax, in line with the audited financial statements for the respective financial year and as approved by the chairperson. Dividends are to be distributed to the shareholders on a *pro rata* basis between the shareholders (subject to payment of sums due under, and compliance with other applicable restrictions upon the payment of distributions to shareholders contained in, any shareholder loans or finance documents, appropriation of reasonable provisions and reserves and maintenance of a prudent and optimal capital structure, and otherwise generally, in accordance with any capital commitments or expenditure adopted pursuant to an approved budget or business plan of AW Shipping Limited).

The shareholders' agreement terminates automatically if either of the shareholders no longer holds shares in AW Shipping Limited or if AW Shipping Limited is wound-up. In addition, the shareholders' agreement can be terminated at any date by agreement between the shareholders in writing.

Events of default consist of: (a) a material breach of the shareholders' agreement by either of the shareholders; (b) the occurrence of a change of control of a shareholder (other than a pre-approved change of control); or (c) a material breach of certain time charter party agreements by Wanhua or certain of its affiliates. Following the occurrence of an event of default the relevant defaulting shareholder is prohibited from attending and voting at shareholder meetings, any director appointed by the defaulting shareholder will automatically vacate office and voting thresholds in respect of board and shareholder matters will be adjusted to exclude the shareholding of the defaulting shareholder (and its appointed directors). Further, and subject to certain conditions depending on the nature of the default, including in respect of fair value calculations, a non-defaulting shareholder ultimately has the right to compulsorily acquire all of the defaulting shareholders' shares.

Competition

As an integrated energy maritime logistics and shipping business, we compete with global, regional and local shipping and logistics service providers in each of our business units. We believe that our closest competitors are global and regional companies operating in the energy, shipping and logistics services industry and local companies operating in the infrastructure industry.

The competitive landscape is differentiated regionally by numerous factors, such as the number of competitors operating in a specific market, the national and regional infrastructure investment plans by governments, the pricing policies, the level of overhead expenses and the products and services of such competitors, their market penetration, scheduling, vessel availability, size, age and condition of the vessel, quality, experience and reputation of ship operators, the pre-existing relationships with clients or clients' prior experience with specific contractors, the total capacity serving the market, up-to-date technology in terms of methods and equipment, properties, quality, logistics, availability, reliability and innovation, market barriers to entry, and the proximity of natural resources, as well as general economic conditions and demand within the market. We believe that our closest peers are (i) global and regional integrated logistics services companies including Nakilat, MISC, Bahri; and (ii) other UAE listed companies displaying similar features of growth, resilience and profitability, such as ADNOC Drilling or Abu Dhabi Ports.

Health, Safety and Environment (HSE)

Health and Safety

We are committed to protecting the health and safety of our people and the communities in which we operate. On environment, we are responsible to minimize the consumption of resources and emissions to ensure a sustainable ecosystem for future generations. On social, we are passionate about developing our people through ADNOC training programs, while our Health Safety Environment ("**HSE**") Management System focus on operational excellence across our onshore and offshore marine operations. On governance, we have adopted ADNOC group's robust and well-developed policies and standards.

Our HSE management system aims to ensure that all of our assets and operations embed a 100% HSE culture and remain subject to continuous improvement. We are committed to providing a safe and healthy workplace by fostering a culture of zero harm across all of our functions and implementing international safety standards to minimise potential risks to people, communities, assets or the environment. We seek to regularly train our employees to implement the best sustainable maritime business practices. Our integrated management system is comprehensive and focuses on continuous improvement through the adoption of international best practice frameworks and industry learnings. We are certified for ISO 9001 QMS, ISO 14001 EMS, ISO 45001 OHSMS, ISO 50001 ENMS, ISO 55001 AMS, ISO 27001 ITMS, ISO 220001 BCMS, and independent and recertification audits are carried out every three years and surveillance every year. On a group level, ADNOC is committed to maintaining high levels of HSE performance. Our HSE department has rolled out and implemented the following strategic HSE strategic initiatives:

- an HSE culture transformation program, which includes new HSE standards, training programs and competence management initiatives, behavioural based safety (BBS), and a focus on automation and developing stringent work instructions;
- the development of a new asset integrity and risk management framework that contributes towards the development of elements and sub-elements as well as performance standards;
- a focus on people's health through the initiation of an ADNOC safety day themed "culture of care", the launching of health campaigns (e.g., beat the heat, mental health), fatigue and stress risk management program to improve performance;
- the ADNOC 2030 sustainability strategy which includes management of GHG emissions and GHG abatement projects; and
- by developing HSE digital solutions for improved compliance, artificial intelligence projects and the integration of various HSE automation across our major business segments: integrated logistics, shipping and marine services.

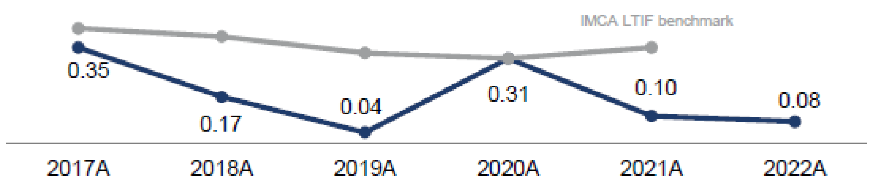
We are committed to maintaining high standards of health and safety in delivering our services, and one of our key strategic pillars is to drive "100% HSE". We have established a central command and control centre for managing crisis and business continuity events and have made significant investments into digitalisation and automation of key HSE processes.

In addition, we have high health and safety standards and an outstanding track record. We recorded a 74% decline in lost time incident frequency since 2020 and a 70% decline in total recordable incident rate (the number of incidents per million manhours worked) ("**TRIR**") since 2020. Our safety records for the years ended 31 December 2022, 2021 and 2020 are set out below.

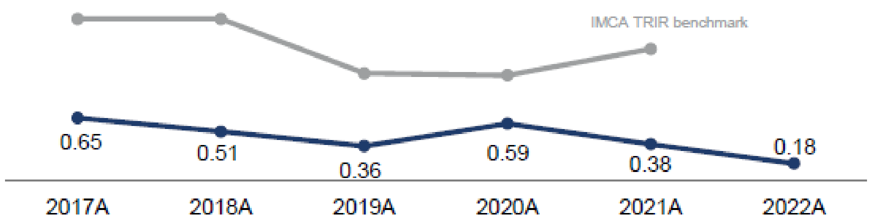
	For the year ended 31 December		
	2022	2021	2020
TRIR – Employees	Nil	0.14	0.83
TRIR – Contractors	0.18	0.46	0.27
Total	**0.18**	**0.38**	**0.59**

The following diagrams set out our lost time incident frequency and TRIR compared to the International Marine Contractors Association benchmarks from 2017 to 2022:

Lost Time Incident Frequency (LTIF)



Total Recordable Incident Rate (TRIR)



We are committed to educate and train suppliers on HSE through systemic meetings and workshops by (i) conducting monthly HSE meetings on key focus areas as well as the action plan generated by the participants, and (ii) sharing internal and external incidents and lessons learned as part of the KPIs within the contractor HSE performance management mechanism.

We also attach significant importance to our operations and policies with respect to sustainability and environment preservation. We work continuously on integrating environmental aspects into our mainstream operations to maximise the efficiency and productivity of our resources and minimise practices that might adversely affect the environment, the local communities and society at large.

Some of our vessels are equipped with a proprietary AI-enabled smart vessel system which detects crew, slips and falls and overboard incidents, undertakes personnel safety checks and swell classification.

COVID-19

Since the onset of the pandemic, our business operations have continued without interruption due to strict crisis management implementation and close monitoring of ongoing developments. We have applied strict protective measures, including sanitisation, personal protection equipment, social distancing and thermal testing prior to accessing any group locations. High frequent testing of both our direct hires as well as contractors enabled the crisis management team to implement additional measures whenever needed. This included remote working for a larger group of administrative and support staff.

Although the long-term effects of COVID-19 are still unclear, our current outlook is that our financial and operating performance remains positive. Developments in each jurisdiction in which we operate are being closely monitored and protocols are flexible to allow for rapid adjustments as needed. The impressive resilience of our staff throughout the period gives all local management teams confidence to revert to a work-from-home policy again if needed, without interruptions to our operations and supply chain.

Environmental Matters

We are subject to numerous environmental, health and safety laws and regulations in the countries in which we operate, including laws and regulations relating to the generation and handling of hazardous substances and wastes, the clean-up of hazardous substance releases and the discharge of regulated substances to air or water. Violations of environmental, health and safety laws can result in substantial penalties, court orders to install pollution control equipment, civil and criminal sanctions, permit revocations and facility shutdowns. In addition, environmental, health and safety laws and regulations may impose joint and several liability, without regard to fault, for clean-up costs on potentially responsible parties who have released or disposed of hazardous substances into the environment.

Information Technology and Innovation

Information technology and innovation are key enablers to support us in being a value-enabler organisation by revealing opportunity gains, enhancing efficiencies and reducing operating and unit costs, thereby creating competitive advantages. We invest in and maintain information technology systems at our headquarters, offices, and other facilities, in order to support our performance and growth strategy. Our information technology systems include both third party applications and in-house developments (including in certain instances in cooperation with ADNOC) tailored to improve cost and plant operating efficiency.

We are pursuing a digital transformation strategy, seeking to harness technology and innovation to unlock value, enhance efficiencies and boost performance. This strategy is driven by two main objectives: (i) artificial intelligence based maritime predictive maintenance solution for planning optimisation, operational efficiency, improving overall fleet performance and asset reliability, and (ii) real time data analytics for risk management and asset optimisation, maintenance and cost optimisation and increased equipment uptime.

We are seeking to develop what we believe is a state-of-the-art digital platform with unified digital features, including integrated planning, 360 business analytics and artificial intelligence-enabled unified data platform that is built on three pillars: (i) smart shipping – real time ship movement and altering, predictive maintenance, dynamic voyage performance and crewless shipping and autonomous vessels, (ii) integrated logistics services – service-oriented marketplace, integrated planning centre, field resources enablement, supply chain automation and warehouse and material management; and (iii) advanced marine services – port and jetty operations, pilotage request management, real time berth and automated yard planning, advanced analytics (port charges and revenues) and duty roster management.

We believe that an artificial intelligence-based maritime maintenance solution provides for planning optimisation and operational efficiency going forward and will improve our overall fleet performance and asset reliability. In addition, we believe that real-time data analytics would provide for risk management and asset optimisation, maintenance and cost optimisation and increased equipment uptime.

Employees and Pensions

Employee numbers

As at 31 December 2022, we had a total of 2,150 employees, including 28 full time employees in our Shipping business unit (commercial departments), 1,009 in our Integrated Logistics business unit and 385 in our Marine Services business unit. In addition, as at 31 December 2022, we had a total of 184 employed UAE seafarers. We source further seafarers from outside the UAE as contractors through external agencies.

End of service benefits

We award long-term employee benefits to certain employees in accordance with the local employment requirements in the UAE. These obligations are a post-employment benefit plan. With respect to our UAE national employees, we make pension contributions to the Abu Dhabi Retirement Pensions and Benefits Funds in accordance with the Abu Dhabi Retirement Pensions and Benefit Fund's regulations. With respect to our GCC national employees, we make pension contributions to the pension funds or agencies of their respective countries.

Such contributions are charged to operating costs during the employees' periods of service. As for non-UAE national employees who have completed one year of continuous service with an ADNOC Group company, they shall be eligible for end of service benefits as per ADNOC policies.

Intellectual Property

Under the terms of the Brand Usage Agreement, we expect to be granted a limited, revocable, non-transferable, non-sublicensable, non-exclusive licence to use certain of ADNOC's trademarks, logo and materials in Africa, Asia, Australia, Europe, North America, South America and any other countries or territories as may be agreed to in writing from time to time, in connection with all operations and any other activities that the Company is currently engaged in. The licence expected is royalty-free for the first five years, following which royalty may be charged. The Brand Usage Agreement is expected to continue in force unless terminated by ADNOC on twelve months' prior written notice to the Company.

Legal Proceedings

There are no outstanding material governmental, legal or arbitration proceedings pending against us, and we are not aware of any such proceedings which are threatened. We are party to various legal proceedings involving routine claims that are incidental to our business.

Insurance

We have taken out insurance policies in relation to a number of risks associated with our business activities, such as, among others, an all-risk industry insurance covering transportation and property related risks, policies covering our vehicles, real estate properties, liabilities, vessels, personnel and equipment. Under these policies (and related underlying policies) insured losses include those resulting from natural and human risks such as business interruptions due to fire, events relating the manipulation of services and losses relating to the handling of money, among others.

Our insurance coverage is subject to customary exclusions, limits and deductibles. At the same time, we have identified certain risks that cannot be insured on economically feasible terms and for which, therefore, we have chosen not to purchase insurance coverage. These risks include, for example, business interruptions caused by acts of terror. Our policies together provide an indemnity against sums for which we become legally liable to pay as compensation for injury, loss or damage to a third party arising out of and in the course of our business, an indemnity against material damage to our properties, in each case subject to deductibles and insured limits that we believe are reasonable. See "*Risk Factors—Risks Related to Our Business—We are not fully insured against all potential hazards and risks incident to our business and our insurance coverage may not adequately cover all losses*".

MANAGEMENT

Board of Directors of the Company

The Board of Directors consists of seven members, Non-Executive Directors, and independent Directors, as listed below:

Name	Year of birth	Position	Year appointed
H.E. Dr. Sultan Ahmed Sultan Essa Aljaber*	1973	Chairperson (Independent Member)	2023
Khaled Salmeen Anber Salmeen*	1973	Director (Independent Member)	2023
Khaled Mohamed Abdulla Alalkeem Alzaabi*	1985	Director (Independent Member)	2023
Dr. Abdulla Humaid Saif Aljarwan Alshamsi*	1985	Director (Independent Member)	2023
Tayba Abdulrahim Mohamed Alhashmi*	1977	Director (Independent Member)	2023
Khalid Abdulhaq Abdulla Barkat Abdulsamad*	1976	Director (Independent Member)	2023
Mashal Saoud Mohamed Alkindi Alseiari*	1984	Director (Independent Member)	2023

* Denotes that the Director is considered independent under the Governance Rules.

The business address of each of the Directors is West Corniche Street, PO Box 898, Abu Dhabi, United Arab Emirates.

The management expertise and experience of each of the Directors is set out below:

H.E. Dr. Sultan Ahmed Sultan Essa Aljaber − ***Chairperson***

H.E. Dr. Al Jaber has over twenty years' experience across the energy spectrum and has played a leading role in the country's energy diversification. H.E. Dr. Sultan Ahmed Al Jaber has served as Group Chief Executive Officer and Managing Director of ADNOC since February 2016. Through this transformation ADNOC has evolved into an advanced, progressive energy company. Dr Sultan has leveraged technology to maintain and build on ADNOC's position as one of the most carbon efficient oil and gas producers. Prior to taking on the leadership position at ADNOC, he served as Chief Executive Officer of the Energy platform of Mubadala Development Company and founding CEO of Masdar, Abu Dhabi's leading renewable energy company of which he is currently Chairman. H.E. Dr. Sultan Ahmed Al Jaber is a member of the UAE Federal Cabinet and the UAE's special envoy for climate change. From 2013 until July 2020, he served as the UAE Minister of State and in July 2020, was named the Minister of Industry and Advanced Technology. In July 2020, he was appointed Chairman of Emirates Development Bank, a key partner in providing financial services for the sustainable economic and social development of the UAE. In November 2020, he was appointed as the UAE's special envoy for climate, a role he previously served from 2010 to 2016. In December 2020, H.E. Dr. Sultan Ahmed Al Jaber was appointed as a board member to the Abu Dhabi Supreme Council for Financial and Economic Affairs. He is an active member of the Anwar Gargash Diplomatic Academy Board of Trustees, and Chairman of the Board of Trustees of the Mohamed bin Zayed University of Artificial Intelligence and holds a Ph.D. in Business and Economics from Coventry University, United Kingdom, an MBA from California State University, USA, and a BSc in Chemical and Petroleum Engineering from the University of Southern California, USA. H.E. Dr. Sultan Ahmed Al Jaber holds a number of positions on the boards of directors of several public joint stock companies in the state.

Khaled Salmeen Anber Salmeen − ***Director***

Mr. Salmeen is the Executive Director of Downstream Industry, Marketing and Trading ("DM&T") at ADNOC. In this role, he leads ADNOC's Trading and Supply functions, as well as its Downstream and Industry operations. This includes the growth of its existing refining and petrochemicals business, development of TA'ZIZ, a globally competitive industrial eco-system in Ruwais that aims to support Abu Dhabi and the UAE's industrial growth ambitions, and ADNOC's evaluation of new business opportunities within Hydrogen. Mr. Salmeen is also responsible for ADNOC's strategic overseas storage and enhancing the company's global presence through ADNOC Marketing International. Previously, he served as Chief Executive Officer of Khalifa Industrial Zone Abu Dhabi, Chairman of Abu Dhabi Terminals, and Chief Operating Officer of Tabreed (National Central Cooling Company). He also led ADNOC's transformation efforts in the capacity of Program Management Office Director from 2016 to 2017, during a period of significant transformation for the ADNOC Group.

In addition to his role as Executive Director of Downstream Industry, Marketing and Trading at ADNOC, Mr. Salmeen is a member of the board of directors of several companies including ADNOC Gas plc, Borouge plc, Fertiglobe plc, Abu Dhabi Marine Business and Services Company PJSC, Abu Dhabi Gas Industries Limited (ADNOC Gas Processing), ALNG, ADNOC Global Trading and Abu Dhabi National Oil Company for Distribution PJSC. He is also the chairman of a number of companies including Borouge PTE, ADNOC Trading, TA'ZIZ, Abu Dhabi Gas Distribution Company – Sole Proprietorship LLC (ADNOC City Gas) and National Gas Shipping Company Limited.

Mr. Salmeen holds a Bachelor of Science Degree in Engineering from the Colorado School of Mines in the United States and an Executive MBA from INSEAD.

Khaled Mohamed Abdulla Alalkeem Alzaabi − ***Director***

Mr. Alzaabi is currently appointed as Group Chief Financial Officer of ADNOC. Before this position, he served as Senior Vice President responsible for ADNOC Group financial planning, budgeting, management information reporting, and performance management for ADNOC Group. He led and ensured the execution of accounting and statutory reporting activities, acting as a centre of expertise, to provide sound financial forecasting, accounting and consolidated reporting that supports the realization of business objectives and ensures compliance.

Some of his significant achievements are as follows. Mr. Alzaabi (i) established integrated business planning, governance framework, and processes, (ii) implemented efficiency and optimization programs, which focuses on identifying and delivering operational and financial levers to maximize value to shareholders, (iii) developed profit-centric reporting structure, including transfer pricing to transform cost-focused culture into a profit and returns-oriented business model, (iv) managed the implementation of unified finance operating model across ADNOC Group, (v) established a new Shared Services model that is expected to substantially transform ADNOC's productivity and performance, raise customer service delivery levels, and unlock talent and employee opportunities, (vi) implemented ADNOC's in-house bank, ADNOC Group Treasury Services (AGTS), which serves as one of the first large-scale in house banks in the Middle East and Africa regions, (vii) executed several mega transactions such as the IPO of Borouge as the largest chemicals IPO in MENA, the IPO of ADNOC Gas as the largest-ever IPO in Abu Dhabi and completed several mergers & acquisitions, including the acquisition by ADNOC of a 24% stake in Masdar, a 25% stake in Borealis and the 100% takeover of Zakher Marine. Additionally, he serves as a member of the board on numerous ADNOC Group companies, such as ADNOC Trading, ADNOC Refining and Borouge.

Mr. Alzaabi holds a Bachelor Degree in Finance from Deakin University, Australia.

Dr. Abdulla Humaid Saif Aljarwan Alshamsi − ***Director***

Dr. Abdulla Al Jarwan is the acting Director of The Executive Office (TEO) Directorate at ADNOC, where he leads on providing strategic guidance and decision nmaking support for the ADNOC Group CEO and Executive Leadership Team (ELT). In this role, Dr. Abdulla oversees business-critical, CEO-directed projects and enables long-lasting, mutually beneficial business outcomes for the Group's stakeholders. Dr. Abdulla is also responsible for ADNOC's Communications & Corporate Social Responsibility (CSR) function, working closely with the ADNOC Group CEO and ELT to navigate complexity and drive forward ADNOC's corporate stewardship agenda.

Dr. Abdulla Al Jarwan previously served as Senior Vice President (SVP) for Strategy, Portfolio & Assurance in ADNOC's Upstream Directorate where he oversaw Business Development, Strategic Planning, Portfolio Management, Business Assurance, Concession and Asset Management. During his tenure as SVP for Strategy, Portfolio & Assurance in ADNOC Upstream, Dr. Abdulla Al Jarwan successfully led the Accelerate 100X program, which is considered the most complex transformation in the history of ADNOC. Prior to his appointment as SVP, Dr. Abdulla held several senior positions with ADNOC Offshore.

Dr. Abdulla Al Jarwan holds Bachelor and Master's degrees in Petroleum Engineering from Khalifa University and his Doctorate in Mergers and Acquisitions from the UAE University. He also completed a Business Program for Senior Leaders from IMD Business School, Switzerland and London Business School, in the United Kingdom.

Tayba Abdulrahim Mohamed Alhashmi − ***Director***

Ms. Alhashmi is the Chief Executive Officer of ADNOC Offshore, one of the largest offshore energy producers in the world. She brings more than 20 years of industry experience across a range of technical disciplines and leadership positions. In her current role, she leads a team of 8,000 people and works with eight international partners to safely deliver around half of Abu Dhabi's oil and gas production, and sustainably grow the business to help meet the world's growing energy demand.

Ms. Alhashmi previously served as CEO of ADNOC Sour Gas, one of the world's largest sour gas producers from 2020 until 2023, where she established ADNOC Sour Gas as a competitive and reliable gas supplier by achieving industry-leading sustained plant availability at 99% that grew production from 1.28 to 1.45 billion standard cubic feet. From 2018 – 2020, Ms. Alhashmi was CEO of Al Yasat Petroleum Operations Company where she was the first female CEO appointed to lead an ADNOC operating company. From 2013 to 2018, Ms. Alhashmi held a series of leadership position in ADNOC's Upstream Directorate. As Senior Vice President Undeveloped Reservoirs, she unlocked reserves to in support of ADNOC's growth strategy and delivered the world's largest offshore sour gas project. As Senior Vice President Exploration, Ms. Alhashmi restructured ADNOC's development and exploration strategies. As Vice President Development, she was responsible for managing ADNOC Onshore's oil and gas portfolio.

Ms. Alhashmi is a member of several professional bodies, including the ADNOC Gender Balance Committee, Society of Petroleum Engineers, United Arab Emirates University and Etihad Water and Electricity. She is also a Board Member and the Audit Committee Chairman of ADNOC Onshore. Ms. Alhashmi holds a Bachelor degree in Chemical Engineering from the UAE University, Al Ain.

Khalid Abdulhaq Abdulla Barkat Abdulsamad − *Director*

Mr. Abdul Samad serves on the Board of Directors of the Company and is also the Senior Vice President of the production function in the Upstream directorate of ADNOC. He is tasked with governing the production operations of the ADNOC Upstream directorate and has been responsible for overseeing an increase in ADNOC's production capacity from 3.0 million barrels of oil per day in 2017 to 4.0 million barrels of oil per day in 2020. Prior to this, Mr. Abdul Samad has held key leadership roles across ADNOC Onshore value chain with responsibility over Engineering, Projects, Operations and Technical support to all user divisions within Onshore. Mr. Samad has also held roles as a Process Engineer for Onshore Bechtel and Gensis.

Mr. Abdul Samad holds a Bachelor's Degree in Chemical Engineering from the United Arab Emirates University.

Mashal Saoud Mohamed Alkindi Alseiari − *Director*

Mr. Al-Kindi has been a part of the ADNOC Group for over 14 years in varying senior management positions, spanning ADNOC's Executive Office, Upstream and Downstream Industry, Trading & Marketing (DM&T) Directorates. Through his ADNOC tenure, Mashal gained exceptional expertise relating to major capital projects and portfolio management, governance, and corporate planning. He was also instrumental in establishing joint ventures in several ADNOC Group companies.

From early 2021 to January 2023, as Senior Vice President, Business Transformation, Excellence and Performance in the DM&T Directorate, he spearheaded corporate performance management and business transformation within ADNOC's natural gas, LNG, polyolefin, petrochemicals, distribution, industry, marketing and trading businesses across various ADNOC entities. In February 2023, Mr. Al-Kindi joined TA'ZIZ (an ADNOC & ADQ joint venture) as Acting Chief Executive Officer where he leads the development of an industrial chemicals portfolio with 16 local and international partners in Al Ruwais Industrial City, Abu Dhabi, UAE.

Mr. Al-Kindi holds a Bachelor of Science in Mechanical Engineering and a Master's of Project Management.

Senior Management of the Company

In addition to the members of the Board of Directors, the day-to-day management of the Company's operations is conducted by its senior management team, as follows:

Name	Year of birth	Position	Year appointed
Captain Abdulkareem Mubarak Ahmed Abdulla Almessabi	1974	Chief Executive Officer	2023
Nicholas Murray Gleeson	1971	Chief Financial Officer	2023
Ahmad Saeed Obaid Bin Taresh Aldhaheri	1973	Senior Vice President, Shipping	2023

Captain Mohamed Ali Mousa Torki Al-Ali	1977	Senior Vice President, Integrated Logistics	2023
Vivek Kumar Seth	1965	Senior Vice President, Marine Services	2023
Justin Sawdon Stewart Murphy	1960	Senior Vice President, Strategy & Business Development	2023
Gordon Mackay Inkson	1974	General Counsel	2023

The management expertise and experience of each of the senior management team is set out below:

Captain Abdulkareem Mubarak Ahmed Abdulla Almessabi – ***Chief Executive Officer***

Captain Abdulkareem Al Masabi leads ADNOC L&S. Before assuming his current role in April 2018, Captain Abdulkareem Al Masabi was the Executive Vice President of the Ports Unit at Abu Dhabi Ports and the Chairman of Abu Dhabi Terminals. He was responsible for all of Abu Dhabi Ports' day-to-day operational activities and provided operational leadership for the ports' growth. His work there led to Khalifa Port being named Port of the Year in 2014 and 2015. Prior to this role, Captain Abdulkareem Al Masabi was Vice President at Khalifa Port and was directly responsible for operational readiness during the port construction phase. He joined Abu Dhabi Ports as Senior Operations Manager in 2009 with over 11 years' experience in the shipping and ports industry.

Before joining Abu Dhabi Ports, Captain Abdulkareem Al Masabi was fleet operations manager with the National Gas Shipping Company, an ADNOC Group company. Prior to that, he was a senior marine superintendent with Gulf Energy Maritime. Between 1995 and 2006, he served with NGSCO, where he rose through the ranks on board the company's LNG/Oil tankers, from his cadetship program to master/chief officer. Captain Abdulkareem Al Masabi was awarded for his achievements and leadership in 2018 with the Executive Council Chairman Medal as the best Executive Director in Abu Dhabi Government as part of the Abu Dhabi Government Excellence awards. He is also the Chairman of the Emirate Shipping Association, an organization with the objective of positioning the UAE as the maritime hub for the region.

Captain Abdulkareem Al Masabi graduated from South Tyneside College in the United Kingdom as a Master Mariner. He also holds an Executive Master's in Business Administration and Management.

Nicholas Murray Gleeson – ***Chief Financial Officer***

Mr. Gleeson is currently serving as the Chief Financial Officer of the Company. Mr. Gleeson has a broad range of experience in energy logistics and strategic leadership along with experience in initial public offerings, mergers, acquisitions and disposals. Prior to his current role, he was the Group Chief Financial Officer of BW Group, one of the world's leading maritime groups in the tanker, gas and offshore segment, operating a fleet of over 100 owned, part-owned or controlled vessels, and the Chief Executive Officer of BW Groups' subsidiary, BW LPG, where he was responsible for overseeing the successful listing of BW LPG's shares on the Oslo Stock Exchange.

Mr. Gleeson is an Australian Chartered Accountant, a graduate of the Australian Institute of Company Directors, holds an MBA from INSEAD and a Bachelor of Commerce degree from the Australian National University.

Ahmad Saeed Obaid Bin Taresh Aldhaheri – ***Senior Vice President, Shipping***

Mr. Al Dhaheri is the Senior Vice President of Commercial & Operations (Shipping) of the Company and has been working with the Company's subsidiaries for the last 25 years in various management positions. In his current role, Mr. Al Dhaheri looks after the Company's core business of oil, refined petroleum products, dry bulk Sulphur, Polyethylene and Liquefied gas transportation by owned tonnage, including, but not limited to, tankers, bulkers, containers, chemical tankers and gas carriers.

Mr. Al Dhaheri holds an Executive MBA degree in Strategy & Planning from Higher Colleges of Technologies (HCT), Abu Dhabi, United Arab Emirates and is also a board member of the UAE Shipping Association (UAESA).

Captain Mohamed Ali Mousa Torki Al-Ali – ***Senior Vice President, Integrated Logistics***

Captain Mohamed Al Ali is the Senior Vice President Offshore Logistics at ADNOC L&S. In his current role at ADNOC L&S, he oversees the commercial logistics and operational activities of the ports, offshore supply and support fleet to provide end-to-end offshore logistics solution to the customers including warehousing, material handling, port and offshore supply operations. Captain Al Ali successfully led the implementation of offshore Integrated Logistics Service Platform, one of the largest in the world providing substantial efficiencies to UAE offshore industry.

Captain Mohamed Al Ali has over 27 years of successful experience in oil and gas and shipping. He started his career as a deck cadet with NGSCO, a wholly-owned subsidiary of ADNOC in 1996, and rose to become the first UAE National Master on an LNG carrier in 2008. While there, he also spearheaded a number of joint energy efficiency contributing to a 23% energy and carbon footprint reduction and the introduction of condition based maintenance and smart ship solutions, achieving Energy Management Standard ISO 50001 and Asset Management Standard 55001.

Captain Mohamed Al Ali was the Senior Vice President Ship Management at ADNOC L&S since 2013. In his previous role at ADNOC L&S, he was overseeing the operations of ADNOC L&S' shipping fleet, including LNG and LPG carriers and oil tankers as well as chemical, sulphur and dry bulk carriers and containers.

Captain Mohamed Al Ali dedicated his career to support the UAE National Marine workforce and ensuring building a remarkable National Marine Foundation for the country.

Captain Mohamed Al Ali holds an Executive Master Degree in Business Administration from Zayed University and a Bachelor's Degree in Maritime Business and Management from John Moores University in Liverpool, United Kingdom.

Vivek Kumar Seth – ***Senior Vice President, Marine Services***

Mr. Seth is currently serving as the Senior Vice President of Marine Services of the Company and the Company's subsidiary Abu Dhabi Marine Business Services Company PJSC. He has more than 32 years of global management, commercial and operations experience in aligning corporate vision with strategic transformation. He has worked across deep sea shipping, offshore maritime segments globally. Prior to his current role, he was the Managing Director of Arga Energy Consulting focusing on marine logistics strategy and for over four years he was Chief Executive Officer at Milaha Offshore Services in Qatar delivering growth and business transformation.

Justin Sawdon Stewart Murphy – ***Senior Vice President, Strategy & Business Development***

Mr. Murphy is the Senior Vice President of Strategy & Business Development of the Company. He has more than 30 years' experience in the maritime and logistics industry across the globe. His career includes various roles in the USA, Canada, Singapore, London and Abu Dhabi serving in a range of roles including as a board director and also as CEO in different organisations.

Mr. Murphy holds an MBA degree from Hull University.

Gordon Mackay Inkson – ***General Counsel***

Mr. Inkson is the General Counsel of the Company and ADNOC L&S. Prior to joining ADNOC L&S in 2019 as Associate General Counsel, Mr. Inkson was a senior associate at leading international law firm, Holman Fenwick Willan, where he focused his practice on the offshore and shipping sectors working on projects relating to the sale and purchase of vessels, newbuilding contracts, joint ventures and company mergers and acquisitions.

Mr. Inkson holds a Bachelors of Law degree from the University of Aberdeen and is a member of the Law Society of Scotland.

Executive Remuneration

Remuneration philosophy

Our overall remuneration philosophy is based on the approach that remuneration should be linked to the performance and behaviour of an individual, business results and shareholder and customer outcomes. The approach to executive remuneration is intended to:

- attract and retain the executive team (taking into account the nature, scale and complexity of the Company's business);
- promote the long-term interests and viability of the Company;
- incentivise the executive team to perform at the highest levels (including by the use of appropriate performance-related remuneration);
- align the interests of the executive team with those of the shareholders and other key stakeholders; and
- provide appropriate levels of remuneration for non-executive directors, reflecting the time, commitment and responsibilities of their respective roles, and the objectivity of judgment in the decision making required by them.

Reward levels are set to attract, retain and engage high calibre talent to support the business strategy. Selected employees are able to share in the success of the Company through participation in annual bonus schemes.

Base salary and fixed pay

Salaries and allowance are periodically reviewed according to Company policy. Adjustments are made as required to ensure market competitiveness and maintain internal equity.

Benefits and pension

We have no company-wide pension scheme.

In accordance with Federal Decree-Law No. (33) of 2021, as amended (the "**UAE Labour Law**") and ADGM employment regulations 2019, the Group is required to pay end of service benefits to all qualifying employees of the Group upon cessation of employment, and it shall also be obligated to pay any unpaid salary, notice pay and accrued but untaken holiday pay. The key financial obligation of the Group with respect to end of service benefits is to make the specified lump sum payments to employees which become payable when they leave the Group, subject to certain exceptions (including, insofar as ADGM employees only are concerned, leaving for gross misconduct).

The amount payable at the time of exit is calculated as a multiple of a pre-defined fraction of salary (subject to a total cap equating to two years' pay) based on the length of service. Specifically, end of service gratuity is calculated on the basis of 21 days' basic pay per year of service for each of the first five years, and 30 days' basic pay for each additional year capped at two years' full pay.

The executive regulations to the UAE Labour Law also provide for prorating of end of service gratuity for both part time and job sharing employees. The calculation of end of service gratuity in such cases is as follows:

(a) The total number of hours to be worked per year shall be converted into working days (one working day being eight working hours);

(b) The total number of working days is then divided by the number of working days in a full time calendar year;

(c) This figure is then multiplied against the full time equivalent end of service gratuity entitlement.

The UAE Labour Law does not require the Group to pay such end of service benefits in advance. They are payable within 14 days of the relevant employment termination date.

The Company has adequate provisions for end of service benefits, notice pay and accrued holiday pay.

In accordance with:

- Law No. 2 of 2000 regarding civil retirement pensions and benefits in the Emirate of Abu Dhabi and its amendments (the "**Abu Dhabi Pensions Law**") the employees who are UAE nationals and (pursuant to s. 58 of the ADGM Employment Regulations) the Company employees who are UAE nationals; and

- Cabinet Resolution No. (18/2007) concerning the operational rules for the application of the provision of the law of extension of social insurance protection to nationals of GCC employees working outside their countries in any other GCC State (Cabinet Resolution), Group employees who are (non-UAE) GCC nationals and (pursuant to s. 58 of the ADGM Employment Regulations) the Company employees who are (non-UAE) GCC nationals,

must be registered with the pension scheme of the Emirate of Abu Dhabi (governed by the General Pensions and Social Security Authority).

For UAE nationals, the current employee contribution is 5% of pensionable monthly salary with an employer contribution of 15% of pensionable monthly salary and the Company contributes to the Abu Dhabi Pension Scheme in accordance with the Abu Dhabi Pensions Law. For other GCC nationals, employers in the UAE are liable to mandatory subscriptions for their GCC employees according to the social security law in their home countries in terms of registration and subscriptions, provided that the same may not exceed the subscription share designated for the employers to UAE nationals (where there is a shortfall, the employer will be obligated to deduct the difference from the employee's salary unless the home state of that employee agrees to cover the difference). GCC employees assume the contributions variances, if any. ADNOC L&S contributes to the GCC pension scheme in accordance with the Cabinet Resolution.

Annual bonus

Annual bonuses are payable at the sole discretion of the Board. Bonuses are based on the achievement of certain metrics measured over a one-year performance period.

For the most senior executives, the potential bonus opportunity is capped in any financial year at a sufficiently motivational level, with consideration of local competitive market norms. Bonus opportunities will be cascaded by seniority as appropriate. Performance measures and targets will be based on an appropriate combination of corporate, divisional and individual performance.

Long Term Incentive Plan

While the Company does not have a long-term incentive plan for the Board of Directors or senior executives, it may in the future implement one.

Corporate Governance

Governance Rules

The Board of Directors is committed to standards of corporate governance that are in line with international best practice.

In this respect, the ADX listing rules provide that the ADX may, as it deems appropriate, decide to apply the Corporate Governance Guide for Joint Stock Companies issued by the SCA pursuant to Decision No. 3/RM of 2020 (as amended) (the "**SCA Governance Code**") to financial free zone companies (such as the Company) which list on the ADX. In this regard, the ADX has confirmed that the SCA Governance Code will generally be applicable to the Company, but it has also approved a request from the Company that, taking into account matters such as the governance regime contained in the Company's Articles and the fact that a number of topics are already regulated under the Companies Regulations, certain provisions of the SCA Governance Guide should be disapplied. In particular, the ADX approved the disapplication of a number of provisions of the SCA Governance Guide including Articles 6(3), 6(4), 8(1), 8(2), 8(3)(A), 8(3)(F), 9(5), 10(1), 15, 16, 19, 20-23 (inclusive), 24(5)(C), 24(9), 25, 26(1), 27, 29, 32 (other than section 32(4) and, as it relates to the recording of conflicts in board of director meeting minutes, section 32(5)), 34, 36(2), 37, 38, 39, 40-48 (inclusive), 51(1)(a), 52(2), 59(5), 59(6), 59(7), 59(9), 59(10), 59(11), 59(12), 60(1), 61(20), 62(1), 65, 67(3)(B), 68(7), 71(2), 71(4), 80, 82(1)(B) and 82(1)(C). The ADX also approved the interpretation of a number of other provisions of the SCA Governance Guide in a manner consistent with the Companies Regulations and our Articles.

In this Offering Memorandum, the corporate governance rules applicable to the Company taking into account the application of the SCA Governance Code (and disapplication of certain provisions) referred to above are referred to as the "**Governance Rules**".

The Governance Rules require that at least one-third of the Board must comprise non-executive independent directorsin accordance with the criteria set out in the Governance Rules. The Governance Rules define an independent member as a member who has no relationship with the Company, any member of its senior executive management, its auditor, its parent company, its subsidiaries, any sister company, or any affiliate company in a manner that could lead to financial or moral benefit which may affect their decisions, subject to certain exceptions for directors with certain government links. The Board consists entirely of non-executive directors (the "**Non-Executive Directors**"). The Company regards seven of its directors as "independent members of the Board" within the meaning of the Governance Rules.

The Company's Articles further require that the Board meet at least four times each year.

Board Committees

The Board will establish three permanent committees – an Audit Committee, a Nomination and Remuneration Committee (each of which will be subject to the composition requirements of the Governance Rules), and an Executive Committee. If the need should arise, and subject to the Articles, the Board may set up additional committees as appropriate. In accordance with the Governance Rules, the Chairperson is not permitted to be a member of either the Audit Committee or the Nomination and Remuneration Committee.

Our Articles state that the composition of the Audit Committee, the Nomination and Remuneration Committee and the Executive Committee will be as specified in the relevant terms of reference adopted by the Board of Directors from time to time.

A high-level overview of the mandate of each of these committees, as at Listing, is set out below.

Audit Committee

The Audit Committee will assist the Board in discharging its responsibilities relating to financial reporting, external and internal audits and controls, including reviewing and monitoring the integrity of our financial statements, reviewing and monitoring the extent of the non-audit work undertaken by external auditors, advising on the appointment of external auditors, overseeing the relationship with our external auditors, reviewing the effectiveness of the external audit process, and reviewing the effectiveness of our internal control review function. The ultimate responsibility for reviewing and approving the annual report and accounts remains with the Board. The Audit Committee will give due consideration to the applicable laws and regulations of the UAE, the ADGM, the SCA and the ADX.

The Audit Committee Terms of Reference to be adopted prior to Listing require that the Audit Committee must comprise at least six members. At least three members of the Audit Committee must be Non-Executive Directors (of whom at least two must be independent), in each case within the meaning of those terms in the Governance Rules. In addition, at least one member is required to have practical audit, finance or accounting experience. The Audit Committee will be chaired by one of the independent members and will include other members elected by the Board from time to time. The members of the Audit Committee will be appointed in accordance with the relevant terms of reference. The Audit Committee will meet not less than four times per year. All members of the Audit Committee will be required to comply with the Group's information sharing protocol which sets out guidelines on matters relating to the sharing of material non-public information and insider trading.

The Audit Committee will take appropriate steps to ensure that the Company's external auditors are independent of the Company as required by applicable law.

Nomination and Remuneration Committee

The Nomination and Remuneration Committee will assist the Board in setting and overseeing the nomination and remuneration policies in respect of the Board, any committees of the Board and senior management. In such capacity, it is responsible for evaluating certain matters relating to the Company's executive management, evaluating the balance of skills, knowledge and experience of the Board and committees of the Board and, in particular, monitoring the independent status of the independent Directors. In addition, and subject to the Articles, the Nomination and Remuneration Committee will assist the Board in determining its responsibilities in relation to remuneration, including making recommendations to the Board on the Company's policy on executive remuneration and decisions on certain of the Group's human capital policies, setting the over-arching principles, parameters and governance framework of our remuneration policy and overseeing remuneration and benefits packages.

The Board will delegate to the Nomination and Remuneration Committee decisions in relation to the appointment, removal and replacement of personnel reporting directly to the Company's chief executive officer, senior vice-presidents of the Group and management personnel reporting directly to the Group's senior vice-presidents.

The Nomination and Remuneration Committee Terms of Reference to be adopted prior to Listing will require that the Nomination and Remuneration Committee must comprise five members. At least three of the members of the Nomination and Remuneration Committee will need to be Non-Executive Directors (of whom at least two will need to be independent), in each case within the meaning of those terms in the Governance Rules. The chairperson of the Nomination and Remuneration Committee must be chosen from amongst the independent committee members. The members of the Nomination and Remuneration Committee will be appointed in accordance with the Nomination and Remuneration Committee Terms of Reference. The Nomination and Remuneration Committee will meet at least two times per year, and otherwise from time to time based on the Company's requirements. All members of the Nomination and Remuneration Committee will be required to comply with the Group's information sharing protocol which sets out guidelines on matters relating to the sharing of material non-public information and insider trading.

Executive Committee

The Executive Committee will assist the Board in discharging its responsibilities, including in relation to the Company's commercial performance. Prior to Listing, the Board will delegate to the Executive Committee approval of related party transactions. The Executive Committee's role will also include the approval of any matters delegated to it under the Company's delegation of authority matrix, and the review and, if requested by the Board, the endorsement of matters relating to the Company's commercial, financial and operational performance, function and planning. The Executive Committee will also receive information and reporting relating to the business and operations of the Group. All members of the Executive Committee will be required to comply with the Company's insider trading policy which sets out guidelines on matters relating to the sharing of material non-public information and insider trading

The Executive Committee Terms of Reference to be adopted prior to Listing will require that the Executive Committee must comprise six members. The Executive Committee will meet every four to six weeks.

Board Committees Composition

The table below sets out the members of each of the committees of the Board as at Listing:

Committee Member	**Executive Committee**
Khaled Salmeen Anber Salmeen (Chairperson)	✓
Khaled Mohamed Abdulla Alalkeem Alzaabi	✓
Khalid Abdulhaq Abdulla Barkat Abdulsamad	✓
Fatema Al Nuami	✓
Ayman Dabash	✓
Jasim M. Saeed	✓
Klaus Froehlich	✓

Committee Member	Audit Committee
Khaled Mohamed Abdulla Alalkeem Alzaabi (Chairperson)	✓
Tayba Abdulrahim Mohamed Alhashmi	✓
Mashal Saoud Mohamed Alkindi Alseiari	✓
Wafa Al-Ali	✓
Omar Al Farsi	✓
Ann Mazzucco	✓

Committee Member	Nomination and Remuneration Committee
Tayba Abdulrahim Mohamed Alhashmi (Chairperson)	✓
Mashal Saoud Mohamed Alkindi Alseiari	✓
Dr. Abdulla Humaid Saif Aljarwan Alshamsi	✓
Ayesha Mohamed Al Hammadi	✓
Nasser Omair Al Muhairi	✓

RELATED PARTY TRANSACTIONS

We are and have been a party to various agreements and other arrangements with related parties comprising ADNOC and certain of its other subsidiaries. The agreements are negotiated on an arms-length basis. The most significant of these transactions are described below.

For further details relating to related party transactions and the impact of the related party transactions on our financial position and financial results, please refer to Note 24 of the ADNOC L&S Annual Financial Statements, included elsewhere in this Offering Memorandum. For further details and the impact of related party transactions on our financial position and financial results as at and for the three-month period ended 31 March 2023 and for the three-month period ended 31 March 2022, please refer to Note 15 of the ADNOC L&S Interim Financial Information, included elsewhere in this Offering Memorandum.

ILSP Agreement

See "*Business—Material Agreements*".

AW Shipping Limited Shareholders' Agreement

See "*Business—Material Agreements*".

Hail and Ghasha Integrated Logistics Technical Services Agreement

See "*Business—Material Agreements*".

Ruwais Terminal Port Operations Agreement

See "*Business—Material Agreements*".

KEZAD Gateway Operations at Khalifa Port and KEZAD Agreement

See "*Business—Material Agreements*".

Petroleum Ports Operations Licencing Agreement

See "*Business—Material Agreements*".

Agreement for Jack-Up Barges Services

See "*Business—Material Agreements*".

ADNOC Onshore Services Agreement

See "*Business—Material Agreements*".

ADNOC Shareholder Loans

See "*Business—Material Agreements*".

Subscription and Transfer Agreement

The Company and ADNOC entered into the Subscription and Transfer Agreement whereby ADNOC became the sole shareholder of the Company which, in turn, holds 100% of the share capital of ADNOC L&S. In accordance with the ADGM Companies Regulations, including sections 555-559 thereof, various formalities (such as a valuation exercise and passing of a shareholder resolution) were completed before the Subscription and Transfer Agreement was entered into.

ADNOC Trading Chartering Cooperation Agreements

Abu Dhabi Marine Operations and Services Company LLC, Abu Dhabi Marine International Chartering Holdings RSC Limited and ADNOC Trading LTF ("**ADNOC Trading**") entered into a chartering cooperation agreement (the "**Chartering Cooperation Agreement**") dated 15 December 2021 for the provision of chartering services for a total term of two years to be automatically extended for a further two years upon expiry of the initial term and up until the agreement has been renewed five times. The scope of the agreement shall cover non-exclusively voyage charters, time charters, trip-time charters, contracts of affreightment, through transport, and any other type of charter or related contract that may be required by ADNOC Trading throughout the validity of the agreement. The fees have been agreed ahead of the execution of the contract and shall not be amended for the term.

Abu Dhabi Marine International Chartering Holdings RSC Limited and ADNOC Trading subsequently entered into a second agreement dated 15 December 2021 which provides for a mechanism by which the parties may enter into charters of vessels by way of confirmation notice. The agreement is set to continue until (i) it is terminated in accordance with the termination provisions; or (ii) the Chartering Cooperation Agreement is terminated or expires, whichever occurs first.

ADNOC Global Trading Chartering Cooperation Agreement

Abu Dhabi Marine Operations and Services Company LLC, Abu Dhabi Marine International Chartering Holdings RSC Limited, ADNOC Global Trading Ltd ("**AGT AD**") and ADNOC Global Trading Asia Pte. Ltd ("**AGT Asia**") entered into an agreement dated 29 April 2022 by which AGT Asia agreed to cooperate with Abu Dhabi Marine Operations and Services Company LLC to ensure fulfilment of chartering requirements. The agreement has an initial term of two years from the date of entering into the agreement and is subject to automatic renewable terms of two calendar years, with early termination permitted by any party in the event of change of control, provided that it is no later than three calendar months before the end of the initial term or the current renewal term. AGT AD may further terminate if: (i) Abu Dhabi Marine Operations and Services Company LLC makes any public offering or listing of its shares resulting in ADNOC no longer owning more than 50% of its shares; or (ii) any competitor or owner of a third party vessel obtains an ownership interest in Abu Dhabi Marine Operations and Services Company LLC or is the employer/is represented by a director on Abu Dhabi Marine Operations and Services Company LLC's board, whereas Abu Dhabi Marine Operations and Services Company LLC may terminate if any of its competitors obtains any new ownership interest in AGT AD. Abu Dhabi Marine Operations and Services Company LLC's fee is a fixed percentage of all commissions payable under all voyage charterparties of third party vessels (as applicable) up to a maximum annual limit. The time charter fee is a fixed percentage of all commissions payable under all charterparties of third-party vessels not subject to an optimisation agreement.

NGSCO Management Agreement

Abu Dhabi Marine Operations and Services Company LLC entered into a management agreement with National Gas Shipping Company Ltd ("**NGSCO**"), which is majority owned by ADNOC on 8 March 2018 (effective 1 January 2018). The agreement is extendable on a year-to-year basis and may be terminated by either party providing a six months' written notice to the other.

Under the terms of this agreement, Abu Dhabi Marine Operations and Services Company LLC represents NGSCO in dealings with third parties and provide services in connection with the management and administration of its business. The fees are fixed and annual, payable in monthly instalments and to be updated yearly following budget estimations for working capital requirements for management fees and chartered vessels.

Abu Dhabi Marine Operations and Services Company LLC shall not be liable to NGSCO for any loss unless the loss has resulted from: (i) the gross negligence or wilful default of Abu Dhabi Marine Operations and Services Company LLC, the submanager or their respective employees, agents or contractors; or (ii) a breach of the agreement by Abu Dhabi Marine Operations and Services Company LLC, in which case Abu Dhabi Marine Operations and Services Company LLC's liability is capped at ten times Abu Dhabi Marine Operations and Services Company LLC's fees. All decisions of a material nature relating to NGSCO or any vessel chartered by NGSCO are reserved to NGSCO.

Master Fixture Recap Agreement

Abu Dhabi Gas Liquefication Company Limited, Abu Dhabi Marine International Chartering Holdings RSC Limited ("**ADNOC Chartering**") and Abu Dhabi Marine Operations and Services Company LLC entered into a master fixture recap agreement dated 13 March 2023 which sets out general terms on which idle ADNOC LNG (now ADNOC Gas) carriers can be chartered to third parties through ADNOC Chartering. No fees are payable under this agreement. The agreement may be terminated by either party providing a 20 days' written notice.

AW Shipping Limited Management Agreement

Abu Dhabi Marine Operations and Services Company LLC has entered into certain agreements with AW Shipping Limited: (i) a ship management agreement with AW Shipping Limited for the provision of services in relation to the Delma vessel, including technical, crew, and commercial management (the "**Ship Management Agreement**"); and (ii) a service level agreement with AW Shipping Limited whereby we represent AW Shipping Limited in its dealings with third parties and for the provision of certain commercial and administrative assistance (the "**Service Level Agreement**"). Fees for the services under the scope of the Ship Management Agreement are to be paid in equal monthly instalments, with certain expenses being changed at cost. Fees under the Service Level Agreement are of a fixed nominal amount per annum.

The Ship Management Agreement was signed on 27 July 2021 for a term of at least ten years and up until one of the parties gives timely notice or until the agreement is otherwise terminated. The Ship Management Agreement is deemed terminated if the vessel is sold, the vessel becomes a total loss, the vessel is declared as compromised or missing, or the bareboat charter comes to an end. The Service Level Agreement was signed 4 June 2020, effective 23 August 2021, for a minimum of ten years after which the term shall automatically extend yearly unless notice of intent to terminate is given by either party.

Under the Ship Management Agreement, Abu Dhabi Marine Operations and Services Company LLC is not liable to AW Shipping Limited for any loss, damage, delay etc. in the course of providing management services unless it is proved to have resulted solely from the negligence, gross negligence or wilful default of Abu Dhabi Marine Operations and Services Company LLC or its employees, agents or sub-contractors, in which case (save where the loss has resulted from an intentional or reckless personal act or omission). Abu Dhabi Marine Operations and Services Company LLC's liability for each incident shall not exceed a total of ten times the annual management fee. AW Shipping Limited indemnifies Abu Dhabi Marine Operations and Services Company LLC against all liabilities and claims, except to the extent Abu Dhabi Marine Operations and Services Company LLC is liable under the terms of the agreement. Under the Service Level Agreement, Abu Dhabi Marine Operations and Services Company LLC's liability to AW Shipping Limited for loss arising from its gross negligence or wilful default or breach of the agreement shall not exceed USD 25,000 for each incident or series of incidents.

Corporate Services Agreement

Following the Listing, the Company intends to enter into a corporate services agreement with ADNOC which is expected to be in 2024. If executed, the agreement will set out the terms, conditions and pricing for ADNOC to provide certain corporate services to the Company, and if requested by the Company, certain additional services to the Company. The corporate services are expected to include (among other things): corporate governance, treasury and accounting, human resources, business support services, procurement, communication services, HSE services, legal services, insurance services and IT services.

Brand Usage Agreement

On or prior to the Listing, the Company intends to enter into a brand usage agreement with ADNOC pursuant to which ADNOC intends to grant the Company a limited, revocable, non-transferable, non-sublicensable, non-exclusive licence to use certain of ADNOC's trademarks, logo and materials in Africa, Asia, Australia, Europe, North America, South America and any other countries or territories as may be agreed to in writing from time to time, in connection with all operations and any other activities that the Company is currently engaged in. The licence expected to be granted under the brand usage agreement is royalty-free for the first five years. The brand usage agreement is expected to continue in force unless terminated by ADNOC on twelve (12) months' prior written notice to the Company.

Information Sharing Agreement

Prior to or shortly after the Listing, the Company will enter into an information sharing agreement (the "**Information Sharing Agreement**") with ADNOC, which sets out guidelines on matters relating to the sharing of material non-public information and insider trading. Pursuant to the Information Sharing Agreement, the Company agrees to provide ADNOC with such information as regards the Group as ADNOC may require including, amongst other things, for the purposes of: (i) satisfying the requirements of law, regulations or the rules and regulations of any regulatory body or international exchange to which it is subject and any obligation relating thereto; (ii) financial and/or non-financial reporting obligations, including producing and verifying the consolidated group accounts of the ADNOC group and any related report or obligation; and (iii) providing information as required by governmental authorities. The Information Sharing Agreement will contain certain obligations on both parties to ensure that they are in compliance with ADX and SCA rules, in particular, regarding the protection of inside information. The Information Sharing Agreement will be governed by the laws of Abu Dhabi and the Federal Laws of the UAE as applied in Abu Dhabi. The Information Sharing Agreement may be terminated by ADNOC or upon the earlier of (i) the Company's Shares ceasing to be listed on the ADX; and (ii) ADNOC ceasing to control the Company.

PRINCIPAL AND SELLING SHAREHOLDER

The following table sets out the shareholding of our Shares by ADNOC and public shareholders: (i) as at the date of this Offering Memorandum, with a total share capital of 7,398,498,764 shares with a nominal value of USD 0.54 each; and (ii) immediately following the Global Offering, assuming that the Selling Shareholder sells all of the Shares being offered:

	As at the date of this Offering Memorandum		**Immediately following the Global Offering(1)**	
	Number of Shares	**Percentage**	**Number of Shares**	**Percentage**
Shareholder				
ADNOC	7,398,498,764	100%	6,288,723,947	85%
Public shareholders(1), (2)	–	–	1,109,774,817	15%
Total	**7,398,498,764**	**100%**	**7,398,498,764**	**100%**

(1) Assumes that the maximum number of Shares offered in the Global Offering are sold. 1,109,774,817 Shares are being offered in the Global Offering.

(2) Public shareholders include the Cornerstone Investors.

No Shares have voting rights that differ from those of any other Shares. As at the date of this Offering Memorandum, the Company is not aware of any arrangements that may result in a change in control of the Company.

DESCRIPTION OF SHARE CAPITAL

Set out below is a summary of certain information concerning the Shares, certain provisions of our Articles adopted in connection with the Global Offering, and certain requirements of applicable laws and regulations in effect as at the date hereof. This summary does not purport to be complete.

Our Share Capital

On incorporation in the ADGM on 19 April 2023, the Company's total issued share capital was USD 50,000 consisting of 50,000 ordinary shares with a nominal value of USD 1.00 each, which was subscribed for in full by the Selling Shareholder.

At a general meeting held on 24 April 2023, the Selling Shareholder resolved, amongst other things, that (i) 50,000 ordinary shares with a nominal value of USD 1.00 each should be sub-divided into 92,593 ordinary shares of USD 0.54 each and the authorised share capital of the Company should be increased to USD 50,000.22, and (ii) the total share capital of the Company should be increased to USD 3,995,189,332.56 consisting of 7,398,498,764 ordinary shares with a nominal value of USD 0.54 each.

On 25 April 2023, the Company and ADNOC entered into the Subscription and Transfer Agreement whereby ADNOC became the sole shareholder of the Company. Under the terms of the Subscription and Transfer Agreement, (i) ADNOC transferred to the Company 9,290,615,000 shares with nominal value of AED 1.00 in ADNOC L&S, representing 100% of ADNOC L&S's total issued and outstanding share capital, (ii) in consideration of the transfer by ADNOC to the Company of 100% of ADNOC L&S's total issued and outstanding share capital, the Company issued and allotted to ADNOC 7,398,406,171 of its ordinary shares with a nominal value of USD 0.54 each.

As at the date of this Offering Memorandum, the Company does not hold any shares in treasury and its total issued share capital is USD 3,995,189,332.56 consisting of 7,398,498,764 shares with a nominal value of USD 0.54 each.

Immediately following the Global Offering, assuming that the Selling Shareholder sells all of 1,109,774,817 Shares being offered (representing 15% of the Company's total issued share capital), the Selling Shareholder will own 6,288,723,947 Shares (representing 85% of the Company's total issued share capital).

Our Articles of Association

The following is a summary of selected rights under our Articles and the Companies Regulations and the rules and regulations that will apply to the Company following Listing.

Share capital

In the following description of the rights attaching to the Shares, a holder of Shares and a shareholder is, in both cases, the person registered in the Company's register of shareholders as the holder of the relevant shares.

Without prejudice to any rights attached to any existing shares, and subject to the other provisions of the Articles, the Company may issue shares with such rights or restrictions as determined by either the Company by ordinary resolution or, if the Company passes a resolution to so authorise them, by the Board. Subject to the other provisions of the Articles, the Company may also issue shares which are to be redeemed, or are liable to be redeemed, at the option of the Company or the holder and the Board may determine the terms, conditions and manner of redemption of any such shares.

Share register

Upon Listing on the ADX, the Shares will be dematerialised and the share register will be maintained by the ADX.

The Shares may be sold, transferred, or otherwise disposed of in accordance with the provisions of the Articles and the applicable regulations for selling, purchasing, clearing, settling and recording.

Deceased shareholders

In the event of a death of a shareholder, the persons entitled to that shareholders' shares shall be entitled to choose to become a holder of the shares or to transfer them to another person and, after being registered as a shareholder in accordance with the Articles, shall have the same rights as a shareholder as the deceased shareholder had in relation to such Shares, subject to the Articles and pending any transfer of shares to another person. The estate of the deceased shareholder shall not be exempted from any outstanding obligation relating to any Share held by them at the time of death.

Any person who becomes entitled to rights to Shares as a result of the death or bankruptcy of any shareholder, or pursuant to an attachment order issued by any competent court of law, should:

- produce evidence of such right to the Board; and
- select either to be registered as a shareholder or to nominate another person to be registered as a shareholder of the relevant Share(s).

Changes in share capital

The provisions of the Articles governing the conditions under which the Company may alter its share capital are no more stringent than the conditions imposed by the Companies Regulations.

Pre-emption rights on new issues of shares

Any issue of new Shares for cash must first be offered to the existing shareholders for subscription, in proportion to their existing shareholdings, before being offered to any third-party. In no circumstances shall the Directors be empowered to issue and allot any equity securities absent a valid authorisation.

Dividends

Subject to the other provisions of the Articles, the Company may declare dividends to be paid to its shareholders. However, no dividend shall be declared unless it has been recommended by the Board of Directors and does not exceed the amount recommended by the Board of Directors.

Transfer of Shares

The Shares offered pursuant to this Offering Memorandum shall be held in dematerialised form in a shareholder registry maintained by ADX and transfers shall be governed by and shall comply with the regulations applicable to companies listed on ADX. The Shares may be sold, transferred, pledged or otherwise disposed of in accordance with the Articles. Transfers made other than in accordance with the Articles shall be void.

General Meetings

Annual general meeting

An annual general meeting shall be held in each period of six months beginning with the day following the Company's accounting reference date, at such place or places (including electronic platforms), date and time as may be decided by the directors.

Convening of general meetings

The directors may, whenever they think fit, call a general meeting. The directors are required to call a general meeting once the Company has received requests from its members to do so in accordance with the Companies Regulations. The directors shall determine whether a general meeting is to be held as a physical general meeting or an electronic general meeting.

Notice of general meetings etc.

Notice of general meetings shall include all information required to be included by the Companies Regulations and shall be given to all members other than those members who are not entitled to receive such notices from the Company under the provisions of the Articles.

Quorum

No business shall be transacted at any general meeting unless a quorum is present at the time when the meeting proceeds to business. A quorum will require the presence, in person or by proxy, of shareholders representing a simple majority of the total issued and outstanding share capital of the Company.

In the event that a general meeting is adjourned due to a lack of quorum and then reconvened in accordance with the Articles, the reconvened general meeting shall be subject to the same quorum requirement. If, however, the meeting is again adjourned for lack of quorum and reconvened once more, a quorum will exist at that second reconvened meeting provided that shareholders representing at least a simple majority of the total issued and outstanding share capital of the Company are present (in person or by proxy).

Directors

The Board of Directors

Pursuant to the Articles, the Board shall be responsible for the management of the Company's business, for which purpose they may exercise all the powers of the Company. Board members will be elected by the shareholders in general meeting in accordance with the cumulative voting process set out in the Articles. The Board holding office as at the date of this Offering Memorandum was appointed by the Selling Shareholder for a period of three years commencing on the date of Listing.

If a position becomes vacant during the term of the Board, then the relevant shareholder (if such shareholder is a "Major Shareholder", meaning that it holds at least 25% of our shares) that cast the most votes for that director may appoint a replacement, otherwise the replacement will be appointed by the Board as a simple majority matter. In either case, the replacement shall serve the remaining term of the director who vacated her or his position.

Number of directors

The Board shall consist of seven Directors. The number of directors comprising the board may be increased or decreased pursuant to a vote of a simple majority of the board.

Board meetings

The Board shall hold its meetings either (a) by telephone, video conferencing or other similar methods by means of which all persons participating in the meeting can at all times during such meeting hear and speak to each other (provided that if any directors participate in a Board meeting by telephone, video conference or other similar method, the meeting shall be initiated in Abu Dhabi, and as such shall be deemed to be held in Abu Dhabi); or (b) in person. At least half the Directors participating in Board meetings shall be present in person in Abu Dhabi for at least half of the Board meetings in each year. The quorum necessary for the transaction of business of the Board is the presence, either in person or via a duly appointed alternate director, of a simple majority of the total number of directors subject to the conflict of interest provisions in the Articles.

If a meeting of the Board is adjourned due to a lack of quorum and then reconvened in accordance with the Articles, the reconvened board meeting shall be subject to the same quorum requirement. If, however, the Board meeting is again adjourned for lack of quorum and reconvened once more, a quorum will exist at that second reconvened meeting provided that a simple majority of the directors are in attendance or represented by an alternate.

A meeting of the Board at which a quorum is present shall be competent to exercise all powers and discretions for the time being exercisable by the Board. Subject to the board supermajority matters and shareholder supermajority matters, resolutions are adopted by a majority of the votes of the Directors present or represented, and in case of a tie, the Chairperson shall not have a casting vote.

Directors' interests

For the purposes of section 165 of the Companies Regulations, the Directors shall have the power to authorise any matter which would or might otherwise constitute or give rise to a breach of the duty of a Director to avoid a situation in which he or she has, or can have, a direct or indirect interest that conflicts, or possibly may conflict, with the interests of the Company. Any such authorisation will be effective only if:

- any requirement as to the quorum at the meeting at which the matter is considered is met without counting the Director in question or any other interested Director; and

- the matter was agreed by a unanimous vote of the Directors, other than the interested Directors.

The Directors may extend any such authorisation to any actual or potential conflict of interest which may arise out of the matter so authorised and may (whether at the time of the giving of the authorisation or subsequently) make any such authorisation subject to any limits or conditions they expressly impose, but such authorisation is otherwise given to the fullest extent permitted. The Directors may also terminate any such authorisation at any time. Further details are set out in the Articles.

Liability of the Board of Directors

The members of the Board owe general duties to the Company in accordance with the Companies Regulations (including exercising reasonable care, skill and diligence and acting to promote the success of the Company). The Company may bring a claim against any member of the Board in breach of their duties as a director, with available remedies varying depending on the severity of the breach but may include damages, injunctive relief and other remedies.

Subject to the prior permission of the ADGM court, an eligible shareholder may independently initiate proceedings against any member of the Board if the Company fails to do so in respect of a cause of action arising from an actual or proposed act or omission involving negligence, default, breach of duty or breach of trust by that member of the Board.

So far as may be permitted by the Companies Regulations, every director, officer, senior manager or alternate director (or former director, officer, senior manager or alternate director) of the Company or of an associated company (as contemplated by section 278 of the Companies Regulations) may be indemnified out of the Company's assets against any liability incurred by them in connection with any negligence, default, breach of duty or breach of trust by them or any other liability incurred by them in the execution of their duties, the exercise of their powers or otherwise in connection with their duties, powers or offices.

Directors' remuneration

The method of calculating the remuneration of the members of the Board shall be determined by the Board.

Liquidation rights

In the event of liquidation of the Company, each shareholder shall be entitled to a part of the Company's surplus assets in accordance with the applicable law and regulation in the ADGM.

Form of notices and communications

Unless the Articles expressly require otherwise, any notice, document or information to be sent or supplied by the Company to shareholders (including forms of appointment of a proxy and copies of the Company's annual accounts) may be sent or supplied in hard copy form, in electronic form (for example, by email or facsimile) or by means of the Company's or another website.

TAXATION

Certain U.S. Federal Income Tax Considerations

The following discussion is a summary of certain U.S. federal income tax consequences to U.S. Holders (as defined below) relating to the acquisition, ownership and disposition of the Shares. This summary does not purport to be a comprehensive description of all of the U.S. federal income tax considerations that may be relevant to a particular person's decision to acquire the Shares. This discussion is based on the Code and U.S. Treasury regulations promulgated thereunder, as well as judicial and administrative interpretations thereof, in each case as in effect as of the date of this Offering Memorandum. All of the foregoing authorities are subject to change, which change could apply retroactively and could affect the tax consequences described below, and there can be no assurance that the IRS or U.S. courts will agree with the tax consequences described in this summary.

This summary applies only to U.S. Holders that purchase Shares in the Global Offering and hold the Shares as capital assets within the meaning of Section 1221 of the Code (generally, property held for investment). This summary does not address any U.S. federal estate or gift tax consequences, the effect of the alternative minimum tax or the Medicare tax on net investment income, or any U.S. state or local or non-U.S. tax consequences.

This summary also does not address the tax considerations that may be relevant to certain types of investors subject to special treatment under U.S. federal income tax laws, such as banks and other financial institutions; insurance companies; regulated investment companies or real estate investment trusts; dealers or traders in securities or commodities that use a mark-to-market method of accounting; broker-dealers; tax-exempt organisations; retirement plans, individual retirement accounts and other tax-deferred accounts; persons holding the Shares as part of a straddle, hedging, conversion or integrated transaction for U.S. federal income tax purposes; U.S. expatriates; U.S. Holders whose functional currency for U.S. federal income tax purposes is not the U.S. dollar ("**USD**"); any entity or arrangement classified as a partnership for U.S. federal income tax purposes or investors therein; persons who own or are deemed to own, directly, indirectly or constructively, 10% or more of the Company's stock (by vote or value); or persons holding the Shares in connection with a trade or business conducted outside the United States.

As used in this discussion, the term "U.S. Holder" means any beneficial owner of the Shares that is for U.S. federal income tax purposes:

- a citizen or individual resident of the United States;
- a corporation created or organised in the United States or under the laws of the United States, any state thereof or the District of Columbia;
- an estate, the income of which is subject to U.S. federal income taxation regardless of its source; or
- a trust that (1) is subject to the primary supervision of a court within the United States and the control of one or more U.S. persons for all substantial decisions of the trust or (2) has a valid election in effect under applicable U.S. Treasury regulations to be treated as a U.S. person.

The U.S. federal income tax treatment of a partner in an entity or arrangement treated as a partnership for U.S. federal income tax purposes that holds the Shares generally will depend on the status of the partner and the activities of the partnership. Partnerships considering an investment in the Shares and partners in such partnerships should consult their tax advisors regarding the specific U.S. federal income tax consequences to them of the acquisition, ownership and disposition of the Shares.

THE DISCUSSION BELOW IS A GENERAL SUMMARY. IT DOES NOT COVER ALL TAX MATTERS THAT MAY BE IMPORTANT TO YOU. PROSPECTIVE INVESTORS SHOULD CONSULT THEIR OWN TAX ADVISORS REGARDING THE APPLICATION OF THE U.S. FEDERAL TAX RULES TO THEIR PARTICULAR CIRCUMSTANCES, AS WELL AS THE STATE, LOCAL, NON-U.S. AND OTHER TAX CONSEQUENCES TO THEM OF THE ACQUISITION, OWNERSHIP AND DISPOSITION OF THE SHARES.

Dividends and Other Distributions

Subject to the PFIC rules discussed below, the gross amount of any distribution made by the Company to a U.S. Holder with respect to the Shares generally will be included in such holder's gross income as non-U.S. source dividend income to the extent that the distribution is paid out of the Company's current or accumulated earnings and profits (as determined under U.S. federal income tax principles). Because the Company does not maintain calculations of its earning and profits under U.S. federal income tax principles, it is expected that any distributions generally will be reported to U.S. Holders as dividends. Any dividends the Company pays will not be eligible for the dividends received deduction allowed to corporations in respect of dividends received from U.S. corporations. The Company does not expect that distributions will be eligible for the reduced qualified dividend income rate.

The amount of any distribution paid in AED will be included in income in an amount equal to the USD value of such AED on the date the distribution is actually or constructively received by a U.S. Holder, regardless of whether the payment is in fact converted into USD at that time. The U.S. Holder will have a basis in such AED received equal to such USD value on the date of receipt. Generally, any gain or loss resulting from currency exchange fluctuations during the period from the date the dividend is includable in the income of the U.S. Holder to the date such payment is converted into USD (or the U.S. Holder otherwise disposes of the AED) will be foreign currency exchange gain or loss and will be treated as U.S. source ordinary income or loss for foreign tax credit limitation purposes. If all AED is converted into USD on the date of receipt, a U.S. Holder generally should not be required to recognise foreign currency gain or loss in respect of the distribution.

Any dividends the Company pays to U.S. Holders generally will constitute non-U.S. source "passive category" income for foreign tax credit limitation purposes. The rules governing the foreign tax credit are complex and involve the application of rules that depend upon a U.S. Holder's particular circumstances. Accordingly, a U.S. Holder is urged to consult its tax advisor regarding the availability or calculation of the foreign tax credit or deduction in the alternative under its particular circumstances.

Sale, Exchange or Other Taxable Dispositions of Shares

Subject to the passive foreign investment company ("**PFIC**") rules discussed below, a U.S. Holder generally will recognise taxable gain or loss on any sale, exchange or other taxable disposition of a Share in an amount equal to the difference between the amount realised for the Share and the holder's tax basis in the Share. The gain or loss generally will be capital gain or loss, and generally will be a long-term capital gain or loss if the U.S. Holder has held the Share for more than one year at the time of disposition. For certain non-corporate taxpayers (including individuals), long-term capital gains are subject to tax at favourable rates. The deductibility of capital losses is subject to limitations.

If upon the sale, exchange or other taxable disposition, a U.S. Holder receives consideration for the Shares in a currency other than the USD, the amount realised generally will be the USD value of the amount received determined by reference to the spot rate of exchange on the date of such sale or other disposition. However, if the Shares are traded on an "established securities market" (within the meaning of the applicable Treasury regulations) and the U.S. Holder is either a cash basis taxpayer or an accrual basis taxpayer that has made a special election (which must be applied consistently from year to year and cannot be changed without the consent of the IRS), such holder will determine the USD value of the amount realised in the foreign currency by translating the amount received at the spot rate of exchange on the settlement date of the sale. An accrual basis U.S. Holder that does not make the special election will recognise exchange gain or loss (taxable as ordinary income or loss) to the extent attributable to the difference between the exchange rates on the trade date and the settlement date. The U.S. Holder's tax basis in the Shares generally will equal the cost of the Shares to the U.S. Holder. If a U.S. Holder uses foreign currency to acquire Shares, the cost of the Shares to such holder generally will be the USD value of the foreign currency purchase price determined by reference to the spot rate of exchange on the date of purchase. However, if the Shares are treated as traded on an established securities market and the U.S. Holder is either a cash basis taxpayer or an accrual basis taxpayer that has made the special election described above, such holder will determine the USD value of the cost of such Shares by translating the amount paid at the spot rate of exchange on the settlement date of the purchase. A U.S. Holder's initial tax basis in a Share generally will be the USD value of the purchase price of the Share on the date of purchase. Any gain or loss that a U.S. Holder recognises on a disposition of a Share generally will be treated as U.S. source income or loss for foreign tax credit limitation purposes. U.S. Holders should consult their tax advisors regarding the proper treatment of any gain or loss in their particular circumstances, including the effects of any applicable income tax treaties.

Passive Foreign Investment Company Considerations

The Company believes that it was not a PFIC for its 2022 taxable year and, based on the nature of its business, and the current and anticipated composition of its income and assets, the Company does not expect to be treated as a PFIC for U.S. federal income tax purposes in the current taxable year or the foreseeable future. However, this is a factual determination made annually after the close of each taxable year, based on the Company's composition of income and assets. Accordingly, the Company cannot provide any assurance that it will not be a PFIC for the current or any future taxable year. A non-U.S. corporation will be classified as a PFIC for any taxable year if at least 75% of its gross income consists of passive income (such as dividends, interest, rents, royalties or the excess of gains over losses from the disposition of assets that produce passive income), or at least 50% of the average value of its assets (determined on the basis of a quarterly average) is attributable to assets that produce, or are held for the production of, passive income (including for this purpose its pro rata share of the gross income and assets of any corporation in which it is considered to own at least 25% of the shares, by value). If the Company were characterised as a PFIC for any taxable year in which the U.S. Holder held the Shares, such U.S. Holder would suffer adverse tax consequences. These consequences may include having gains realised on the disposition of the Shares treated as ordinary income rather than capital gains and being subject to punitive interest charges on certain dividends and on the proceeds of the sale or other disposition of the Shares. U.S. Holders also would be subject to annual information reporting requirements if the Company were a PFIC. U.S. Holders should consult their own tax advisors regarding the application of the PFIC rules to their ownership of the Shares, including whether certain elections may be available that would result in alternative treatments of the Shares.

Information Reporting and Backup Withholding

Payments of dividends and other proceeds with respect to the Shares, by a U.S. paying agent or other U.S. intermediary, or made into the United States, will be reported to the IRS and to the U.S. Holder as may be required under applicable U.S. Treasury regulations. Backup withholding may apply to these payments if the U.S. Holder fails to provide an accurate taxpayer identification number or certification of exempt status. Certain U.S. Holders (including, among others, corporations) are not subject to backup withholding or information reporting.

Backup withholding is not an additional tax. Any amounts withheld under the backup withholding rules from a payment to a U.S. Holder will be refunded (or credited against such U.S. Holder's U.S. federal income tax liability, if any), provided the required information is timely furnished to the IRS. Prospective investors should consult their own tax advisors as to their qualification for exemption from backup withholding and the procedure for establishing an exemption.

Foreign Financial Asset Reporting

Certain U.S. Holders may be required to report to the IRS certain information relating to an interest in the Shares unless such Shares are held in accounts maintained by certain financial institutions. A U.S. Holder required to report such information must file a complete IRS Form 8938 (Statement of Specified Foreign Financial Assets) with its tax return for each year in which it holds an interest in the Shares. Penalties apply if a U.S. Holder is required to submit such information to the IRS and fails to do so. U.S. Holders should consult their tax advisors regarding the application of these rules in their particular circumstances, including the significant penalties for noncompliance.

UAE Taxation

The following comments are general in character and are based on the current applicable tax regime in the UAE and the current practice of the UAE authorities as at the date of this Offering Memorandum. The comments do not purport to be a comprehensive analysis of all the tax consequences applicable to all types of shareholders and do not relate to any taxation regime outside the UAE. Each shareholder is responsible for its own tax position and, if you are in any doubt as to your own tax position, you should seek independent professional advice without delay.

Current Taxation of Corporates and Individuals

Corporate Tax has been announced in the UAE under the Federal CT Law and will be aligned with yearly corporate financial reporting periods commencing after 1 July 2023. The Federal Tax law has a headline rate of 9% but allows certain qualifying income of free zone persons to be taxed at 0% and provides for certain other exemptions.

In addition to the Federal CT Law, there is corporate tax imposed in some of the Emirates (including Abu Dhabi) through Tax Decrees issued at the local level. However, in practice Emirates based taxation only applies to a limited class of companies that have been issued separate Fiscal Terms and is not applied uniformly across all businesses. The Federal CT Law, allows for exemptions for certain business activities and income that is subject to tax at the Emirate level, providing specific criteria as to the nature of the business are satisfied.

There is currently no personal income tax levied on individuals in the UAE.

Taxation of Purchase of Shares

Completion of the Global Offering is likely to be characterised for UAE tax purposes as a purchase of Shares by the shareholders. If a shareholder is a tax resident outside the UAE and/or is subject to tax in another jurisdiction, the Global Offering may be characterised differently and may be subject to tax in that other jurisdiction.

There are currently no transfer taxes in the UAE on the purchase of Shares. Accordingly, the purchase of Shares should not result in any UAE tax liabilities for shareholders who are individuals or corporations tax resident in the UAE. Non-UAE tax residents, or dual tax residents, individuals and corporations, may be subject to taxation in jurisdictions outside the UAE with respect to the ownership of, or income derived in connection with, the Shares based on local tax regulations.

Under the Federal CT Law, the purchase of Shares should not be subject to federal corporate tax.

Taxation of dividends and capital gains on sale

In view of the current tax practice within the UAE outlined above, the purchase of Shares should not result in any UAE tax liabilities for shareholders who are individuals or corporations tax resident in the UAE, provided they are not subject to tax in the UAE by virtue of them being a foreign oil company or branch of a foreign bank.

Based on the same principles outlined above, UAE resident shareholders who are not subject to tax in the UAE or jurisdictions outside the UAE (both corporate and individual), should not currently be taxed on the receipt of dividend income and gains on the future sale of Shares.

Shareholders who are subject to tax in the UAE by virtue of being a foreign oil company or branch of a foreign bank, or tax resident in jurisdictions outside the UAE, as well as shareholders tax resident in the UAE but also subject to tax in jurisdictions outside the UAE (both corporate and individual), should consult their own tax advisers as to the taxation of dividend income and gains on the future sale of the Shares under the relevant applicable local laws in those jurisdictions.

Under the Federal CT Law, dividend income received by shareholders in connection with the Shares should be exempt from UAE corporation tax. Gains arising on a future sale of the Shares may be subject to a participation exemption, provided that certain conditions are satisfied.

Non-UAE tax residents, or dual tax residents, individuals and corporations, may be subject to taxation in jurisdictions outside the UAE with respect to the ownership of, or income derived in connection with, the Shares based on local tax regulations.

There is currently no withholding tax in the UAE and as such, any dividend payments made by the Company should be made free of any UAE or Abu Dhabi withholding tax and 0% withholding tax should apply under the Federal CT Law.

UAE VAT

VAT was implemented in the UAE at the federal level on 1 January 2018. Unless the supply is specifically zero rated or exempt, VAT is imposed on the supply of goods and services in the UAE as well as imports of goods and services. The standard rate of VAT is 5%.

The export of goods and services outside the GCC, international transportation of goods and passengers, medicine and medical equipment, the first supply of residential real estate and certain healthcare and education services are subject to VAT at the zero rate. The supply of margin-based financial services, life insurance, local passenger transport and residential real estate other than the first supply are exempt from VAT.

A UAE business is required to register for VAT if the value of annual taxable supplies exceeds the mandatory registration threshold of AED 375,000. A UAE business may register for VAT if the value of annual taxable supplies exceeds the voluntary registration threshold of AED 187,500. Non-residents that are liable to account for VAT must register for VAT irrespective of the value of the supplies.

Businesses are entitled to claim a credit for VAT paid on their purchases if they relate to a supply that is standard rated or zero-rated. However, any VAT incurred in connection with a supply that is exempt from VAT cannot be reclaimed.

Certain financial services are classified as exempt and, on this basis, no VAT would be applied on any transfer of Shares. However, it should be noted that fees relating to the transfer of ownership of Shares would be standard rated at 5%.

DETAILS OF THE GLOBAL OFFERING

Underwriting Agreement

The Company, the Selling Shareholder and the Joint Bookrunners have entered into an underwriting agreement with respect to the Shares (the "**Underwriting Agreement**"). Subject to the satisfaction of certain conditions set out in the Underwriting Agreement – including the execution of the Pricing Agreement (as defined below), each of the Joint Bookrunners has agreed, severally but not jointly, to procure purchasers and subscribers, or failing which to purchase, the Shares on terms specified in the Underwriting Agreement and the Pricing Agreement. The number of Shares will be determined no later than on the Pricing Date and set out in the Pricing Agreement. Such number of Shares will also be communicated in a press release to be issued by the Company.

In the Underwriting Agreement, the Company and the Selling Shareholder have made certain representations and warranties and agreed to indemnify the several Joint Bookrunners against certain liabilities, including liability under the Securities Act. The Joint Bookrunners are offering the Shares and when, as and if delivered to and accepted by them, subject to approval of legal matters by their counsel, including the validity of the Shares, and other conditions contained in the Underwriting Agreement, such as the receipt by the Joint Bookrunners of officers' certificates and legal opinions.

The underwriting commitment of the several Joint Bookrunners will be subject to certain conditions precedent, including among others, the execution of a pricing agreement to the Underwriting Agreement (the "**Pricing Agreement**") by the Company, the Selling Shareholder and the Joint Bookrunners setting forth the Offer Price for the Shares and the final number of Shares offered in the Global Offering. The Pricing Agreement is expected to be executed no later than the Pricing Date.

The Joint Global Coordinators, acting on behalf of the Joint Bookrunners, may terminate the Underwriting Agreement prior to the closing of the Global Offering under certain specified conditions that are typical for an agreement of this nature. If any of such conditions are not satisfied or waived, or the Underwriting Agreement is terminated prior to the closing of the Global Offering, then this Global Offering will lapse.

Commissions and Expenses

The Joint Bookrunners will receive an aggregate underwriting commission equal to 1.25% of the amount equal to the Offer Price multiplied by the aggregate number of Shares sold in the Global Offering. In addition, the Joint Bookrunners may receive a discretionary fee of up to 0.25% of the amount equal to the Offer Price multiplied by the aggregate number of Shares sold in the Global Offering. All of the expenses of the Global Offering will be borne by the Selling Shareholder.

Offer Price Range

The Offer Price Range is AED 1.99 to AED 2.01 per Share.

Pricing of the Global Offering

It is expected that the Offer Price will be within the Offer Price Range. The Offer Price Range is indicative only and may change during the course of the Global Offering, and the Offer Price may be set within, above or below the Offer Price Range.

The Offer Price will be determined by negotiations between the Joint Global Coordinators (on behalf of the Joint Bookrunners), the Selling Shareholder and the Company. Among the factors considered in determining the Offer Price, following the bookbuilding process, will be our future prospects and the prospects of our industry in general, our revenue, net profit and certain other financial operating information in recent periods, and the financial ratios, market prices of securities and certain financial and operating information of companies engaged in activities similar to those of the Company.

Allocation

The Global Offering comprises the Qualified Institutional Offering, the Exempt Offer and the UAE Retail Offer. The allocation of Shares in the Qualified Investor Offering will be determined by the Joint Global Coordinators (on behalf of the Joint Bookrunners), the Selling Shareholder and the Company. See also "– *Cornerstone Investors*".

Factors that may be taken into account by the Joint Global Coordinators, the Selling Shareholder and us when determining the allocations between prospective investors in the event of over-subscription may include participation in the marketing process for the Global Offering, holding behaviour in previous offerings, holdings in similar companies, pre-funding of indication of interest and other factors that we, the Joint Global Coordinators and the Selling Shareholder may deem relevant.

Cornerstone Investors

On 15 May 2023, the Company and the Selling Shareholder entered into the Cornerstone Investment Agreements pursuant to which the Cornerstone Investors listed in the table below have committed to purchase, and the Selling Shareholder has agreed to sell, and procure the allotment and transfer of, to each of the Cornerstone Investors, at the final offer price, Shares in accordance with the commitments opposite its name in the table below. The obligations of the Cornerstone Investors to acquire the Shares under the Cornerstone Investment Agreements are conditional upon admission to list on ADX and certain other conditions being satisfied, and will terminate automatically if such conditions have not been fulfilled on or before 31 December 2023 (or such other date as may be agreed between the Company, the Selling Shareholder and the Cornerstone Investors).

Name of Cornerstone Investor	Investor Commitment Amount
Abu Dhabi Pension Fund(1)	USD 40 million
Alpha Oryx Limited(2)	USD 40 million
Al Seer Marine Supplies & Equipment Co PJSC(3)	USD 70 million
National Marine Dredging Company PJSC(4)	USD 30 million
Total Cornerstone Investor Commitment Amount	**USD 180 million**

(1) Abu Dhabi Pension Fund is ultimately controlled by the Government of Abu Dhabi.

(2) Alpha Oryx Limited is ultimately controlled by Abu Dhabi Developmental Holding Company PJSC.

(3) Al Seer Marine Supplies & Equipment Co PJSC is ultimately controlled by IHC Industrial Holding LLC.

(4) National Marine Dredging Company PJSC is ultimately controlled by Alpha Dhabi Holding PJSC.

The Cornerstone Investors will acquire the Shares pursuant to, and as part of, the Global Offering. The Shares to be acquired by the Cornerstone Investors will rank *pari passu* with the Shares sold in the Global Offering. No special rights have been granted to the Cornerstone Investors as part of their commitment to purchase Shares pursuant to the Cornerstone Investment Agreements.

Stabilisation

There will be no stabilisation of the share price in connection with the Global Offering.

Lock-up Arrangements

Pursuant to the terms of the Underwriting Agreement, the Company has contractually agreed, for a period of twelve months after the Closing Date, not to (i) directly or indirectly, issue, offer, pledge, sell, contract to sell, sell or grant any option, right, warrant, or contract to purchase, exercise any option to sell, purchase any option or contract to sell, or lend or otherwise transfer or dispose of, directly or indirectly, any Shares or other shares of the Company, or securities convertible or exchangeable into or exercisable for any Shares or warrants or other rights to purchase Shares or any security or financial product whose value is determined directly or indirectly by reference to the price of the Shares, (ii) enter into any swap, or any other agreement or any transaction that transfers, in whole or in part, directly or indirectly, the economic consequence of ownership of the Shares, in each case, whether any such transaction is to be settled by delivery of Shares or other securities, in cash or otherwise, or (iii) publicly announce such an intention to effect any such transaction, in each case, without the prior written consent of the Joint Global Coordinators, such consent not to be unreasonably withheld or delayed.

Pursuant to the terms of the Underwriting Agreement, the Selling Shareholder has contractually agreed, for a period of twelve months after the Closing Date, not to (i) directly or indirectly, offer, pledge, sell, contract to sell, sell or grant any option, right, warrant, or contract to purchase, exercise any option to sell, purchase any option or contract to sell, or lend or otherwise transfer or dispose of, directly or indirectly, any Shares or other shares of the Company, or securities convertible or exchangeable into or exercisable for any Shares or warrants or other rights to purchase Shares or any security or financial product whose value is determined directly or indirectly by reference to the price of the Shares, (ii) enter into any swap, or any other agreement or any transaction that transfers, in whole or in part, directly or indirectly, the economic consequence of ownership of the Shares, in each case, whether any such transaction is to be settled by delivery of Shares or other securities, in cash or otherwise, or (iii) publicly announce such an intention to effect any such transaction, in each case, without the prior written consent of the Joint Global Coordinators, such consent not to be unreasonably withheld or delayed. The foregoing restriction will not apply to:

(i) the sale of the Shares to be sold pursuant to the Global Offering;

(ii) any inter-company transfers of Shares by the Selling Shareholder in favour of its respective affiliates ("**Transferees**");

(i) accepting a general offer made to all holders of Shares then in issue (other than Shares held by the person making the offer or its affiliates) on terms which treat all holders of Shares alike, or executing and delivering an irrevocable commitment or undertaking to accept such a general offer (without any further agreement to transfer or dispose of any Shares or any interest therein);

(ii) selling or otherwise disposing of Shares to the extent that the proceeds of such sale or disposition are used to take up any rights granted in respect of a pre-emptive share offering by the Company;

(iii) selling or otherwise disposing of Shares pursuant to any offer by the Company to purchase its own Shares which is made on identical terms to all holders of Shares;

(iv) any disposal by and/or allotment and issue of shares to the Selling Shareholder pursuant to any capital reorganisation in respect of any Shares beneficially owned, held or controlled by the Selling Shareholder, provided that any shares issued to or otherwise acquired by the Selling Shareholder pursuant to such capital reorganisation shall be subject to the lock-up restrictions;

(v) transferring or otherwise disposing of Shares pursuant to a compromise or arrangement between the Company and its creditors or any class of them or between the Company and its members of any class of them which is agreed to by the creditor or members and (where required) sanctioned by any applicable authority; or

(vi) transferring or otherwise disposing of Shares where such transfer or disposal is required by law or by any competent authority or by a final order of a court of competent jurisdiction.

The Underwriting Agreement provides that the carve-out set in paragraph (ii) above is subject to the following conditions: (a) that any of such Transferees shall agree to be bound by the lock-up obligations of the Selling Shareholder; and (b) that any of such inter-company transfers of Shares shall be performed on terms and conditions that do not conflict with the Global Offering.

Pursuant to the Cornerstone Investment Agreements, the Cornerstone Investors have agreed that, subject to certain exceptions, during a period of not less than twelve months following admission to listing on ADX, they will not, without the prior written consent of the Joint Global Coordinators, offer, sell or contract to sell, or otherwise dispose of, directly or indirectly, or announce an offer of any Shares they have acquired under the Cornerstone Investment Agreements (or any interest therein in respect thereof) or enter into any transaction with the same economic effect as any of the foregoing.

Other Relationships

In connection with the Global Offering, the Joint Bookrunners and any of their respective affiliates, may take up a portion of the Shares in the Global Offering as a principal position, and in that capacity may retain, purchase, sell, offer to sell or otherwise deal for their own accounts in such Shares and other securities of the Company or related investments in connection with the Global Offering or otherwise. Accordingly, references in this Offering Memorandum to the Shares being issued, offered, subscribed, acquired, placed or otherwise dealt in should be read as including any issue or offer to, or subscription, acquisition, dealing or placing by, the Joint Bookrunners and any of their affiliates acting in such capacity. In addition, certain of the Joint Bookrunners or their affiliates may enter into financing arrangements (including swaps, warrants or contract for differences) with investors in connection with which such Joint Bookrunners (or their affiliates) may from time to time acquire, hold or dispose of Shares. None of the Joint Bookrunners intends to disclose the extent of any such investment or transactions other than to the Company and the Selling Shareholder and in accordance with any legal or regulatory obligation to do so.

Each of the Joint Bookrunners, together with their respective affiliates, are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, principal investment, hedging, issuing or creating and trading in securities and financial products, publishing research and exercising voting power over securities on behalf of third parties, financing and brokerage activities, for which they receive customary fees. In the ordinary course of their business with the Company and the Selling Shareholder, including parties affiliated with the Company and the Selling Shareholder, the Joint Bookrunners and their respective affiliates have from time to time been engaged, and may in the future engage, in commercial banking, lending, trading, hedging, investment banking and financial advisory and ancillary activities, may at any time deal as principal or agent for more than one party in, or hold long or short positions, and may trade or otherwise effect transactions, for its own account or the accounts of customers, in debt or equity securities or loans of the Company, the Selling Shareholder, their respective associates or any counterparty. The sharing of information relating to such activities is generally restricted for reasons of confidentiality, by internal procedures or by rules and regulations. As a result of any such transactions, any Joint Bookrunner may have interests that may not be aligned, or could potentially conflict, with the interests of holders of Shares or with the interests of the Company or the Selling Shareholder.

Selling Restrictions

No action has been taken or will be taken in any jurisdiction that would permit a public offering of the Shares or the possession, circulation or distribution of this Offering Memorandum or any other material relating to the Company or the Shares, in any country or jurisdiction where action for that purpose is required. Accordingly, the Shares may not be offered or sold, directly or indirectly, nor may this Offering Memorandum or any other offering material or advertisement or other document or information in connection with the Shares be distributed or published, in or from any country or jurisdiction except under circumstances that will result in compliance with any applicable rules and regulations of any such country or jurisdiction.

United States

The Shares have not been and will not be registered under the Securities Act or under any applicable securities laws or regulations of any state of the United States and, subject to certain exceptions, may not be offered or sold within the United States except to persons reasonably believed to be QIBs in reliance on Rule 144A or another exemption from, or in a transaction not subject to, the registration requirements of the Securities Act.

The Shares are being offered and sold outside the United States in reliance on Regulation S. The Underwriting Agreement provides that certain of the Joint Bookrunners may, directly or through their respective U.S. broker-dealer affiliates, arrange for the offer and resale of the Shares within the United States only to a person which such Joint Bookrunner reasonably believes is a QIB purchasing for its own account or for the account of another QIB in reliance on Rule 144A.

In addition, until 40 days after the commencement of the Global Offering, an offer or sale of Shares within the United States by any dealer (whether or not participating in the Global Offering) may violate the registration requirements of the Securities Act if such offer or sale is made other than in accordance with Rule 144A or pursuant to another exemption from, or in a transaction not subject to, the registration under the Securities Act.

European Economic Area

In relation to each Member State of the European Economic Area (each, a "**Relevant Member State**"), no Shares have been offered or will be offered to the public in that Relevant Member State, except that an offer of Shares may be made to the public in that Relevant Member State at any time:

(i) to any legal entity which is a qualified investor as defined under Article 2(e) of the EU Prospectus Regulation;

(ii) to fewer than 150 natural or legal persons (other than qualified investors as defined under Article 2(e) of the EU Prospectus Regulation), subject to obtaining the prior consent of the Joint Global Coordinators for any such offer; or

(iii) in any other circumstances falling within Article 1(4) of the EU Prospectus Regulation,

provided that no such offer of Shares shall result in a requirement for the publication by the Company or any Joint Bookrunner of a prospectus pursuant to Article 3 of the EU Prospectus Regulation or supplement a prospectus pursuant to Article 23 of the EU Prospectus Regulation.

For the purposes of this provision, the expression an "**offer to the public**" in relation to any Shares in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and any Shares to be offered so as to enable an investor to decide to purchase or subscribe for any Shares, and the expression "**EU Prospectus Regulation**" means Regulation (EU) 2017/1129.

In the case of any Shares being offered to a "financial intermediary", as that term is used in Article 5(1) of the EU Prospectus Regulation, such financial intermediary will also be deemed to have represented, acknowledged and agreed that the Shares acquired by it have not been acquired on a non-discretionary basis on behalf of, nor have they been acquired with a view to their offer or resale to, persons in circumstances which may give rise to an offer of any Shares to the public other than their offer or resale in a Relevant Member State to qualified investors, as defined in Article 2(e) of the EU Prospectus Regulation, or in circumstances in which the prior consent of the Joint Bookrunners has been obtained to each such proposed offer or resale. The Company, the Selling Shareholder, the Joint Bookrunners and their respective affiliates and others will rely upon the truth and accuracy of the foregoing representation, acknowledgement and agreement and will not be responsible for any loss occasioned by such reliance.

United Kingdom

No Shares have been offered or will be offered pursuant to the Global Offering to the public in the United Kingdom, except that an offer of Shares may be made to the public in the United Kingdom at any time:

(i) to any legal entity which is a qualified investor as defined under Article 2(e) of the UK Prospectus Regulation;

(ii) to fewer than 150 natural or legal persons (other than qualified investors as defined under Article 2(e) of the UK Prospectus Regulation), subject to obtaining the prior consent of the Joint Global Coordinators for any such offer; or

(iii) in any other circumstances falling within Section 86 of the FSMA,

provided that no such offer of Shares shall require the Company or any Joint Bookrunner to publish a prospectus pursuant to Section 85 of the FSMA or supplement a prospectus pursuant to Article 23 of the UK Prospectus Regulation.

For the purposes of this provision, the expression "**an offer to the public**" in relation to any Shares in the United Kingdom means the communication in any form and by any means of sufficient information on the terms of the offer and any Shares to be offered so as to enable an investor to decide to purchase or subscribe for any Shares, and the expression "**UK Prospectus Regulation**" means Regulation (EU) 2017/1129 as it forms part of retained EU law by virtue of the European Union (Withdrawal) Act 2018 (as amended, and together with any statutory instruments made in exercise of the powers conferred by such Act, the "**EUWA**"). In addition, in the UK, this Offering Memorandum is only being distributed to, and is only directed at, and any investment or investment activity to which this Offering Memorandum relates is available only to, and will be engaged in only with persons who are "qualified investors" within the meaning of Article 2(e) of the UK Prospectus Regulation who are also: (i) persons having professional experience in matters relating to investments who fall within the definition of "investment professionals" in Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the "**Order**"); (ii) high net worth bodies corporate, unincorporated associations and partnerships and trustees of high value trusts as described in Article 49(2)(a) to (c) of the Order; or (iii) other persons to whom it may be lawfully communicated (all such persons referred to in (i), (ii) and (iii) together being referred to as "**Relevant Persons**"). The Shares are only available to, and any invitation, offer or agreement to subscribe, purchase or otherwise acquire such Shares will be engaged only with, Relevant Persons. Any person who is not a Relevant Person should not act or rely on this Offering Memorandum or any of its contents.

In the case of any Shares being offered to a "financial intermediary", as that term is used in Article 5(1) of the UK Prospectus Regulation, such financial intermediary will also be deemed to have represented, acknowledged and agreed that the Shares acquired by it have not been acquired on a non-discretionary basis on behalf of, nor have they been acquired with a view to their offer or resale to, persons in circumstances which may give rise to an offer of any Shares to the public other than their offer or resale in the United Kingdom to qualified investors, as defined under Article 2(e) of the UK Prospectus Regulation, or in circumstances in which the prior consent of the Joint Global Coordinators has been obtained to each such proposed offer or resale. The Company, the Selling Shareholder, the Joint Bookrunners and their respective affiliates and others will rely upon the truth and accuracy of the foregoing representation, acknowledgement and agreement and will not be responsible for any loss occasioned by such reliance.

UAE (excluding the ADGM and the DIFC)

This Offering Memorandum is strictly private and confidential and is being distributed to a limited number of investors and must not be provided to any person other than the original recipient and may not be reproduced or used for any other purpose. If you are in any doubt about the contents of this Offering Memorandum, you should consult an authorised financial adviser.

By receiving this Offering Memorandum, the person or entity to whom it has been issued understands, acknowledges and agrees that this Offering Memorandum has not been approved by or filed with the UAE Central Bank, the SCA or any other authorities in the UAE, nor have the Joint Bookrunners received authorisation or licensing from the UAE Central Bank, the SCA or any other authorities in the UAE to market or sell securities or other investments within the UAE. No marketing of any financial products or services has been or will be made from within the UAE other than in compliance with the laws of the UAE and no subscription to any securities or other investments may or will be consummated within the UAE. It should not be assumed that any of the Joint Bookrunners is a licensed broker, dealer or investment advisor under the laws applicable in the UAE, or that any of them advise individuals resident in the UAE as to the appropriateness of investing in or purchasing or selling securities or other financial products. The Shares offered pursuant to this Offering Memorandum may not be offered or sold directly or indirectly to the public in the UAE. This does not constitute a public offer of securities in the UAE in accordance with the Commercial Companies Law No. 32 of 2021 (as amended) or otherwise.

Nothing contained in this Offering Memorandum is intended to constitute investment, legal, tax, accounting or other professional advice. This Offering Memorandum is for your information only and nothing in this Offering Memorandum is intended to endorse or recommend a particular course of action. Any person considering acquiring securities should consult with an appropriate professional for specific advice rendered based on their respective situation.

ADGM

This Offering Memorandum relates to a Global Offering which is not subject to any form of regulation or approval by the Financial Services Regulatory Authority ("**FSRA**") of the Abu Dhabi Global Market ("**ADGM**"). The FSRA has not approved this document, nor does it have any responsibility for reviewing or verifying any document or other documents in connection with this Global Offering. Accordingly, the FSRA has not approved this document or any other associated documents nor taken any steps to verify the information set out in this document, and has no responsibility for it.

The Shares have not been offered and will not be offered to any persons in the ADGM except on the basis that an offer is:

(i) an "Exempt Offer" in accordance with the FSRA Financial Services and Markets Regulations and Markets Rules; and

(ii) made only to persons who are "Authorised Persons" or "Recognised Bodies" (as such terms are defined in the "**FSMR**") or persons to whom an invitation or inducement to engage in investment activity (within the meaning of section 18 of the FSMR) in connection with the issue or sale of any securities may otherwise lawfully be communicated or caused to be communicated.

The FSRA has not taken steps to verify the information set out in this Offering Memorandum, and has no responsibility for it. If you do not understand the contents of this Global Offering or are unsure whether the securities to which the Global Offering relates are suitable for your individual investment objectives and circumstances, you should consult an authorised financial adviser.

DIFC

This Offering Memorandum relates to a Global Offering which is not subject to any form of regulation or approval by the Dubai Financial Services Authority ("**DFSA**"). The DFSA has not approved this Offering

Memorandum, nor does it have any responsibility for reviewing or verifying any document or other documents in connection with the Global Offering. Accordingly, the DFSA has not approved this Offering Memorandum or any other associated documents nor taken any steps to verify the information set out in this Offering Memorandum, and has no responsibility for it.

The Shares have not been offered and will not be offered to any persons in the Dubai International Financial Centre except on the basis that an offer is:

(i) an "Exempt Offer" in accordance with the Markets Rules module of the DFSA; and

(ii) made only to persons who meet the "Deemed Professional Client" criteria set out in the DFSA Rulebook, Conduct of Business Module, who are not natural persons.

This Offering Memorandum must not, therefore, be delivered to, or relied on by, any other type of person. The Global Offering to which this document relates may be illiquid and/or subject to restrictions on its resale. Prospective purchasers should conduct their own due diligence on the Global Offering.

The DFSA has not taken steps to verify the information set out in this Offering Memorandum, and has no responsibility for it. If you do not understand the contents of this Global Offering or are unsure whether the securities to which this the Global Offering relates are suitable for your individual investment objectives and circumstances, you should consult an authorised financial adviser.

Kingdom of Saudi Arabia

This Offering Memorandum may not be distributed in the Kingdom of Saudi Arabia ("**KSA**"), except to such persons as are permitted under the Rules on the Offer of Securities and Continuing Obligations issued by the Capital Market Authority of the KSA.

The Capital Market Authority of the KSA does not make any representation as to the accuracy or completeness of this Offering Memorandum, and expressly disclaims any liability whatsoever for any loss arising from, or incurred in reliance upon, any part of this Offering Memorandum. Prospective purchasers of the securities offered hereby should conduct their own due diligence on the accuracy of the information relating to the securities. If a prospective purchaser does not understand the contents of this Offering Memorandum, they should consult an authorised financial adviser.

Lebanon

This Offering Memorandum does not constitute or form part of any offer or invitation to sell or issue, or any solicitation of any offer to purchase or subscribe for, any Shares in the Company in the Lebanese territory, nor shall it (or any part of it), nor the fact of its distribution, form the basis of, or be relied on in connection with, any subscription.

The Company has not been, and will not be, authorised or licensed by the Central Bank of Lebanon and its Shares cannot be marketed and sold in Lebanon. No public offering of the Shares is being made in Lebanon and no mass-media means of contact are being employed. This Offering Memorandum is aimed at institutions and sophisticated, high net worth individuals only, and this Offering Memorandum will not be provided to any person in Lebanon except upon the written request of such person.

Recipients of this Offering Memorandum should pay particular attention to the section titled "Risk Factors" in this Offering Memorandum. Investment in the Shares is suitable only for sophisticated investors with the financial ability and willingness to accept the risks associated with such an investment, and said investors must be prepared to bear those risks.

Oman

This Offering Memorandum does not constitute a public offer of securities in the Sultanate of Oman, as contemplated by the Commercial Companies Law of Oman (Royal Decree No. 4/1974) or the Capital Market Law of Oman (Royal Decree No. 80/1998) and Ministerial Decision No.1/2009 or an offer to sell or the solicitation of any offer to buy non-Omani securities in the Sultanate of Oman.

This Offering Memorandum is strictly private and confidential. It is being provided to a limited number of sophisticated investors solely to enable them to decide whether or not to make an offer to the Company to enter into commitments to invest in the Shares outside of the Sultanate of Oman, upon the terms and subject to the restrictions set out herein and may not be reproduced or used for any other purpose or provided to any person other than the original recipient.

Additionally, this Offering Memorandum is not intended to lead to the making of any contract within the territory or under the laws of the Sultanate of Oman.

The Company is incorporated and existing under the laws of the ADGM. The Capital Market Authority and the Central Bank of Oman take no responsibility for the accuracy of the statements and information contained in this Offering Memorandum or for the performance of the Company with respect to the Shares nor shall they have any liability to any person for damage or loss resulting from reliance on any statement or information contained herein.

Bahrain

The Shares have not been offered or sold, and will not be offered or sold to any person in the Kingdom of Bahrain except on a private placement basis to persons who are “accredited investors”.

For this purpose, an “accredited investor” means:

(i) an individual holding financial assets (either singly or jointly with a spouse) of USD 1,000,000 or more;

(ii) a company, partnership, trust or other commercial undertaking which has financial assets available for investment of not less than USD 1,000,000; or

(iii) a government, supranational organisation, central bank or other national monetary authority or a state organisation whose main activity is to invest in financial instruments (such as a state pension fund).

Kuwait

The Shares have not been and will not be offered, sold, promoted or advertised in Kuwait except on the basis that an offer is made in compliance with Decree Law No. 31 of 1990 and the implementing regulations thereto, as amended, and Law No. 7 of 2010 and the bylaws thereto, as amended governing the issue, offering and sale of securities. No private or public offering of the Shares is being made in Kuwait, and no agreement relating to the sale of the Shares will be concluded in Kuwait. No marketing or solicitation or inducement activities are being used to offer or market the Shares in Kuwait.

Qatar

The Shares have not been offered or sold, and will not be offered or sold or delivered, directly or indirectly, in the State of Qatar including the Qatar Financial Centre, other than on the basis that an offer is made: (i) in compliance with all applicable laws and regulations of the State of Qatar including the Qatar Financial Centre; and (ii) through persons or corporate entities authorised and licensed to provide investment advice and/or engage in brokerage activity and/or trade in respect of foreign securities in the State of Qatar.

Jordan

Any marketing of the Shares to Jordanian investors shall be done by way of private placement only. The Shares are being offered in Jordan on a cross border basis based on one-on-one contacts to no more than 30 potential investors and accordingly the Shares will not be registered with the Jordanian Securities Commission and a local prospectus in Jordan will not be issued.

Japan

The Shares have not been and will not be registered under the Financial Instruments and Exchange Law, as amended (the “**FIEL**”). This Offering Memorandum is not an offer of securities for sale, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan (which term as used herein means any person resident in Japan, including any corporation or entity organised under the laws of Japan) or to others for reoffer or resale, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan, except pursuant to an exemption from the registration requirements under the FIEL and otherwise in compliance with such law and any other applicable laws, regulations and ministerial guidelines of Japan.

Switzerland

The offering of the Shares in Switzerland is exempt from requirement to prepare and publish an offering memorandum under the Swiss Financial Services Act (“**FinSA**”) because the Shares are offered to less than 500 investors and the Shares will not be admitted to trading on any trading venue (exchange or multilateral trading facility) in Switzerland. This Offering Memorandum does not constitute an offering memorandum or a similar document pursuant to FinSA, and no such offering memorandum has been or will be prepared for or in connection with the offering of the Shares.

Canada

The Shares may be sold only to purchasers purchasing, or deemed to be purchasing, as principal that are accredited investors, as defined in National Instrument 45-106 Prospectus Exemptions or subsection 73.3(1) of the Securities Act (Ontario), and are permitted clients, as defined in National Instrument 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations. Any resale of the Shares must be made in accordance with an exemption from, or in a transaction not subject to, the prospectus requirements of applicable securities laws.

Securities legislation in certain provinces or territories of Canada may provide a purchaser with remedies for rescission or damages if this Offering Memorandum (including any amendment thereto) contains a misrepresentation, provided that the remedies for rescission or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province or territory. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province or territory for particulars of these rights or consult with a legal adviser.

Pursuant to section 3A.3 (or, in the case of securities issued or guaranteed by the government of a non-Canadian jurisdiction, section 3A.4) of National Instrument 33-105 Underwriting Conflicts (NI 33-105), the underwriters are not required to comply with the disclosure requirements of NI 33-105 regarding underwriter conflicts of interest in connection with this Global Offering.

Hong Kong

This Offering Memorandum has not been approved by the Securities and Futures Commission in Hong Kong and, accordingly, (i) the Shares may not be offered or sold in Hong Kong by means of this Offering Memorandum or any other document other than to "professional investors" as defined in the Securities and Futures Ordinance of Hong Kong (Cap. 571) and any rules made thereunder, or in other circumstances which do not result in the document being a "prospectus" as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong (the "**C(WUMP)O**") or which do not constitute an offer to the public within the meaning of the C(WUMP)O, and (ii) no person shall issue or possess for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Shares which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to the Shares which are or are intended to be disposed of only to persons outside Hong Kong or only to professional investors (as set out above).

Singapore

This Offering Memorandum has not been registered as an Offering Memorandum with the Monetary Authority of Singapore, and the Shares will be offered pursuant to exemptions under the Securities and Futures Act, Chapter 289 of Singapore (the "**Securities and Futures Act**"). Accordingly, this Offering Memorandum and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Shares may not be circulated or distributed, nor may the Shares be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to any person in Singapore other than (a) to an institutional investor pursuant to Section 274 of the Securities and Futures Act, (b) to a relevant person under Section 275(1) of the Securities and Futures Act, or to any person pursuant to Section 275(1A) of the Securities and Futures Act and in accordance with the conditions specified in Section 275 of the Securities and Futures Act, or (c) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the Securities and Futures Act.

Each of the following persons specified in Section 275 of the Securities and Futures Act which has subscribed or purchased Shares, namely a person who is:

- a corporation (which is not an accredited investor (as defined in Section 4A of the Securities and Futures Act)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or
- a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary is an individual who is an accredited investor,

should note that shares, debentures and units of shares and debentures of that corporation or the beneficiaries' rights and interest in that trust shall not be transferable for six months after that corporation or that trust has acquired the Shares under Section 275 of the Securities and Futures Act except:

- to an institutional investor under Section 274 of the Securities and Futures Act or to a relevant person or to any person pursuant to Section 275(1) and Section 275(1A) of the Securities and Futures Act, respectively and in accordance with the conditions specified in Section 275 of the Securities and Futures Act; or
- where no consideration is or will be given for the transfer; or
- where the transfer is by operation of law; or
- pursuant to Section 276(7) of the Securities and Futures Act; or
- as specified in Regulation 37A of the Securities and Futures (Offers of Investments) (Securities and Securities-based Derivatives Contracts) Regulations 2018 of Singapore.

Notice to Investors in Singapore

Notification under Section 309B(1)(c) of the Securities and Futures Act

In connection with Section 309B of the Securities and Futures Act and CMP Regulations 2018, the Company has determined, and hereby notifies all relevant persons (as defined in Section 309A(1) of the Securities and Futures Act), that the Shares are prescribed 'capital markets products' (as defined in the CMP Regulations 2018) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

South Africa

No “offer to the public” or “secondary offering” (as such terms are defined in the South African Companies Act, 71 of 2008, as amended (the “**South African Companies Act**”) in South Africa is being made in connection with the Global Offering to which this document relates and accordingly this Offering Memorandum does not, nor does it intend to, constitute a “registered prospectus” or “written statement”, as contemplated in chapter 4 of the South African Companies Act. Any offering of Shares under this Global Offering in South Africa constitutes an offer for the sale of the Shares in South Africa only to selected investors who fall within the exemptions set out in section 96(1)(a) or (b) of the South African Companies Act and, accordingly, such offer would not be considered to be an “offer to the public” or “secondary offering” for the purposes of the South African Companies Act.

No South African residents or offshore subsidiary of a South African resident may purchase any of the Shares or beneficially own or hold any of the Shares unless specific approval has been obtained by such persons from the Financial Surveillance Department of the South African Reserve Bank (“**SARB**”) or such purchase or beneficial holding or ownership is otherwise permitted under the South African exchange control regulations or the rulings promulgated thereunder (including, without limitation, the rulings issued by the SARB providing for foreign investment allowances applicable to persons who are residents of South Africa under the applicable exchange control laws of South Africa).

Information made available in this Offering Memorandum should not be considered as “advice” as defined in the South African Financial Advisory and Intermediary Services Act, 2002.

Australia

The Shares have not been offered and will not be offered pursuant to the Global Offering in Australia, except to select investors who are able to demonstrate that they fall within one or more of the following categories of investors:

- a “sophisticated investor” under section 708(8)(a) or (b) of the Corporations Act;
- a “sophisticated investor” under section 708(8)(c) or (d) of the Corporations Act and that you have provided an accountant’s certificate to us which complies with the requirements of section 708(8)(c)(i) or (ii) of the Corporations Act and related regulations before the offer has been made;
- a person associated with the company under section 708(12) of the Corporations Act; or
- a “professional investor” within the meaning of section 708(11)(a) or (b) of the Corporations Act.

This Offering Memorandum does not constitute a prospectus or other disclosure document under Chapter 6D.2 of the Corporations Act, has not been, and will not be, lodged or registered with the Australian Securities and Investments Commission or the Australian Securities Exchange or any other regulatory body or agency in Australia and does not purport to include the information required of a disclosure document under Chapter 6D.2 of the Corporations Act.

TRANSFER RESTRICTIONS

The Shares are subject to restrictions on transferability and resale and may not be transferred or resold except as permitted under applicable securities laws and regulations. Investors should be aware that they may be required to bear the financial risks of this investment for an indefinite period of time.

The Shares have not been and will not be registered under the Securities Act or with any securities regulatory authority of any state or other jurisdiction of the United States, and, subject to certain exceptions, may not be offered or sold within the United States.

Investors in the United States

Each purchaser of the Shares within the United States pursuant to Rule 144A, by accepting delivery of this Offering Memorandum, will be deemed to have represented, agreed and acknowledged that:

(i) It is: (a) a QIB; (b) acquiring such Shares for its own account or for the account of a QIB; and (c) aware, and each beneficial owner of such Shares has been advised, that the sale of such Shares to it is being made in reliance on Rule 144A.

(ii) It understands that such Shares have not been and will not be registered under the Securities Act and may not be offered, sold, pledged or otherwise transferred except: (a) in accordance with Rule 144A to a person that it and any person acting on its behalf reasonably believe is a QIB purchasing for its own account or for the account of a QIB; (b) in an offshore transaction in accordance with Rule 903 or Rule 904 of Regulation S; or (c) pursuant to an exemption from registration under the Securities Act provided by Rule 144 thereunder (if available), in each case in accordance with any applicable securities laws of any State of the United States.

(iii) It understands that such Shares (to the extent they are in certificated form), unless otherwise determined by the Company in accordance with applicable law, will bear a legend substantially to the following effect:

THIS SECURITY HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933 (THE “SECURITIES ACT”) OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES AND MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED EXCEPT: (1) IN ACCORDANCE WITH RULE 144A UNDER THE SECURITIES ACT (“RULE 144A”) TO A PERSON THAT THE HOLDER AND ANY PERSON ACTING ON ITS BEHALF REASONABLY BELIEVE IS A QUALIFIED INSTITUTIONAL BUYER WITHIN THE MEANING OF RULE 144A PURCHASING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER; (2) IN AN OFFSHORE TRANSACTION IN ACCORDANCE WITH RULE 903 OR RULE 904 OF REGULATION S UNDER THE SECURITIES ACT; OR (3) PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT PROVIDED BY RULE 144 THEREUNDER (IF AVAILABLE), IN EACH CASE IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES. NO REPRESENTATION CAN BE MADE AS TO THE AVAILABILITY OF THE EXEMPTION PROVIDED BY RULE 144 UNDER THE SECURITIES ACT FOR RESALES OF THIS SECURITY.

(iv) The Company, the Selling Shareholder, the Joint Bookrunners and their affiliates, and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements. If it is acquiring any Shares for the account of one or more QIBs, it represents that it has sole investment discretion with respect to each such account and that it has full power to make the foregoing acknowledgements, representations and agreements on behalf of each such account.

Prospective purchasers are hereby notified that sellers of the Shares may be relying on the exemption from the provisions of Section 5 of the Securities Act provided by Rule 144A.

Investors outside of the United States

Each purchaser of the Shares outside of the United States pursuant to Regulation S, by its acceptance of delivery of this Offering Memorandum and the Shares, will be deemed to have represented, agreed and acknowledged as follows:

(i) The purchaser is, or at the time the Shares were purchased will be, the beneficial owner of such Shares and: (a) is, and the person, if any, for whose account it is acquiring the Shares is, outside the United States; (b) is not an affiliate of the Company or a person acting on behalf of such an affiliate; and (c) is not in the business of buying or selling securities or, if it is in such business, it did not acquire such Shares from the Company or an affiliate thereof in the initial distribution of such Shares.

(ii) The purchaser is aware that such Shares: (a) have not been and will not be registered under the Securities Act or with any securities regulatory authority of any state or other jurisdiction within the United States; and (b) are being sold in accordance with Rule 903 or 904 of Regulation S and is purchasing such Shares in an "offshore transaction" in reliance on Regulation S.

(iii) The purchaser acknowledges that the Company, the Selling Shareholder, the Joint Bookrunners and their respective affiliates will rely upon the truth and accuracy of the acknowledgements, representations and agreements in the foregoing paragraphs.

SETTLEMENT AND DELIVERY

Trading of the Shares will take place through the trading system of the ADX. Shares will be held under NINs assigned by the ADX either to the holders directly or through custodian omnibus accounts and the ownership of the Shares will be evidenced by the holdings under each such NIN. Clearing and settlement of trades on the ADX by brokers or custodians may be performed only through members of the ADX that are Clearing Members. Settlement of securities trading on the ADX is governed by the ADX's rules and regulations, which are available from its website atwww.adx.ae.

Investors will be required to complete an application form for the Shares and return such form to the Joint Bookrunners during the bookbuilding period. Application forms will be available from the Joint Bookrunners.

Investors who receive an allocation of Shares will be required to deliver to the Joint Bookrunners a signed trade confirmation on the business day following notice of its allocation. The form of trade confirmation will be provided to such investors when allocations are notified on or around 25 May 2023 to investors subscribing in the Qualified Investor Offering.

Payment for the Shares purchased in connection with the Qualified Investor Offering shall be made in either USD or AED, as specified by each purchaser to the Joint Bookrunners during the bookbuilding process. Purchasers will be required to make full payment for the Shares to the Joint Bookrunners for receipt by the Joint Bookrunners one business day prior to the expected Closing Date, unless otherwise agreed with the Joint Bookrunners. In the event of a failure to make timely payment, purchasers of Shares may incur significant charges.

Delivery of the Shares is expected to be made on the Closing Date to the accounts of purchasers through the book-entry facilities operated by the ADX. There can be no assurance that such Shares will be credited to the NIN account of the relevant investor during trading hours of the ADX on the Closing Date and such investor may not be able to deal in the relevant Shares comprising its allocation in the Global Offering until such time as they are in fact credited to its NIN account, which may be one or more business days following the Closing Date.

LEGAL MATTERS

Certain legal matters with respect to the Global Offering will be passed upon for us by Shearman & Sterling LLP, Abu Dhabi, UAE, and Ibrahim & Partners, Dubai, UAE. Certain legal matters with respect to the Global Offering will be passed upon for the Joint Bookrunners by Allen & Overy LLP, London, United Kingdom and Allen & Overy LLP, Abu Dhabi, UAE.

INDEPENDENT AUDITORS

The consolidated financial statements of ADNOC L&S as at and for the year ended 31 December 2022 and as at and for the year ended 31 December 2021, included in this Offering Memorandum, have been audited by PricewaterhouseCoopers (Abu Dhabi Branch), independent auditors, as stated in their reports appearing therein.

The unaudited interim condensed consolidated financial information of ADNOC L&S as at and for the three-month period ended 31 March 2023, included in this Offering Memorandum, have been reviewed by PricewaterhouseCoopers (Abu Dhabi Branch), as stated in their review report appearing herein.

The special purpose consolidated financial statements of ZMI Holdings as at and for the years ended 31 December 2021 and 2020 included in this Offering Memorandum, have been audited by PricewaterhouseCoopers (Abu Dhabi Branch), independent auditors, as stated in their report appearing therein.

The unaudited interim condensed consolidated financial information of ZMI Holdings as at and for the ten-month period ended 31 October 2022, included in this Offering Memorandum, has been reviewed by PricewaterhouseCoopers (Abu Dhabi Branch), as stated in their review report appearing herein.

INDEX TO FINANCIAL STATEMENTS

Index to Historical Financial Information

ADNOC L&S – Unaudited interim condensed consolidated financial information as at and for the three-month period ended 31 March 2023

ADNOC L&S – Audited consolidated financial statements as at and for the year ended 31 December 2022

ADNOC L&S – Audited consolidated financial statements as at and for the year ended 31 December 2021

ZMI Holdings – Unaudited interim condensed consolidated financial information as at and for the ten-month period ended 31 October 2022

ZMI Holdings – Audited special purpose consolidated financial statements as at and for the years ended 31 December 2021 and 2020

Abu Dhabi Marine Business and Services Company P.J.S.C.

REVIEW REPORT AND INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

31 March 2023 (UNAUDITED)

Abu Dhabi Marine Business and Services Company P.J.S.C.

INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION
As at and for the three-month period ended 31 March 2023 (Unaudited)

Contents

Review report on interim condensed consolidated financial information to the Board of Directors of Abu Dhabi Marine Business and Services Company P.J.S.C.

Introduction

We have reviewed the accompanying interim condensed consolidated statement of financial position of Abu Dhabi Marine Business and Services Company P.J.S.C. (the 'Company') and its subsidiaries (together the 'Group') as at 31 March 2023 and the related interim condensed consolidated statements of comprehensive income, changes in equity and cash flows for the three-month period then ended, and other explanatory notes. Management is responsible for the preparation and presentation of this interim condensed consolidated financial information in accordance with International Accounting Standard 34, 'Interim Financial Reporting'. Our responsibility is to express a conclusion on this interim condensed consolidated financial information based on our review.

Scope of review

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

Conclusion

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

PricewaterhouseCoopers
05 MAY 2023
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Rami Sarhan
Registered Auditor Number 1152
Abu Dhabi, United Arab Emirates

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INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2023 (Unaudited)

	Notes	*(Unaudited)* *31 March* *2023* *USD'000*	*(Audited)* *31 December* *2022* *USD'000*
ASSETS			
Non-current assets			
Property, plant and equipment	6	**3,191,860**	3,151,384
Right-of-use assets	7	**65,153**	67,208
Intangible assets	8	**13,534**	14,716
Investment properties	9	**98,530**	99,757
Investment in a joint venture	10	**66,373**	62,641
Goodwill		**15,697**	15,697
Trade and other receivables	12	**124,299**	124,252
Sub-lease receivables	7	**14,622**	15,474
Total non-current assets		**3,590,068**	3,551,129
Current assets			
Inventories	11	**95,272**	105,570
Trade and other receivables	12	**224,601**	216,963
Due from related parties	15	**482,154**	465,954
Sub-lease receivables	7	**3,473**	3,911
Cash and cash equivalents		**333,333**	164,933
Total current assets		**1,138,833**	957,331
TOTAL ASSETS		**4,728,901**	4,508,460
EQUITY AND LIABILITIES			
Equity			
Share capital	13	**2,529,779**	272,294
General reserve		**103,226**	103,226
Retained earnings		**1,212,214**	1,067,285
Shareholder contribution		**149,920**	357,485
Total equity		**3,995,139**	1,800,290
Non-current liabilities			
Shareholder loan	15	**-**	1,900,000
Lease liabilities	7	**64,665**	69,269
Dismantling liability	7	**1,778**	1,727
Due to related parties	15	**35,743**	35,743
Other payables		**-**	69,490
Employees' end of service benefits		**31,193**	31,464
Total non-current liabilities		**133,379**	2,107,693
Current liabilities			
Trade and other payables	14	**458,957**	462,899
Lease liabilities	7	**9,239**	9,768
Due to related parties	15	**132,187**	127,810
Total current liabilities		**600,383**	600,477
TOTAL LIABILITIES		**733,762**	2,708,170
TOTAL EQUITY AND LIABILITIES		**4,728,901**	4,508,460

Dr. Sultan Al Jaber
Chairman

Abdulkareem Al Masabi
Chief Executive Officer

Nicholas Gleeson
Chief Financial Officer

The attached notes on pages 6 to 27 form part of this interim condensed consolidated financial information.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the three months ended 31 March 2023 (Unaudited)

	Notes	***For the three-month period ended March 31*** ***2023*** ***USD'000***	*For the three-month period ended March 31* *2022* *USD'000* *(Restated)**
Revenues	3	**592,177**	312,957
Direct costs		**(426,409)**	(272,013)
Gross profit		**165,768**	40,944
General and administrative expenses		**(31,288)**	(22,591)
Reversal of expected credit losses		**3,895**	242
Other income		**2,834**	579
Operating profit		**141,209**	19,174
Share of profit from joint venture	10	**3,732**	613
Finance income	4	**1,386**	388
Finance costs	5	**(1,131)**	(3,936)
Profit before tax for the period		**145,196**	16,239
Income tax		**(267)**	-
Profit for the period		**144,929**	16,239
Other comprehensive income / (loss)			
Items that will not be subsequently reclassified to profit or loss			
Re-measurement gain/ (loss) on employee defined benefit obligation		**-**	-
Total comprehensive income for the period		**144,929**	16,239

* Amounts as at 31 March 2022 have been restated to USD, based on the Group's change in presentation currency - See Note 2.1.
The attached notes on pages 6 to 27 form part of this interim condensed consolidated financial information.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the three months ended 31 March 2023 (Unaudited)

	Share capital USD'000	*General reserve USD'000*	*Retained earnings USD'000*	*Shareholder contribution USD'000*	*Total USD'000*
Balance as at 1 January 2022 (Restated)*	272,294	77,147	822,153	357,485	1,529,079
Total comprehensive income for the period	-	-	16,239	-	16,239
Transfers to general reserve	-	-	-	-	-
Balance as at 31 March 2022 (Restated)*	**272,294**	**77,147**	**838,392**	**357,485**	**1,545,318**
Balance as at 1 January 2023	272,294	103,226	1,067,285	357,485	1,800,290
Shareholder contribution converted to share capital (note 15)	357,485	-	-	(357,485)	-
Forgiveness of loan from shareholder (note 15)	-	-	-	1,900,000	1,900,000
Conversion of forgiven shareholder loan to share capital (note 15)	1,900,000	-	-	(1,900,000)	-
Remaning consideration payable on acquisition of ZMI assumed by the shareholder (note 15)	-	-	-	149,920	149,920
Total comprehensive income for the period	-	-	144,929	-	144,929
Balance as at 31 March 2023	**2,529,779**	**103,226**	**1,212,214**	**149,920**	**3,995,139**

* Amounts as at 31 March 2022 have been restated to USD, based on the Group's change in presentation currency - See Note 2.1.

The attached notes on pages 6 to 27 form part of this interim condensed consolidated financial information.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
For the three months ended 31 March 2023 (Unaudited)

	Notes	***Three months ended 31 March 2023 USD'000***	*Three months ended 31 March 2022 USD'000 (Restated)**
OPERATING ACTIVITIES			
Profit for the period		**144,929**	16,239
Adjustments for:			
Depreciation on property, plant and equipment	6	**48,940**	27,707
Depreciation on investment properties		**1,261**	1,455
Depreciation on right-of-use assets	7	**2,055**	1,842
Profit on initial recognition of sub-lease receivables	7	**-**	(664)
Provision for dismantling expenses		**51**	28
Amortisation of intangible assets		**1,327**	682
Gain on disposal of property, plant & equipment		**(2,706)**	-
Reversal of provision for expected credit losses		**(3,833)**	(345)
(Reversal of) / Provision for expected credit losses on due from related parties		**(62)**	103
Provision for employees' end of service benefits		**1,535**	1,271
Share of profit from joint venture	10	**(3,732)**	(613)
Finance income	4	**(1,386)**	(388)
Finance costs	5	**1,131**	3,936
		189,510	51,253
Working capital adjustments:			
Inventories		**10,298**	(3,754)
Trade and other receivables		**48,228**	(10,239)
Due from related parties		**(16,138)**	(25,654)
Trade and other payables		**(19,200)**	13,224
Due to related parties		**4,377**	(63,851)
Cash flows from operating activities		**217,075**	(39,021)
Employees' end of service benefits paid		**(1,806)**	(2,215)
Receipt against sub-leases (finance leases)	7	**1,557**	2,529
Interest paid		**(1)**	-
Net cash generated from operating activities		**216,825**	(38,707)
INVESTING ACTIVITIES			
Purchase of property, plant and equipment	6	**(45,940)**	(127,742)
Proceeds from disposal of property, plant & equipment		**2,706**	-
Investment in joint venture	10	**-**	(3,400)
Advances to suppliers		**(47)**	(37,440)
Interest received		**1,119**	35
Net cash used in investing activities		**(42,162)**	(168,547)
FINANCING ACTIVITIES			
Payments of lease liabilities	7	**(6,263)**	(6,776)
Net cash used in financing activities		**(6,263)**	(6,776)
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS		**168,400**	(214,030)
Cash and cash equivalents at beginning of the period		**164,933**	368,447
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD		**333,333**	154,417
Significant non-cash transactions excluded from the consolidated statement of cash flows are:			
Additions to right-of-use assets	7	-	29,497
Additions to sub lease receivables	7	-	2,502
Additions to lease liabilities	7	-	31,714
Shareholder contribution converted to share capital	15	357,485	-
Shareholder loan converted to share capital	15	1,900,000	-
Remaining consideration payable on acquisition of ZMI converted to shareholder contribution	15	149,920	-

* Amounts as at 31 March 2022 have been restated to USD, based on the Group's change in presentation currency - See Note 2.1.

The attached notes on pages 6 to 27 form part of this interim condensed consolidated financial information.

1 CORPORATE INFORMATION

Abu Dhabi Marine Business and Services Company P.J.S.C. (the "Company") is a public joint stock company. The Company was established in 2016 under Law No. 15 of 2016. The Company is a wholly owned subsidiary of Abu Dhabi National Oil Company ("ADNOC" or the "ultimate holding company"). The Company and its subsidiaries (collectively referred to as the "Group") are engaged in the business of providing freight and charter services for the transportation of petroleum products and crude oil on ocean going vessels owned or hired from third parties, operation and maintenance of oil terminals, material handling, manpower and equipment supply, rental of stores, warehouses, office space and provision and supply of chemicals and other on-shore oil and gas field services.

The registered office of the Company is at P.O. Box 61, Abu Dhabi, United Arab Emirates (UAE).

This interim condensed consolidated financial information of the Group was authorised for issuance by the Board of Directors and signed on their behalf on 5 May 2023.

2 BASIS OF PREPARATION AND ACCOUNTING POLICIES

2.1 BASIS OF PREPARATION

Statement of compliance
The interim condensed consolidated financial information for the three months ended 31 March 2023 have been prepared in accordance with IAS 34, Interim Financial Reporting as issued by IASB.

Functional and presentation currency
Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). From the year ended 31 December 2022, the Group changed their presentation currency to the United States Dollars ("USD") from the United Arab Emirates Dirhams ("AED"). The Group has chosen to present the financial statements in USD, as this is common in the shipping industry as such this presentation is to align with the industry. As a result of the peg between USD and AED this had no impact other than dividing all previously reported figures by 3.6725. The comparative financial information for the three month period ended 31 March 2022 have been restated to USD throughout this interim condensed consolidated financial information.

The interim condensed consolidated financial information does not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual consolidated financial statements for the year ended 31 December 2022 . In addition, results for three months ended 31 March 2023 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2023.

Basis of preparation
The interim condensed consolidated financial information have been presented in United States Dollars (USD), which is the presentation currency of the Group as well as of the ultimate holding company. All values are rounded to the nearest thousand (USD'000), except where otherwise indicated.

2.2 BASIS OF CONSOLIDATION

The interim condensed consolidated financial information include the financial information of the Company and its subsidiaries listed below:

	Country of incorporation	*Percentage holding* ***31 March 2023***	*31 December 2022*
Direct subsidiaries			
Abu Dhabi Marine Operations and Services Company LLC	UAE	**100%**	100%
Abu Dhabi Marine Assets Company LLC	UAE	**100%**	100%
Abu Dhabi Marine International Holdings RSC Limited	UAE	**100%**	100%
Zinc Holdco RSC Ltd	UAE	**100%**	100%
Indirect subsidiaries			
Al Gafai Marine Services Company LLC	UAE	**100%**	100%
Sirdal National Marine Services Company LLC	UAE	**100%**	100%
National Gas Carrier Company	Liberia	**100%**	100%
Abu Dhabi National Shipping Company BVI	British Virgin Islands	**100%**	100%
Abu Dhabi Marine International Chartering Holdings RSC Limited	UAE	**100%**	100%
Abu Dhabi Marine International Operations Holdings RSC Limited	UAE	**100%**	100%
Umm Al Lulu Marine Services – Sole Proprietorship LLC	UAE	**100%**	100%
Janana Marine Services – Sole Proprietorship LLC	UAE	**100%**	100%
Al Bazem Marine Services – Sole Proprietorship LLC	UAE	**100%**	100%
Al Samha Marine Services – Sole Proprietorship LLC	UAE	**100%**	100%
Al Sader Marine Services – Sole Proprietorship LLC	UAE	**100%**	100%
Al Reem Marine Services – Sole Proprietorship LLC	UAE	**100%**	100%
Ghantout Marine Services – Sole Proprietorship LLC	UAE	**100%**	100%
Abu Dhabi III Shipping Company Inc	Liberia	**100%**	100%
Bani Yas Shipping Company Inc	Liberia	**100%**	100%
Mezaira'a Shipping Company Inc	Liberia	**100%**	100%
Arrilah I Shipping Company Inc	Liberia	**100%**	100%
Abu Al Abyad Shipping Company Inc	Liberia	**100%**	100%
Al Yasat II Shipping Company Inc	Liberia	**100%**	100%
Liwa V Shipping Company Inc	Liberia	**100%**	100%
Diyyinah Shipping Company Inc	Liberia	**100%**	100%
Yamilah III Shipping Company Inc	Liberia	**100%**	100%
Butinah Shipping Company Inc	Liberia	**100%**	100%
Ras Ghumays I Shipping Company Inc	Liberia	**100%**	100%
Yas Shipping Company Inc	Liberia	**100%**	100%
Al Karama Shipping Company Inc	Liberia	**100%**	100%
HoldCo 1 Inc	Liberia	**100%**	100%
HoldCo 2 Inc	Liberia	**100%**	100%
Al Khtam Inc	Liberia	**100%**	100%
Al Ruwais Inc	Liberia	**100%**	100%
Tarif Inc	Liberia	**100%**	100%
Al Bateen Inc	Liberia	**100%**	100%
Al Falah Inc	Liberia	**100%**	100%
Al Khaznah Inc	Liberia	**100%**	100%
Shahamah Inc	Liberia	**100%**	100%
Ghasha Inc	Liberia	**100%**	100%
Ish Inc	Liberia	**100%**	100%
Umm Al Ashtan Limited	Liberia	**100%**	100%
Al Hamra Limited	Liberia	**100%**	100%
Mraweh Limited	Liberia	**100%**	100%
Mubaraz Limited	Liberia	**100%**	100%
Al Wathba Inc	Liberia	**100%**	100%
Al Dhafra Inc	Liberia	**100%**	100%
Das Inc	Liberia	**100%**	100%
Zakum Inc	Liberia	**100%**	100%

2 BASIS OF PREPARATION AND ACCOUNTING POLICIES (continued)

2.2 BASIS OF CONSOLIDATION (continued)

	Country of incorporation	*Percentage holding*	
		31 March 2023	*31 December 2022*
Indirect subsidiaries (continued)			
Hili Inc	Liberia	**100%**	100%
Arzanah Inc	Liberia	**100%**	100%
Al Jimi Inc	Liberia	**100%**	100%
Murban Inc	Liberia	**100%**	100%
Jarnain Inc	Liberia	**100%**	100%
Newco 1 Inc	Liberia	**100%**	100%
Newco 2 Inc	Liberia	**100%**	100%
Newco 3 Inc	Liberia	**100%**	100%
Newco 4 Inc	Liberia	**100%**	100%
Newco 14 Inc	Liberia	**100%**	100%
Newco 15 Inc	Liberia	**100%**	100%
Newco 16 Inc	Liberia	**100%**	100%
Newco 17 Inc	Liberia	**100%**	100%
Newco 18 Inc	Liberia	**100%**	100%
Newco 19 Inc	Liberia	**100%**	100%
Newco 20 Inc	Liberia	**100%**	100%
Newco 21 Inc	Liberia	**100%**	100%
Newco 22 Inc	Liberia	**100%**	100%
Newco 23 Inc	Liberia	**100%**	100%
Newco 24 Inc	Liberia	**100%**	100%
Newco 25 Inc	Liberia	**100%**	100%
Newco 26 Inc	Liberia	**100%**	100%
Newco 27 Inc	Liberia	**100%**	100%
Newco 28 Inc	Liberia	**100%**	100%
Newco 29 Inc	Liberia	**100%**	100%
Newco 30 Inc	Liberia	**100%**	100%
Newco 31 Inc	Liberia	**100%**	100%
Newco 32 Inc	Liberia	**100%**	100%
Newco 33 Inc	Liberia	**100%**	100%
Newco 34 Inc	Liberia	**100%**	100%
Newco 35 Inc	Liberia	**100%**	100%
ZMI Holdings	Cayman Islands	**100%**	100%
Zakher Marine International Inc	Panama	**100%**	100%
Zakher Marine International Inc. – Abu Dhabi Branch	UAE	**100%**	100%
QMS Holding Limited	British Virgin Islands	**100%**	100%
QMS 2 Offshore Services Ltd	Saint Vincent & Grenadines	**100%**	100%
QMS 2 Offshore Services Ltd. – Abu Dhabi Branch	UAE	**100%**	100%
QMS Petroleum Services Inc	Panama	**100%**	100%
QMS Petroleum Services Inc. – Abu Dhabi Branch	UAE	**100%**	100%
MBBS Inc	Panama	**100%**	100%
MBBS Inc. – Abu Dhabi Branch	UAE	**100%**	100%
Al Shahama Inc	Panama	**100%**	100%
Al Bahia Inc	Panama	**100%**	100%
Al Maryah Inc	Panama	**100%**	100%
QMS China Inc	Panama	**100%**	100%
QMS Achiever Inc	Panama	**100%**	100%
QMS Gladiator Inc	Panama	**100%**	100%
Petrodrill Inc	Panama	**100%**	100%
Subhiya Inc	Panama	**100%**	100%
QMS Gloria Inc	Panama	**100%**	100%
Bani Yas Inc	Panama	**100%**	100%
Nadiya Inc	Panama	**100%**	100%
Zakher Marine Saudi Company Limited	KSA	**100%**	100%

2 BASIS OF PREPARATION AND ACCOUNTING POLICIES (continued)

2.2 BASIS OF CONSOLIDATION (continued)

	Country of incorporation	*Percentage holding*	
		31 March 2023	*31 December 2022*
Indirect subsidiaries (continued)			
Premier Marine Services W.L.L	Qatar	**100%**	100%
Volo Travel and Tourism (Sole Proprietorship) L.L.C	UAE	**100%**	100%
Lextus Inc	Panama	**100%**	100%
QMS Offshore Industries L.L.C	UAE	**100%**	100%
QMS Neptune Inc	Panama	**100%**	100%
QMS Aquarius Inc	Panama	**100%**	100%
QMS Leo Inc	Panama	**100%**	100%
QMS Amora Inc	Panama	**100%**	100%
QMS Sentinel Inc	Panama	**100%**	100%
Joint venture			
AW Shipping Limited	UAE	**50%**	50%

2.3 SIGNIFICANT ACCOUNTING POLICIES

2.3.1 New and amended standards adopted by the Group

The accounting policies adopted in the preparation of the interim consolidated financial information are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2022, and the notes, except for the adoption of certain new and revised standards, that became effective in the current period as set out below:

IFRS 17 Insurance Contracts (effective 1 January 2023). IFRS 17 was issued in May 2017 as replacement for IFRS 4 Insurance Contracts. It requires a current measurement model where estimates are remeasured in each reporting period. The standard allows a choice between recognising changes in discount rates either in the statement of profit or loss or directly in other comprehensive income. The choice is likely to reflect how insurers account for their financial assets under IFRS 9.

Disclosure of Accounting Policies – Amendments to IAS 1 and IFRS Practice Statement 2 (effective 1 January 2023). The IASB amended IAS 1 to require entities to disclose their material rather than their significant accounting policies. The amendments define what is 'material accounting policy information' and explain how to identify when accounting policy information is material. They further clarify that immaterial accounting policy information does not need to be disclosed. If it is disclosed, it should not obscure material accounting information.

Definition of Accounting Estimates – Amendments to IAS 8 (effective 1 January 2023). The amendment to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors clarifies how companies should distinguish changes in accounting policies from changes in accounting estimates. The distinction is important, because changes in accounting estimates are applied prospectively to future transactions and other future events, but changes in accounting policies are generally applied retrospectively to past transactions and other past events as well as the current period.

2 BASIS OF PREPARATION AND ACCOUNTING POLICIES (continued)

2.3 SIGNIFICANT ACCOUNTING POLICIES (continued)

2.3.1 New and amended standards adopted by the Group (continued)

Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12 (effective 1 January 2023). The amendments to IAS 12 Income Taxes require companies to recognise deferred tax on transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences. They will typically apply to transactions such as leases of lessees and decommissioning obligations and will require the recognition of additional deferred tax assets and liabilities.

The amendment should be applied to transactions that occur on or after the beginning of the earliest comparative period presented. In addition, entities should recognise deferred tax assets (to the extent that it is probable that they can be utilised) and deferred tax liabilities at the beginning of the earliest comparative period for all deductible and taxable temporary differences associated with:

- right-of-use assets and lease liabilities, and
- decommissioning, restoration and similar liabilities, and the corresponding amounts recognised as part of the cost of the related assets.

The cumulative effect of recognising these adjustments is recognised in retained earnings, or another component of equity, as appropriate. IAS 12 did not previously address how to account for the tax effects of on-balance sheet leases and similar transactions and various approaches were considered acceptable. Some entities may have already accounted for such transactions consistent with the new requirements. These entities will not be affected by the amendments.

Other than the above, there are no other material IFRSs and amendments that were effective for the first time for the financial year beginning on or after 1 January 2023.

The application of these amendments to IFRSs has not had any material impact on the amounts reported for the current period but may affect the accounting for the Group's future transactions or arrangements.

2.3.2 New and revised IFRS in issue but not yet effective and not early adopted

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

Non-current liabilities with covenants – Amendments to IAS 1 (effective 1 January 2024). Amendments made to *IAS 1 Presentation of Financial Statements* in 2020 clarified that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the entity's expectations or events after the reporting date (e.g., the receipt of a waiver or a breach of covenant). The amendments also clarified what IAS 1 means when it refers to the 'settlement' of a liability.

The new amendments clarify that covenants of loan arrangements will not affect classification of a liability as current or non-current at the reporting date if the entity must only comply with the covenants after the reporting date. However, if the entity must comply with a covenant either before or at the reporting date, this will affect the classification as current or non-current, even if the covenant is only tested for compliance after the reporting date.

The amendments require disclosures if an entity classifies a liability as noncurrent and that liability is subject to covenants that the entity must comply with within 12 months of the reporting date. The amendments must be applied retrospectively in accordance with the normal requirements in *IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors.*

2 BASIS OF PREPARATION AND ACCOUNTING POLICIES (continued)

2.3 SIGNIFICANT ACCOUNTING POLICIES (continued)

2.3.2 New and revised IFRS in issue but not yet effective and not early adopted (continued)

Lease liability in sale and leaseback – amendments to IFRS 16 (effective 1 January 2024). The IASB finalised narrow-scope amendments to the requirements for sale and leaseback transactions in *IFRS 16 Leases* which explain how an entity accounts for a sale and leaseback after the date of the transaction.

The amendments specify that, in measuring the lease liability subsequent to the sale and leaseback, the seller-lessee determines 'lease payments' and 'revised lease payments' in a way that does not result in the seller-lessee recognizing any amount of the gain or loss that relates to the right of use that it retains. This could particularly impact sale and leaseback transactions where the lease payments include variable payments that do not depend on an index or a rate.

Sale or contribution of assets between an investor and its associate or joint venture – Amendments to IFRS 10 and IAS 28 (effective date not finalised). The IASB has made limited scope amendments to *IFRS 10 Consolidated financial statements* and *IAS 28 Investments in associates and joint ventures.* The amendments clarify the accounting treatment for sales or contribution of assets between an investor and its associates or joint ventures. They confirm that the accounting treatment depends on whether the non-monetary assets sold or contributed to an associate or joint venture constitute a 'business' (as defined in *IFRS 3 Business Combinations*).

The Group is currently assessing the impact of these standards, and amendments on the future consolidated financial statements of the Group and intends to adopt these, if applicable, when they become effective.

2.4 SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

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

In preparing these interim condensed consolidated financial information, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation and uncertainty were the same as those applied to the consolidated financial statements for the year ended 31 December 2022 with the addition of the following:

Income taxes

As disclosed in note 19, the new UAE corporate income tax is now considered substantively enacted. The Group currently believes that there are no material deferred tax positions at 31 March 2023 on the basis that it intends to file as a single tax group. If the Group intended to file taxes on a separate entity basis the transitional provisions of the law as currently enacted would not give rise to a tax base in consolidation adjustments resulting in deferred tax balances. However, the Group has the intent to file on a group basis because it believes that it meets the conditions set out in the law, and approval by the tax authority will be perfunctory. As a consequence the Company has not recorded any deferred taxes because it expects to receive tax basis in its consolidation adjustments by virtue of its intended Group filing position.

Conversion of shareholder loan to equity

As disclosed in note 15, the $1,900,000 thousand shareholder loan was converted to equity during the period. The Group has taken the position that the shareholder's Investment Committee resolution on 23 January 2023 served to legally extinguish the debt given that it was promptly communicated to the Group and was binding. Consequently, interest accrual ceased at this date and the balance became a capital contribution until 30 March 2023 when this was converted into new share capital. See note 15.

3 REVENUES

Disaggregation of revenue

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

	Segments	***(Unaudited) Three months ended 31 March*** ***2023*** ***USD'000***	*(Unaudited) Three months ended 31 March* *2022* *USD'000* *(Restated)*
Shipping- freight / voyage charter income	Shipping, Integrated logistics & Marine services	**169,214**	114,614
Base operation services	Integrated logistics	**110,954**	30,288
Petroleum port operations	Integrated logistics & Marine services	**45,398**	38,592
Sales of bunkering fuel & water	Integrated logistics	**49,910**	6,035
Offshore vessels charter income	Integrated logistics & Marine services	**116,724**	36,829
Operating lease income	Shipping, Integrated logistics & Marine services	**49,445**	37,324
Onshore services income	Integrated logistics	**22,439**	20,048
Ship management income	Shipping	**16,042**	18,342
Drilling chemicals	Integrated logistics	**12,051**	10,885
		592,177	312,957

4 FINANCE INCOME

	(Unaudited) Three months ended 31 March ***2023*** ***USD'000***	*(Unaudited) Three months ended 31 March* *2022* *USD'000* *(Restated)*
Interest income on sub-leases (finance leases, note 7)	**267**	353
Interest income on deposits	**1,119**	35
	1,386	388

5 FINANCE COSTS

	(Unaudited) Three months ended 31 March ***2023*** ***USD'000***	*(Unaudited) Three months ended 31 March* *2022* *USD'000* *(Restated)*
Interest cost on shareholder loan	-	1,224
Interest expense on lease liabilities (note 7)	**1,130**	2,712
Others	**1**	-
	1,131	3,936

6 PROPERTY, PLANT AND EQUIPMENT

	***(Unaudited)* 31 March 2023 USD'000**	*(Audited) 31 December 2022 USD'000*
Cost:		
At 1 January	**3,685,715**	2,034,751
Additions on business acquisition	-	1,365,269
Additions	**89,595**	350,854
Disposals	**(1,878)**	(1,090)
Transfer to investment properties	**(34)**	(85,906)
Transfer to intangible assets	**(145)**	(6,802)
Transfer from investment properties & intangible assets	-	31,155
Adjustments	-	(2,088)
Write offs	-	(428)
At 31 March / 31 December	**3,773,253**	3,685,715
Accumulated depreciation:		
At 1 January	**534,331**	382,321
Charge for the year	**48,940**	132,875
Disposals	**(1,878)**	(940)
Transfers	-	(2)
Transfer from investment properties	-	17,879
Transfer from intangible assets	-	472
Adjustments	-	1,726
At 31 March / 31 December	**581,393**	534,331
Net book value:		
At 31 March / 31 December	**3,191,860**	3,151,384

7 RIGHT-OF-USE ASSETS & LEASE LIABILITIES

A. In respect of head-lease:

USD'000	*Land right -of-use asset*	*Vessels right -of-use asset*	*Total*
As at 1 January 2023 /(Audited)	54,429	12,779	67,208
Depreciation expense	(737)	(1,318)	(2,055)
As at 31 March 2023 /(Unaudited)	**53,692**	**11,461**	**65,153**
As at 1 January 2022 /(Audited)	29,539	7,043	36,582
Additions	27,786	17,228	45,014
Disposals	-	(5,972)	(5,972)
Depreciation expense	(2,896)	(5,520)	(8,416)
As at 31 December 2022 /(Audited)	54,429	12,779	67,208

USD'000	*Land lease liability*	*Vessels lease liability*	*Total*
As at 1 January 2023 /(Audited)	57,284	12,898	70,182
Interest expense	927	112	1,039
Payments	**(3,657)**	**(1,385)**	**(5,042)**
As at 31 March 2023 /(Unaudited)	**54,554**	**11,625**	**66,179**
As at 1 January 2022 /(Audited)	31,222	7,146	38,368
Additions	27,503	17,228	44,731
Gain on disposals	-	(128)	(128)
Disposals	-	(5,971)	(5,971)
Interest expense	3,833	404	4,237
Payments	**(5,274)**	**(5,781)**	**(11,055)**
As at 31 December 2022 /(Audited)	57,284	12,898	70,182

B. In respect of sub-lease:

USD'000	*Land sub-lease receivables*	*Vessels sub-lease receivables*	*Total*
As at 1 January 2023 /(Audited)	12,623	6,762	19,385
Interest income	211	56	267
Payments received	(545)	(1,012)	(1,557)
As at 31 March 2023 /(Unaudited)	**12,289**	**5,806**	**18,095**
As at 1 January 2022 /(Audited)	13,182	13,065	26,247
Additions	-	7,487	7,487
Disposals	-	(6,809)	(6,809)
Loss on reversals	-	(2,380)	(2,380)
Profit on initial recognition of sub-leases	-	872	872
Interest income	884	357	1,241
Payments received	(1,443)	(5,830)	(7,273)
As at 31 December 2022 /(Audited)	12,623	6,762	19,385

7 RIGHT-OF-USE ASSETS & LEASE LIABILITIES (CONTINUED)

B. In respect of sub-lease (continued)

USD'000	*Land sub -lease liability*	*Vessel sub- lease liability*	*Total*
As at 1 January 2023 /(Audited)	2,465	6,390	8,855
Interest expense	38	53	91
Payments	(277)	(944)	(1,221)
As at 31 March 2023 /(Unaudited)	**2,226**	**5,499**	**7,725**
As at 1 January 2022 /(Audited)	2,575	10,133	12,708
Additions	-	7,487	7,487
Disposals	-	(6,808)	(6,808)
Interest expense	167	281	448
Payments	(277)	(4,703)	(4,980)
As at 31 December 2022 /(Audited)	2,465	6,390	8,855

Sub-lease receivables are analysed in the consolidated statement of financial position as follows:

	(Unaudited) 31 March 2023 USD'000	*(Audited) 31 December 2022 USD'000*
Current portion	**3,473**	3,911
Non-current portion	**14,622**	15,474
	18,095	19,385

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

	(Unaudited) 31 March 2023 USD'000	*(Audited) 31 December 2022 USD'000*
Relating to head-lease (in respect of right-of-use assets)	**66,179**	70,182
Relating to sub-lease receivables (in respect of liabilities for sub-leased assets)	**7,725**	8,855
	73,904	79,037
Current portion	**9,239**	9,768
Non-current portion	**64,665**	69,269
	73,904	79,037

7 RIGHT-OF-USE ASSETS & LEASE LIABILITIES (CONTINUED)

The movement in provision for dismantling liability on leased land is as follows:

	(Unaudited) 31-March-2023	*(Audited) 31-Dec-2022*
	USD'000	*USD'000*
As at 1 January	**1,727**	1,324
Additions during the period / year	**-**	286
Accretion during the period / year	**51**	117
At 31 March / 31 December	**1,778**	1,727

8 INTANGIBLE ASSETS

	(Unaudited) 31-March-2023	*(Audited) 31-Dec-2022*
	USD'000	*USD'000*
Cost:		
At 1 January	**27,884**	22,390
Transfer from property, plant and equipment (note 6)	**145**	6,802
Transfer to property, plant and equipment (note 6)	**-**	(1,964)
Adjustments	**-**	656
At 31 March / 31 December	**28,029**	27,884
Accumulated amortization:		
At 1 January	**13,168**	4,699
Charge for the period / year	**1,327**	10,005
Transfer to property, plant and equipment (note 6)	**-**	(472)
Adjustments	**-**	(1,064)
At 31 March / 31 December	**14,495**	13,168
Net book value		
At 31 March / 31 December	**13,534**	14,716

Intangible assets comprise the cost of acquired enterprise computer systems, software and licenses. Transfer to property, plant and equipment include closed circuits camera hardware previously classified as intangible assets now reclassified.

9 INVESTMENT PROPERTIES

	***(Unaudited)* 31-March-2023**	*(Audited)* 31-Dec-2022
	USD'000	*USD'000*
Cost:		
At 1 January	**155,348**	98,633
Transfer to property, plant and equipment (note 6)	**-**	(29,191)
Transfer from property, plant and equipment (note 6)	**34**	85,906
At 31 March / December	**155,382**	155,348
Accumulated depreciation:		
At 1 January	**55,591**	68,365
Transfer to property, plant and equipment (note 6)	**-**	(17,879)
Charge for the period / year	**1,261**	5,105
At 31 March / December	**56,852**	55,591
Net book value	**98,530**	99,757

10 INVESTMENT IN A JOINT VENTURE

Details of the Group's investment in a joint venture at 31 December are as follows:

Name of joint venture	*Percentage holding 2023*	*Percentage holding 2022*	*Country of incorporation*	*Principal activity*
AW Shipping Limited	50%	50%	UAE	Shipping services

The movement in the carrying value of investment in joint venture is summarised below:

	***(Unaudited)* 31-March-2023**	*(Audited)* 31-Dec-2022
	USD'000	*USD'000*
As at 1 January	**62,641**	73,842
Equity investment	**-**	10,200
Receipts from joint venture	**-**	(22,385)
Dividend received	**-**	(1,042)
Share of profit for the period / year	**3,732**	2,026
At 31 March / 31 December	**66,373**	62,641

10 INVESTMENT IN A JOINT VENTURE (continued)

	(Unaudited) 31-March-2023	*(Audited) 31-Dec-2022*
	USD'000	*USD'000*
Statement of financial position		
Total assets	**422,224**	410,923
Total liabilities	**(289,478)**	(285,640)
Net assets	**132,746**	125,283

	(Unaudited) 31-March-2023	*(Audited) 31-Dec-2022*
	USD'000	*USD'000*
Statement of comprehensive income		
Revenue	**18,652**	18,589
Expenses	**(11,188)**	(14,537)
Total comprehensive income	**7,464**	4,052

11 INVENTORIES

	(Unaudited) 31-March-2023	*(Audited) 31-Dec-2022*
	USD'000	*USD'000*
Bunkers	**26,984**	41,571
Lubes	**5,407**	4,886
Raw materials & finished goods	**10,268**	8,376
Spare parts, fuel and consumables	**62,173**	60,297
Firefighting foam and dispersant stock	**405**	405
	105,237	115,535
Less: provision for slow-moving and obsolete inventories	**(9,965)**	(9,965)
	95,272	105,570

Movement in the provision for slow-moving and obsolete inventories is as follows:

	(Unaudited) 31-March-2023	*(Audited) 31-Dec-2022*
	USD'000	*USD'000*
At 1 January	**9,965**	3,687
Charge during the period / year	**-**	6,278
At 31 March / 31 December	**9,965**	9,965

12 TRADE AND OTHER RECEIVABLES

	(Unaudited) ***31-March-2023*** ***USD'000***	*(Audited)* *31-Dec-2022* *USD'000*
Trade receivables	**76,834**	125,715
Provision for expected credit losses	**(5,085)**	(8,918)
Trade receivables, net	**71,749**	116,797
Prepaid expenses and other receivables	**131,782**	81,416
Receivable from employees	**15,338**	14,965
Advances to suppliers	**5,732**	3,785
	224,601	216,963

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

At 1 January	**8,918**	2,744
(Reversal) / Charge during the period / year	**(3,833)**	6,174
At 31 March / 31 December	**5,085**	8,918

Trade and other receivables (non-current) include advances paid to suppliers towards capex acquisitions. Balance were as follows:

	(Unaudited) ***31-March-2023*** ***USD'000***	*(Audited)* *31-Dec-2022* *USD'000*
Advances to suppliers	**124,299**	124,252

13 SHARE CAPITAL

	(Unaudited) ***31-March-2023*** ***USD'000***	*(Audited)* *31-Dec-2022* *USD'000*
Authorised, issued and fully paid		
9,290,615,000 ordinary shares of AED 1 each 31 December 2023 (1,000,000,000 ordinary shares of AED 1 each)	**2,529,779**	272,294

14 TRADE AND OTHER PAYABLES

	***(Unaudited)* 31-March-2023 USD'000**	*(Audited)* 31-Dec-2022 USD'000
Trade accounts payable	**86,121**	62,060
Other payables and accrued expenses	**246,490**	315,777
Capital expenses accruals	**123,372**	79,717
Operating lease rent received in advance	**2,974**	5,345
	458,957	462,899

15 RELATED PARTY BALANCES AND TRANSACTIONS

These represent transactions with related parties i.e. the shareholder, directors and entities related to them, companies under common ownership and/or common management and control, their partners and key management personnel. Pricing policies and terms of these transactions are approved by the Group's management.

Transactions with related parties included in the condensed consolidated statement of comprehensive income are as follows:

	***(Unaudited)* Three months ended March 31 2023 USD'000**	*(Unaudited)* Three months ended March 31 2022 USD'000 (Restated)
Goods sold and services provided to entities under common control	**408,428**	176,528
Goods and services received from entities under common control	**69,687**	11,195
Interest received on cash pooling balances	**603**	-
Interes paid on shareholder loan	**-**	2,712

15 RELATED PARTY BALANCES AND TRANSACTIONS (continued)

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

	***(Unaudited)* 31-March-2023 USD'000**	*(Audited) 31-Dec-2022 USD'000*
Due from related parties (entities under common control):		
ADNOC Offshore	**194,271**	290,423
ADNOC (Holding Company)	**124,013**	77,016
ADNOC (Holding Company) cash pooling balance*	**82,944**	30,462
Abu Dhabi Polymers Company Limited (Borouge ADP)	**45,092**	27,209
ADNOC Onshore	**10,989**	12,926
ADNOC Global Trading (AGT)	**9,617**	13,152
ADNOC Gas Processing	**3,684**	5,938
ADNOC Distribution	**5,275**	3,366
ADNOC LNG	**4,158**	2,276
ADNOC Drilling	**2,195**	1,187
AW Shipping Limited	**-**	1,256
ADNOC Refining	**-**	582
Borouge Pte	**54**	54
ADNOC Trading	**-**	307
	482,292	466,154
Less: provision for expected credit losses	**(138)**	(200)
	482,154	465,954

* This balance is held with ADNOC (Holding Company) and earns interest based on rates agreed between the parties.

The movement in provision for expected credit losses on related parties' receivables is as follows:

	***(Unaudited)* 31-March-2023 USD'000**	*(Audited) 31-Dec-2022 USD'000*
Balance at 1 January	**200**	494
Reversals during the year	**(62)**	(294)
At 31 March / 31 December	**138**	200

The provision for expected credit losses on due from related parties is carried at 100% and 33.3% against balances overdue above 730 days and 365 days respectively.

15 RELATED PARTY BALANCES AND TRANSACTIONS (continued)

	(Unaudited) 31-March-2023	*(Audited) 31-Dec-2022*
	USD'000	*USD'000*
Due to related parties (entities under common control):		
ADNOC (Holding Company)	**113,577**	120,531
ADNOC Distribution	**46,540**	33,347
ADNOC Offshore	**1,054**	1,707
National Gas Shipping Company	**5,531**	7,175
ADNOC Refining	**650**	793
ADNOC Global Trading (AGT)	**578**	-
	167,930	163,553

These balances are classified and presented in the statement of financial position as below:

	(Unaudited) 31-March-2023	*(Audited) 31-Dec-2022*
	USD'000	*USD'000*
Current portion	**132,187**	127,810
Non-current portion	**35,743**	35,743
	167,930	163,553

The Group's significant bank balances with Abu Dhabi Government and other entities controlled, jointly controlled or significantly influenced by the Abu Dhabi Government are as follows:

	(Unaudited) 31-March-2023	*(Audited) 31-Dec-2022*
	USD'000	*USD'000*
Bank balances	**254,220**	115,965

Shareholder loan from ADNOC (Holding Company) (forming part of shareholder's equity):

The Group's contribution from shareholder of USD 357,485 thousand was interest free and repayable at the absolute discretion of the board of directors of the Group. Accordingly, the amount was classified under equity as shareholder contribution. This amount was converted to share capital on 30 March 2023.

Shareholder loan from ADNOC (Holding Company) (forming part of non-current liabilities):

In 2021, the Group entered into a loan facility agreement with ADNOC (Holding Company) with an initial approved amount of USD 850,000 thousand. This facility is to be used for acquisition of assets only. The loan carries interest of six (6) months LIBOR plus a margin of 1.2% per annum, payable biannually on 30 June and 31 December of each year. Loan terms mention that it is fully repayable by 31 December 2022 and the loan repayment date may be extended by another one year at the sole discretion of the Holding Company.

15 RELATED PARTY BALANCES AND TRANSACTIONS (continued)

Shareholder loan from ADNOC (Holding Company) (forming part of non-current liabilities): (continued)

In April 2022, Holding Company and Group entered into an Amendment and Restatement Agreement by which the repayment date under the existing Shareholder loan was deferred to 31 December 2023 and the facility size was increased by USD 400,000 thousand, thereby reaching the amount of USD 1,250,000 thousand.

On 23 October 2022, the Holding Company and the Group entered into a Second Amendment and Restatement Agreement by which the repayment date under the existing Shareholder loan shall be deferred to 31 December 2024 and the facility size was increased by USD 1,050,000 thousand, reaching the amount of USD 2,300,000 thousand. On 25 October 2022, the Group further drew down USD 1,300,000 thousand) for a business acquisition.

As at 31 December 2022, the Group had drawn USD 1,900,000 thousand from the facility. This loan was converted to share capital during the period.

During the period, on 23 January 2023 the Holding Company resolved to forgive the loan with effect from 1 January 2023 and communicated this the the Group resulting in derecognition of the liability and a capital contribution in the same amount. Later in the period, on 30 March 2023, this capital contribution was converted into additional legal share capital.

Assumption of ZMI earn out liability by ADNOC (Holding Company):

During the period, the seller of the ZMI business acquired in November 2022 and the Holding Company agreed that the earn out consideration of $149,920 thousand arising from the business combination would be payable by the Holding Company and that the Group would be released from any obligation to make any payments on this debt. Consequently, the debt was derecognized and and the balance treated as a non-cash capital contribution.

Terms and conditions of transactions with related parties

The sales to and services from related parties are made at agreed rates with the related parties. Outstanding balances at the period end are unsecured, interest free and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables. The Group's significant balances are with entities controlled, jointly controlled or significantly influenced by the ADNOC.

16 CONTINGENCIES AND COMMITMENTS

(a) Bank guarantees:

At 31 March 2023, the Group had bank guarantees issued by the bank and other matters arising in the ordinary course of business from which it is anticipated that no material liabilities will arise, amounting to USD 3,181 thousand (December 31 2022: USD 2,999 thousand).

(b) Capital commitments:

At 31 March 2023, the Group's capital commitments amount to USD 1,264,644 thousand (December 31 2022: USD 1,371,929 thousand).

(c) Purchases commitments:

At 31 March 2023, the Group's purchases commitments amount to USD 46,170 thousand (December 31 2022: USD 86,275 thousand).

(d) Contingencies:

The Group is party to claims filed by third parties. No liability has been booked by the Group in this respect, since management believes that it is more likely than not that claims will be awarded in their favor and the claim amount is immaterial.

17 FAIR VALUE OF FINANCIAL INSTRUMENTS

Financial instruments comprise of financial assets and financial liabilities.

As at 31 March 2023 and 31 December 2022 , the Group considers that the carrying amounts of financial assets and financial liabilities recognised in the consolidated financial information approximate their fair values.

18 OPERATING SEGMENTS

Information regarding the Group's operating segments is set out below in accordance with IFRS 8, 'Operating Segments'. IFRS 8 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the Board of Directors, as the chief operating decision maker (CODM), in order to allocate resources to the segment and to assess its performance.

The Group's strategic steering committee, consisting of the Chief Executive Officer, the Chief Financial Officer and the Senior Vice President of Strategy, also examines the group's performance from both a product and a service perspective but final decisions are made by the Board. The operating segments are identified based on the nature of different services provided and are managed separately because they have different economic characteristics – such as trends in sales growth, rates of return and level of capital investment – and have different marketing strategies.

The CODM primarily uses EBITDA to monitor the performance of the business. For management purposes, the Group is organised into six operating segments and five reportable segments. These are referred to as "business units" as follows:

Shipping:

Shipping comprises the following reportable segments: (i) tankers; (ii) gas carriers and ship management services; and (iii) dry bulk shipping (including containers).

Integrated Logistics:

Integrated logistics comprises two operating segments, offshore and onshore logistics services, which are aggregated into one reportable segment which also includes charter hire of offshore support vessels and barges.

Marine Services:

Marine services reportable segment comprises petroleum port operations and oil spill response services.

Others:

One-off items and COVID-19 related expenses are classified under Others by management to facilitate better understanding of the business and to ensure proper decision making. Finance income, finance costs, provision for expected credit losses, other income and other expenses which are largely non-operational costs are recorded under this segment to facilitate better decisions.

18 OPERATING SEGMENTS (continued)

The following schedules illustrates the Group's activities according to the operating segments for the period ended 31 March 2023 in USD'000s:

2023	Tankers *(Unaudited)*	Gas carriers *(Unaudited)*	Dry-bulk shipping *(Unaudited)*	Integrated logistics *(Unaudited)*	Marine services *(Unaudited)*	Others *(Unaudited)*	Total *(Unaudited)*
Revenues	95,800	45,378	59,389	350,956	40,654	-	**592,177**
Direct costs	(59,117)	(25,212)	(48,256)	(260,611)	(33,213)	-	**(426,409)**
COVID - 19 costs *	-	-	-	-	-	-	-
Gross profit	**36,683**	**20,166**	**11,133**	**90,345**	**7,441**	-	**165,768**
General and administrative expenses	(3,081)	(1,823)	(2,295)	(20,335)	(3,754)	-	**(31,288)**
Reversal of provision for expected credit losses, net *	-	-	-	-	-	3,895	**3,895**
Other income	-	-	-	-	-	2,834	**2,834**
Operating profit	**33,602**	**18,343**	**8,838**	**70,010**	**3,687**	**6,729**	**141,209**
Share of profit from joint venture *	-	3,732	-	-	-	-	**3,732**
Finance income	-	-	-	267	-	1,119	**1,386**
Finance costs	-	-	-	(1,130)	-	(1)	**(1,131)**
Profit before tax for the period *	**33,602**	**22,075**	**8,838**	**69,147**	**3,687**	**7,847**	**145,196**
Income tax *	-	-	-	(267)	-	-	**(267)**
Profit for the period *	**33,602**	**22,075**	**8,838**	**68,880**	**3,687**	**7,847**	**144,929**
Depreciation and amortisation in direct costs	8,720	6,758	2,605	29,173	4,188	-	**51,444**
Depreciation and amortisation in general and administrative expenses	211	125	157	1,391	257	-	**2,141**
Income tax	-	-	-	267	-	-	**267**
Finance income	-	-	-	(267)	-	(1,119)	**(1,386)**
Finance costs	-	-	-	1,130	-	1	**1,131**
EBITDA	**42,533**	**28,958**	**11,600**	**100,574**	**8,132**	**6,729**	**198,526**

18 OPERATING SEGMENTS (continued)

For the period ended 31 March 2022 in USD'000s:

2022 (Restated)	Tankers	Gas carriers	Dry-bulk shipping	Integrated logistics	Marine services	Others	Total
	(Unaudited)	*(Unaudited)*	*(Unaudited)*	*(Unaudited)*	*(Unaudited)*	*(Unaudited)*	*(Unaudited)*
Revenues	42,304	36,869	71,026	127,232	35,526	-	**312,957**
Direct costs	(57,076)	(19,648)	(55,042)	(105,023)	(32,219)	-	**(269,008)**
COVID - 19 costs *	-	-	-	-	-	(3,005)	**(3,005)**
Gross profit / (loss)	**(14,772)**	**17,221**	**15,984**	**22,209**	**3,307**	**(3,005)**	**40,944**
General and administrative expenses	(2,527)	(1,913)	(2,462)	(11,613)	(4,076)	-	**(22,591)**
Reversal of provision for expected credit losses, net *	-	-	-	-	-	242	**242**
Other income	-	-	-	664	-	(85)	**579**
Operating profit / (loss)	**(17,299)**	**15,308**	**13,522**	**11,260**	**(769)**	**(2,848)**	**19,174**
Share of profit from joint venture *	-	613	-	-	-	-	**613**
Finance income	-	-	-	353	-	35	**388**
Finance costs	-	-	-	(1,224)	-	(2,712)	**(3,936)**
(Loss)/ Profit before tax for the period *	**(17,299)**	**15,921**	**13,522**	**10,389**	**(769)**	**(5,525)**	**16,239**
Income tax *	-	-	-	-	-	-	-
Profit / (loss) for the period *	**(17,299)**	**15,921**	**13,522**	**10,389**	**(769)**	**(5,525)**	**16,239**
Depreciation and amortisation in direct costs	8,894	5,243	2,471	9,965	3,631	-	**30,204**
Depreciation and amortisation in general and administrative expenses	166	125	162	762	267	-	**1,482**
Finance income	-	-	-	(353)	-	(35)	**(388)**
Finance costs	-	-	-	1,224	-	2,712	**3,936**
EBITDA	**(8,239)**	**21,289**	**16,155**	**21,987**	**3,129**	**(2,848)**	**51,473**

The shipping segment's vessels are deployed throughout the world and are not concentrated in certain geographical areas. The Group's management 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 management to make decisions about resources to be allocated to the segment and assess their performance, and for which discrete financial information is available.

18 OPERATING SEGMENTS (continued)

The following table represents segment assets for the Group's operating segments as reviewed by the management in USD'000s:

31-March-23	**Tankers**	**Gas carriers**	**Dry-bulk shipping**	**Integrated logistics**	**Marine services**	**Total**
	(Unaudited)	**(Unaudited)**	**(Unaudited)**	**(Unaudited)**	**(Unaudited)**	**(Unaudited)**
Property, plant & equipment *	1,146,356	245,012	166,997	1,496,523	136,972	**3,191,860**
Investment properties *	-	-	-	98,530	-	**98,530**

31-Dec-22	**Tankers**	**Gas carriers**	**Dry-bulk shipping**	**Integrated logistics**	**Marine services**	**Total**
	(Audited)	**(Audited)**	**(Audited)**	**(Audited)**	**(Audited)**	**(Audited)**
Property, plant & equipment *	1,052,148	125,168	167,505	1,667,172	139,391	**3,151,384**
Investment properties *	-	-	-	99,757	-	**99,757**

* These relate to additional voluntary disclosures not presented to CODM, but which are allocated on a reasonable and consistent basis to provide additional information.

19 TAX ASSESSMENT

On 16 January 2023, the UAE government published a Cabinet Decision setting the threshold at which the new Corporate Income Tax will apply. This event made the Corporate Income Tax substantively enacted, and enacted within the meaning of IAS 12. Current Taxes as defined in IAS 12 will be payable for financial years ending after 1 January 2024. So, the Group will be subject to Corporate Income Tax for the first time during the year ending 31 December 2024. However, enactment of the legislation requires the Group to record deferred taxes using the enacted rate of 9%. Management has assessed the conditions of the law, the filing options available and has the intent and ability to file under the legislation on a consolidated basis. On this basis, management has assessed that there would be no deferred tax assets or liabilities to be recorded arising from the enactment of UAE Corporate Tax Law.

20 OTHER MATTERS

The subsequent events note in the 31 December 2022 annual financial statements stated that shareholder approval for the extinguishment of the shareholder loan described in note 15 had not been obtained and that approval for the share issuance was also outstanding. During the process of preparing this financial information, the Group realized that this disclosure was not updated. The loan was waived on 23 January 2023 to be effective from 1 January 2023 and shares were subsequently issued on 30 March 2023 as described in notes 2.4 and 15. In addition, the subsequent events note at year end did not include the agreement with the shareholder to assume the earn-out liability associated with the ZMI business combination which resulted in a further capital contribution on 2 January 2023. This transaction is disclosed in note 15.

The financial statements issued for the year ended 31 December 2022 contained additional voluntary disclosures in respect of earnings per share. During the interim period, the extinguishment of the shareholder contribution and issuance of share capital described above and in note 15 occurred, while the number of shares issued was based on the par value of the shares. In accordance with the requirements of IAS 33, 'Earnings per share', the calculation should have taken into account the bonus element inherent within this subsequent share issuance, and as such, the earnings per share disclosed would have been different. However, as Abu Dhabi Marine Business and Services Company P.J.S.C. is not a listed entity and is also not the entity which will become listed on the Abu Dhabi Exchange via the initial public offering, the earnings per share disclosure is not required and no EPS information is voluntarily presented in this financial information. Accordingly revised annual EPS information has not been calculated and presented in this interim condensed consolidated financial information.

Abu Dhabi Marine Business and Services Company P.J.S.C.

CONSOLIDATED FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REPORT
FOR THE YEAR ENDED 31 DECEMBER 2022

CONSOLIDATED FINANCIAL STATEMENTS
As at and for the year ended 31 December 2022

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Independent auditor's report to the shareholder of Abu Dhabi Marine Business and Services Company P.J.S.C

Report on the audit of the consolidated financial statements

Our opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of Abu Dhabi Marine Business and Services Company P.J.S.C (the "Company") and its subsidiaries (together the "Group") as at 31 December 2022, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards.

What we have audited

The Group's consolidated financial statements comprise:

- the consolidated statement of comprehensive income for the year ended 31 December 2022;
- the consolidated statement of financial position as at 31 December 2022;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated financial statements, which include significant accounting policies and other explanatory information.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the applicable requirements of Abu Dhabi Accountability Authority ("ADAA") Chairman's Resolution No 88 of 2021 Regarding financial statements Audit Standards for the Subject Entities. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code) together with applicable ethical and independence requirements of United Arab Emirates that are relevant to our audit of the consolidated financial statements in the United Arab Emirates. We have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

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Independent auditor's report to the shareholder of Abu Dhabi Marine Business and Services Company P.J.S.C (continued)

Report on the audit of the consolidated financial statements (continued)

Our audit approach

Overview

Key Audit Matters	• Impairment assessment for property, plant and equipment • Acquisition of ZMI Holdings

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the consolidated financial statements. In particular, we considered where the directors made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the Group operates.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Independent auditor's report to the shareholder of Abu Dhabi Marine Business and Services Company P.J.S.C (continued)

Report on the audit of the consolidated financial statements (continued)

Key audit matters (continued)

Key audit matter	How our audit addressed the Key audit matter
Impairment assessment for property, plant and equipment *Refer to notes 3, 3.1 and 11 to the consolidated financial statements for disclosures of related accounting policies and balances* The Group's consolidated statement of financial position as at 31 December 2022 includes a carrying value of USD$3.2 billion (AED11.6 billion) relating to property, plant and equipment, of which USD$2.9 billion (AED10.7 billion) relates to vessels and marine equipment. Management performs an annual impairment assessment of these assets by determining the recoverable amount of each cash generating unit (CGU) based on the higher of the value-in-use (VIU) and fair value less costs of disposal (FVLCOD). Where the VIU approach was used, this was derived based on a discounted expected cash flow approach. These cash flows included areas where management makes significant judgements on certain key inputs, including the expected useful lives of the assets and discount rates. Where the FVLCOD approach was used, management engaged with an external expert to obtain market valuations of the assets. The judgement involved relates to the valuation methodologies used and the assumptions used in the valuation models. We focused on this area because of the materiality to the financial statements and the significant level of judgement required in arriving at the key assumptions used in management's impairment assessment.	Our approach to addressing the matter, involved the following procedures, amongst others: For assessments based on VIU: • updated our understanding of the methods used by management to perform its annual impairment assessment of the assets and assessed whether the methods applied were consistent with the prior year; • assessed the reasonableness of the discount rate used to discount the expected cash flows and evaluated those rates against our knowledge of the economic environment and the risk premium associated with the industry; • compared management's future cash flow forecasts used in the impairment assessment to those presented and approved by the Board of Directors as part of the annual business plan; • evaluated the accuracy of the forecasts made by comparing historical results, where available, and by comparing to the current year results of the entity; and • tested the mathematical accuracy of management's calculations. For assessments based on FVLCOD: • obtained the valuation reports used by management to perform its annual impairment assessment; • evaluated the adequacy of the work of the valuers considering the appropriateness of the methodology, relevance and reasonableness of their conclusions and consistency with other audit evidence; • assessed the valuers qualifications, expertise and independence; • assessed the appropriateness of the valuation approach and reasonableness of the assumptions and held discussions with the Company's management.

(3)

Independent auditor's report to the shareholder of Abu Dhabi Marine Business and Services Company P.J.S.C (continued)

Report on the audit of the consolidated financial statements (continued)

Key audit matters (continued)

Key audit matter	How our audit addressed the Key audit matter
Acquisition of ZMI Holdings *Refer to notes 2.2, 3.1 and 29 to the consolidated financial statements for disclosures of related accounting policies, estimates and balances* On 1 November 2022, the Group acquired 100% of the shares of ZMI Holdings. The fair value of the assets acquired and liabilities assumed as at the acquisition date was determined to be USD$1.5 billion (AED5.7 billion) and USD$81 million (AED299 million) respectively. Management performed procedures to assess the reasonableness of the fair values as at the acquisition date. Management also computed the purchase consideration, including contingent consideration, based on the provisions of the share purchase agreement. We focused on this area because of the materiality of these balances to the financial statements and the judgements used by management in performing the fair valuation assessments.	Our approach to addressing the matter, involved the following procedures, amongst others: • obtained and read the share purchase agreement for the acquisition of ZMI Holdings; • recomputed the purchase consideration determined based on the provisions of the share purchase agreement, including assessing the appropriateness of the contingent consideration; • obtained an understanding of the methods used by management to determine the fair value of the assets acquired and liabilities assumed as at the acquisition date; • assessed the reasonableness of management's fair valuation assessments based on the requirements of the accounting standards and information available; • evaluated management's conclusions and consistency with other audit evidence; • recomputed the mathematical accuracy of the goodwill amount determined based on the above factors.

Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards and their preparation in compliance with the applicable provisions of Law No. (1) of 2017 concerning the Financial System of the Government of Abu Dhabi and instructions issued by the Department of Finance pertaining to the preparation and implementation of the annual budget of Subject Entities, as amended, and applicable provisions of the relevant laws and regulations and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Independent auditor's report to the shareholder of Abu Dhabi Marine Business and Services Company P.J.S.C (continued)

Report on the audit of the consolidated financial statements (continued)

Responsibilities of management and those charged with governance for the consolidated financial statements (continued)

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards and their preparation in compliance with the applicable provisions of Law No. (1) of 2017 concerning the Financial System of the Government of Abu Dhabi and instructions issued by the Department of Finance pertaining to the preparation and implementation of the annual budget of Subject Entities, as amended, and applicable provisions of the relevant laws and regulations and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the applicable requirements of ADAA Chairman's Resolution No 88 of 2021 Regarding financial statements Audit Standards for the Subject Entities will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements. As part of an audit in accordance with ISAs and the applicable requirements of ADAA Chairman's Resolution No 88 of 2021 Regarding financial statements Audit Standards for the Subject Entities, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements,

- whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

Independent auditor's report to the shareholder of Abu Dhabi Marine Business and Services Company P.J.S.C (continued)

Report on the audit of the consolidated financial statements (continued)

Auditor's responsibilities for the audit of the consolidated financial statements (continued)

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Independent auditor's report to the shareholder of Abu Dhabi Marine Business and Services Company P.J.S.C (continued)

Report on the audit of the consolidated financial statements (continued)

Report on other legal and regulatory requirements

Further, as required by the ADAA Chairman's Resolution no 88 of 2021 Regarding financial statements Audit Standards for the Subject Entities, we report, in connection with our audit of the financial statements for the year ended 31 December 2022, that nothing has come to our attention that causes us to believe that the Company has not complied, in all material respects, with any of the provisions of the following laws, regulations and circulars as applicable, which would materially affect its activities or the financial statements as at 31 December 2022:

(i) Law No. (1) of 2017 concerning the Financial System of the Government of Abu Dhabi and instructions issued by the Department of Finance pertaining to the preparation and implementation of the annual budget of Subject Entities, as amended;

(ii) its Law of Establishment which would materially affect its activities or its financial position as at 31 December 2022; and

(iii) applicable provisions of the relevant laws, resolutions and circulars that have an impact on the Subject Entity's consolidated financial statements.

PricewaterhouseCoopers

12 APR 2023

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Rami Sarhan
Registered Auditor Number 1152
Abu Dhabi, United Arab Emirates

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 December 2022

	Notes	**2022 USD'000**	*2021 USD'000*	***AED'000 2022**	**AED'000 2021*
Revenues	4	**1,952,173**	1,190,803	**7,169,354**	4,373,223
Direct costs	5	**(1,543,025)**	(964,203)	**(5,666,759)**	(3,541,034)
Gross profit		**409,148**	226,600	**1,502,595**	832,189
General and administrative expenses	6	**(105,604)**	(83,474)	**(387,830)**	(306,558)
Pension adjustment	24	**-**	(90,916)	**-**	(333,888)
(Provision for) / reversal of expected credit losses, net	17 & 24	**(5,880)**	5,565	**(21,595)**	20,439
Other expenses	7A	**(3,792)**	(1,196)	**(13,926)**	(4,396)
Other income	7B	**1,003**	3,444	**3,685**	12,647
Operating profit		**294,875**	60,023	**1,082,929**	220,433
Share of profit from joint venture	15	**2,026**	1,062	**7,441**	3,900
Finance income	9	**3,717**	1,639	**13,650**	6,020
Finance costs	10	**(38,475)**	(7,920)	**(141,300)**	(29,086)
Profit before tax for the year		**262,143**	54,804	**962,720**	201,267
Income tax		**(1,350)**	-	**(4,959)**	-
Profit for the year		**260,793**	54,804	**957,761**	201,267
Other comprehensive income / (loss)					
Items that will not be subsequently reclassified to profit or loss					
Re-measurement gain/ (loss) on employee defined benefit obligation	22	**10,418**	(1,527)	**38,261**	(5,609)
Total comprehensive income for the year		**271,211**	53,277	**996,022**	195,658
Basic and diluted earnings per share in USD and AED	21	**0.26**	0.05	**0.96**	0.20

* AED presented as a convenience translation which was previously the presentation currency - See Note 2.1.

The attached notes on pages 13 to 68 form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 December 2022

	Notes	2022 USD'000	2021 USD'000	2022 *AED'000	2021 *AED'000
ASSETS					
Non-current assets					
Property, plant and equipment	11	**3,151,384**	1,652,430	**11,573,455**	6,068,548
Right-of-use assets	12	**67,208**	36,582	**246,821**	134,348
Intangible assets	13	**14,716**	17,691	**54,045**	64,972
Investment properties	14	**99,757**	30,268	**366,357**	111,159
Investment in a joint venture	15	**62,641**	73,842	**230,051**	271,184
Goodwill	29	**15,697**	-	**57,646**	-
Trade and other receivables	17	**124,252**	2,556	**456,316**	9,386
Sub-lease receivables	12	**15,474**	19,933	**56,829**	73,204
Total non-current assets		**3,551,129**	1,833,302	**13,041,520**	6,732,801
Current assets					
Inventories	16	**105,570**	57,700	**387,705**	211,904
Trade and other receivables	17	**216,963**	82,833	**796,798**	304,204
Due from related parties	24	**465,954**	338,618	**1,711,215**	1,243,573
Sub-lease receivables	12	**3,911**	6,314	**14,363**	23,188
Cash and cash equivalents	18	**164,933**	368,447	**605,717**	1,353,121
Total current assets		**957,331**	853,912	**3,515,798**	3,135,990
TOTAL ASSETS		**4,508,460**	2,687,214	**16,557,318**	9,868,791
EQUITY AND LIABILITIES					
Equity					
Share capital	19	**272,294**	272,294	**1,000,000**	1,000,000
General reserve	20	**103,226**	77,147	**379,097**	283,321
Retained earnings		**1,067,285**	822,153	**3,919,603**	3,019,357
Shareholder contribution	24	**357,485**	357,485	**1,312,865**	1,312,865
Total equity		**1,800,290**	1,529,079	**6,611,565**	5,615,543
Non-current liabilities					
Shareholder loan	24	**1,900,000**	600,000	**6,977,750**	2,203,500
Lease liabilities	12	**69,269**	41,625	**254,391**	152,869
Dismantling liability	12	**1,727**	1,324	**6,341**	4,861
Due to related parties	24	**35,743**	53,176	**131,266**	195,288
Other payables	29	**69,490**	-	**255,202**	-
Employees' end of service benefits	22	**31,464**	40,695	**115,551**	149,453
Total non-current liabilities		**2,107,693**	736,820	**7,740,501**	2,705,971
Current liabilities					
Trade and other payables	23	**462,899**	229,975	**1,699,997**	844,585
Lease liabilities	12	**9,768**	9,451	**35,874**	34,710
Due to related parties	24	**127,810**	181,889	**469,381**	667,982
Total current liabilities		**600,477**	421,315	**2,205,252**	1,547,277
TOTAL LIABILITIES		**2,708,170**	1,158,135	**9,945,753**	4,253,248
TOTAL EQUITY AND LIABILITIES		**4,508,460**	2,687,214	**16,557,318**	9,868,791

H.E Dr. Sultan Ahmed Al Jaber
Chairman of the Board

Abdulkareem Almessabi
Chief Executive Officer

Nicholas Gleeson
Chief Financial Officer

* Presented as a convenience translation - See Note 2.1.

The attached notes on pages 13 to 68 form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the year ended 31 December 2022

	Share capital USD'000	*General reserve USD'000*	*Retained earnings USD'000*	*Shareholder contribution USD'000*	*Total USD'000*
Balance as at 1 January 2021	272,294	71,667	774,356	357,485	1,475,802
Profit for the year	-	-	54,804	-	54,804
Actuarial loss on defined benefit obligation (note 22)	-	-	(1,527)	-	(1,527)
Total comprehensive income for the year	-	-	53,277	-	53,277
Transfers to general reserve (note 20)	-	5,480	(5,480)	-	-
Balance as at 31 December 2021	**272,294**	**77,147**	**822,153**	**357,485**	**1,529,079**
Balance as at 1 January 2022	272,294	77,147	822,153	357,485	1,529,079
Profit for the year	-	-	260,793	-	260,793
Actuarial gain on defined benefit obligation (note 22)	-	-	10,418	-	10,418
Total comprehensive income for the year	-	-	271,211	-	271,211
Transfers to general reserve (note 20)	-	26,079	(26,079)	-	-
Balance as at 31 December 2022	**272,294**	**103,226**	**1,067,285**	**357,485**	**1,800,290**

	*Share capital *AED'000*	*General reserve *AED'000*	*Retained earnings *AED'000*	*Shareholder contribution *AED'000*	*Total *AED'000*
Balance as at 1 January 2021	1,000,000	263,194	2,843,826	1,312,865	5,419,885
Profit for the year	-	-	201,267	-	201,267
Actuarial loss on defined benefit obligation (note 22)	-	-	(5,609)	-	(5,609)
Total comprehensive income for the year	-	-	195,658	-	195,658
Transfers to general reserve (note 20)	-	20,127	(20,127)	-	-
Balance as at 31 December 2021	**1,000,000**	**283,321**	**3,019,357**	**1,312,865**	**5,615,543**
Balance as at 1 January 2022	1,000,000	283,321	3,019,357	1,312,865	5,615,543
Profit for the year	-	-	957,761	-	957,761
Actuarial gain on defined benefit obligation (note 22)	-	-	38,261	-	38,261
Total comprehensive income for the year	-	-	996,022	-	996,022
Transfers to general reserve (note 20)	-	95,776	(95,776)	-	-
Balance as at 31 December 2022	**1,000,000**	**379,097**	**3,919,603**	**1,312,865**	**6,611,565**

* AED presented as a convenience translation which was previously the presentation currency - See Note 2.1.

The attached notes on pages 13 to 68 form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS
For the year ended 31 December 2022

	Notes	**2022** **USD'000**	2021 USD'000	**2022** ***AED'000**	2021 *AED'000
OPERATING ACTIVITIES					
Profit for the year		**260,793**	54,804	**957,761**	201,267
Adjustments for:					
Depreciation on property, plant and equipment	11	**132,875**	95,351	**487,982**	350,178
Impairment of property, plant and equipment	11	**-**	1,467	**-**	5,388
Write off of property, plant and equipment	11	**428**	-	**1,571**	-
Depreciation on investment properties	14	**5,105**	2,416	**18,748**	8,874
Depreciation on right-of-use assets	12	**8,416**	5,459	**30,909**	20,050
Profit on initial recognition of sub-lease receivables	12	**(872)**	(2,470)	**(3,203)**	(9,070)
Provision for dismantling expenses	12	**117**	90	**428**	331
Gain on disposal of right of use assets	12	**(128)**	-	**(469)**	-
Loss on disposal of subleases	12	**2,380**	-	**8,742**	-
Provision for slow moving and obsolete inventories	16	**6,278**	-	**23,057**	-
Amortisation of intangible assets	13	**10,005**	3,980	**36,745**	14,618
Gain on disposal of property, plant and equipment	7	**(3)**	(973)	**(13)**	(3,577)
Provision for expected credit losses on trade receivables, net	17	**6,174**	593	**22,673**	2,178
Reversal of provision for expected credit losses on due from related parties	24	**(294)**	(6,158)	**(1,078)**	(22,617)
Provision for employees' end of service benefits	22	**4,868**	4,724	**17,877**	17,349
Provision for pension expenses payable to related parties	24	**-**	90,916	-	333,888
Share of profit from joint venture	15	**(2,026)**	(1,062)	**(7,441)**	(3,900)
Finance income	9	**(3,717)**	(1,639)	**(13,650)**	(6,020)
Finance costs	10	**38,475**	7,920	**141,300**	29,086
		468,874	255,418	**1,721,939**	938,023
Working capital adjustments:					
Inventories		**(37,827)**	(14,967)	**(138,920)**	(54,965)
Trade and other receivables		**(27,888)**	(4,987)	**(102,419)**	(18,315)
Due from related parties		**(127,043)**	178,817	**(466,564)**	**656,704**
Trade and other payables		**84,870**	25,740	**311,684**	94,529
Pension liabilities paid		**(18,952)**	-	(69,602)	-
Due to related parties		**(60,788)**	58,004	**(223,245)**	213,019
		281,246	498,025	**1,032,873**	1,828,995
Employees' end of service benefits paid	22	**(7,148)**	(4,156)	**(26,250)**	(15,262)
Receipt against sub-leases (finance leases)	12	**7,273**	8,941	**26,709**	32,835
Interest paid	10	**(7)**	-	**(26)**	-
Net cash generated from operating activities		**281,364**	502,810	**1,033,306**	1,846,568

* AED presented as a convenience translation which was previously the presentation currency - See Note 2.1.

The attached notes on pages 13 to 68 form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)
For the year ended 31 December 2022

	Notes	***2022*** ***USD'000***	*2021* *USD'000*	***2022*** ****AED'000***	*2021* **AED'000*
INVESTING ACTIVITIES					
Purchase of property, plant and equipment	11	**(299,940)**	(763,199)	**(1,101,521)**	(2,802,853)
Proceeds from disposals of property, plant and equipment and intangible assets		**2,247**	973	**8,254**	3,577
Investment in joint venture	15	**(10,200)**	(52,400)	**(37,460)**	(192,438)
Investment in a subsidiary, net of cash acquired	29	**(1,278,414)**	-	**(4,694,977)**	-
Advance paid towards contingent consideration	29	**(62,146)**	-	**(228,233)**	-
Capital expenses advances paid		**(121,696)**	(2,556)	**(446,930)**	(9,386)
Receipts from joint venture	15	**22,385**	-	**82,209**	-
Dividend received from joint venture	15	**1,042**	-	**3,825**	-
Interest received	9	**2,476**	266	**9,094**	977
Net cash used in investing activities		**(1,744,246)**	(816,916)	**(6,405,739)**	(3,000,123)
FINANCING ACTIVITIES					
Proceeds from shareholder loan	24	**1,300,000**	600,000	**4,774,250**	2,203,500
Interest paid on shareholder loan		**(24,597)**	(729)	**(90,334)**	(2,677)
Payments of lease liabilities	12	**(16,035)**	(13,821)	**(58,887)**	(50,757)
Net cash generated from financing activities		**1,259,368**	585,450	**4,625,029**	2,150,066
NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS		**(203,514)**	271,344	**(747,404)**	996,511
Cash and cash equivalents at beginning of the year		**368,447**	97,103	**1,353,121**	356,610
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	18	**164,933**	368,447	**605,717**	1,353,121

Significant non-cash transactions excluded from the consolidated statement of cash flows are:

	Notes	2022 USD'000	2021 USD'000	2022 *AED'000	2021 *AED'000
Additions to right-of-use assets	12	**45,014**	10,099	**165,313**	37,088
Additions to sub lease receivables	12	**7,487**	-	**27,499**	-
Additions to lease liabilities	12	**52,218**	10,099	**191,770**	37,088
Benefits of employees transferred-in from group companies	22	-	1,488	-	5,463
Benefits of employees transferred - out to group companies	22	-	(182)	-	(668)

* AED presented as a convenience translation which was previously the presentation currency - See Note 2.1.

The attached notes on pages 13 to 68 form part of these consolidated financial statements.

1 GENERAL INFORMATION

Abu Dhabi Marine Business and Services Company P.J.S.C. (the "Company") is a public joint stock company. The Company was established in 2016 under Law No. 15 of 2016. The Company is a wholly owned subsidiary of Abu Dhabi National Oil Company ("ADNOC" or the "ultimate holding company"). The Company is exempt from the provisions of Federal Commercial Companies Law No. 2 of 2015. The Company and its subsidiaries (collectively referred to as the "Group") are engaged in the business of providing freight and charter services for the transportation of petroleum products and crude oil on ocean going vessels owned or hired from third parties, operation and maintenance of oil terminals, material handling, manpower and equipment supply, rental of stores, warehouses, office space and provision and supply of chemicals and other on-shore oil and gas field services.

The registered office of the Company is at P.O. Box 61, Abu Dhabi, United Arab Emirates (UAE).

These consolidated financial statements include the financial performance and position of the Company and its subsidiaries (collectively referred to as the "Group") as detailed in note 2.2.

The consolidated financial statements of the Group were approved and authorized for issue by the Board of Directors and signed on their behalf on ....1 2 APR 2023

2 BASIS OF PREPARATION AND ACCOUNTING POLICIES

2.1 BASIS OF PREPARATION

Statement of compliance
The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) and interpretations issued by the IFRS Interpretations Committee (IFRS IC) applicable to companies reporting under IFRSs as issued by the International Accounting Standard Board (IASB).

Functional and presentation currency
Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). For 31 December 2022, the Group has presented the consolidated financial statements in both United States Dollars ("USD") and in United Arab Emirates Dirhams ("AED"). The Group's presentation currency has been changed to USD. The Group has chosen to present the financial statements in USD, as this is common in the shipping industry as such this presentation is to align with the industry. The presentation of the financial statements in AED in the current year is for convenience purposes only using a rate of AED 3.6725 to USD$1. Refer to Note 30 for the opening balance sheet as at 1 January 2021. All values are rounded to the nearest thousand ('000) except when otherwise indicated.

Basis of measurement
The consolidated financial statements have been prepared on the historical cost convention. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

2.2 BASIS OF CONSOLIDATION

The consolidated financial statements include the financial statements of the Company and its subsidiaries listed below:

	Country of incorporation	*Percentage holding*	
		2022	*2021*
Direct subsidiaries			
Abu Dhabi Marine Operations and Services Company – Sole Proprietorship LLC	UAE	**100%**	100%
Abu Dhabi Marine Assets Company – Sole Proprietorship LLC	UAE	**100%**	100%
Abu Dhabi Marine International Holdings RSC Limited	UAE	**100%**	100%
Zinc Holdco RSC Ltd	UAE	**100%**	-
Indirect subsidiaries			
Al Gafai Marine Services Company – Sole Proprietorship LLC	UAE	**100%**	100%
Sirdal National Marine Services Company – Sole Proprietorship LLC	UAE	**100%**	100%

2 BASIS OF PREPARATION AND ACCOUNTING POLICIES (continued)

2.2 BASIS OF CONSOLIDATION (continued)

The consolidated financial statements include the financial statements of the Company and its subsidiaries listed below:

	Country of incorporation	*Percentage holding*	
		2022	*2021*
Indirect subsidiaries (continued)			
National Gas Carriers Company	Liberia	**100%**	100%
Abu Dhabi National Shipping Company Inc	British Virgin Islands	**100%**	100%
Abu Dhabi Marine International Chartering Holdings RSC Limited	UAE	**100%**	100%
Abu Dhabi Marine International Operations Holdings RSC Limited	UAE	**100%**	100%
Umm Al Lulu Marine Services – Sole Proprietorship LLC	UAE	**100%**	100%
Janana Marine Services – Sole Proprietorship LLC	UAE	**100%**	100%
Al Bazem Marine Services – Sole Proprietorship LLC	UAE	**100%**	100%
Al Samha Marine Services – Sole Proprietorship LLC	UAE	**100%**	100%
Al Sader Marine Services – Sole Proprietorship LLC	UAE	**100%**	100%
Al Reem Marine Services – Sole Proprietorship LLC	UAE	**100%**	100%
Ghantout Marine Services – Sole Proprietorship LLC	UAE	**100%**	100%
Abu Dhabi III Shipping Company Inc	Liberia	**100%**	100%
Bani Yas Shipping Company Inc	Liberia	**100%**	100%
Mezaira'a Shipping Company Inc	Liberia	**100%**	100%
Arrilah I Shipping Company Inc	Liberia	**100%**	100%
Abu Al Abyad Shipping Company Inc	Liberia	**100%**	100%
Al Yasat II Shipping Company Inc	Liberia	**100%**	100%
Liwa V Shipping Company Inc	Liberia	**100%**	100%
Diyyinah Shipping Company Inc	Liberia	**100%**	100%
Yamilah III Shipping Company Inc	Liberia	**100%**	100%
Butinah Shipping Company Inc	Liberia	**100%**	100%
Ras Ghumays I Shipping Company Inc	Liberia	**100%**	100%
Yas Shipping Company Inc	Liberia	**100%**	100%
Al Karama Shipping Company Inc	Liberia	**100%**	100%
HoldCo 1 Inc	Liberia	**100%**	100%
HoldCo 2 Inc	Liberia	**100%**	100%
Al Khtam Inc	Liberia	**100%**	100%
Al Ruwais Inc	Liberia	**100%**	100%
Tarif Inc	Liberia	**100%**	100%
Al Bateen Inc	Liberia	**100%**	100%
Al Falah Inc	Liberia	**100%**	100%
Al Khaznah Inc	Liberia	**100%**	100%
Shahamah Inc	Liberia	**100%**	100%
Ghasha Inc	Liberia	**100%**	100%
Ish Inc	Liberia	**100%**	100%
Umm Al Ashtan Limited	Liberia	**100%**	100%
Al Hamra Limited	Liberia	**100%**	100%
Mraweh Limited	Liberia	**100%**	100%
Mubaraz Limited	Liberia	**100%**	100%
Al Wathba Inc	Liberia	**100%**	100%
Al Dhafra Inc	Liberia	**100%**	100%
Das Inc	Liberia	**100%**	100%
Zakum Inc	Liberia	**100%**	100%
Hili Inc	Liberia	**100%**	100%
Arzanah Inc	Liberia	**100%**	100%
Al Jimi Inc	Liberia	**100%**	100%
Murban Inc	Liberia	**100%**	100%
Jarnain Inc	Liberia	**100%**	100%
Newco 1 Inc	Liberia	**100%**	100%
Newco 2 Inc	Liberia	**100%**	100%
Newco 3 Inc	Liberia	**100%**	100%
Newco 4 Inc	Liberia	**100%**	100%
Newco 14 Inc	Liberia	**100%**	100%

2 BASIS OF PREPARATION AND ACCOUNTING POLICIES (continued)

2.2 BASIS OF CONSOLIDATION (continued)

The consolidated financial statements include the financial statements of the Company and its subsidiaries listed below:

	Country of incorporation	*Percentage holding*	
Indirect subsidiaries (continued)		***2022***	*2021*
Newco 15 Inc	Liberia	**100%**	100%
Newco 16 Inc	Liberia	**100%**	100%
Newco 17 Inc	Liberia	**100%**	100%
Newco 18 Inc	Liberia	**100%**	100%
Newco 19 Inc	Liberia	**100%**	100%
Newco 20 Inc	Liberia	**100%**	100%
Newco 21 Inc	Liberia	**100%**	100%
Newco 22 Inc	Liberia	**100%**	100%
Newco 23 Inc	Liberia	**100%**	100%
Newco 24 Inc	Liberia	**100%**	100%
Newco 25 Inc	Liberia	**100%**	100%
Newco 26 Inc	Liberia	**100%**	100%
Newco 27 Inc	Liberia	**100%**	100%
Newco 28 Inc	Liberia	**100%**	100%
Newco 29 Inc	Liberia	**100%**	100%
Newco 30 Inc	Liberia	**100%**	100%
Newco 31 Inc	Liberia	**100%**	100%
Newco 32 Inc	Liberia	**100%**	100%
Newco 33 Inc	Liberia	**100%**	100%
Newco 34 Inc	Liberia	**100%**	100%
Newco 35 Inc	Liberia	**100%**	100%
ZMI Holdings	Cayman Islands	**100%**	-
Zakher Marine International Inc	Panama	**100%**	-
Zakher Marine International Inc. – Abu Dhabi Branch	UAE	**100%**	-
QMS Holding Limited	British Virgin Islands	**100%**	-
QMS 2 Offshore Services Ltd	Saint Vincent & Grenadines	**100%**	-
QMS 2 Offshore Services Ltd. – Abu Dhabi Branch	UAE	**100%**	-
QMS Petroleum Services Inc	Panama	**100%**	-
QMS Petroleum Services Inc. – Abu Dhabi Branch	UAE	**100%**	-
MBBS Inc	Panama	**100%**	-
MBBS Inc. – Abu Dhabi Branch	UAE	**100%**	-
Al Shahama Inc	Panama	**100%**	-
Al Bahia Inc	Panama	**100%**	-
Al Maryah Inc	Panama	**100%**	-
QMS China Inc	Panama	**100%**	-
QMS Achiever Inc	Panama	**100%**	-
QMS Gladiator Inc	Panama	**100%**	-
Petrodrill Inc	Panama	**100%**	-
Subhiya Inc	Panama	**100%**	-
QMS Gloria Inc	Panama	**100%**	-
Bani Yas Inc	Panama	**100%**	-
Nadiya Inc	Panama	**100%**	-
Zakher Marine Saudi Company Limited	KSA	**100%**	-
Premier Marine Services W.L.L	Qatar	**100%**	-
Volo Travel and Tourism (Sole Proprietorship) L.L.C	UAE	**100%**	-
Lextus Inc	Panama	**100%**	-
QMS Offshore Industries L.L.C	UAE	**100%**	-
QMS Neptune Inc	Panama	**100%**	-
QMS Aquarius Inc	Panama	**100%**	-
QMS Leo Inc	Panama	**100%**	-
QMS Amora Inc	Panama	**100%**	-
QMS Sentinel Inc	Panama	**100%**	-

2 BASIS OF PREPARATION AND ACCOUNTING POLICIES (continued)

2.2 BASIS OF CONSOLIDATION (continued)

	Country of incorporation	*Percentage holding*	
		2022	*2021*
Joint venture			
AW Shipping Limited	UAE	**50%**	50%

The financial statements of the subsidiaries and these consolidated financial statements have the same calendar year and use consistent accounting policies for each year presented. All intra-group balances, transactions, income and expenses, and profits and losses resulting from intra-group transactions are eliminated. Companies linked to one another by consolidation are integrated through the aggregation of accounts, in accordance with rules identical to those for full consolidation.

The preparation of the 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 have been disclosed in Note 3.1.

Subsidiaries
Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date when control ceases.

Upon loss of control, the Group derecognises the assets and liabilities of the subsidiary, any non-controlling interests and other components of equity related to the subsidiary. Any surplus or deficit arising on loss of control is recognised in the profit or loss. If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that the control is lost.

The Group applies the acquisition method to account for business combinations.

The consideration transferred for the acquisition of a subsidiary is the fair value of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets.

Acquisition-related costs are expensed as incurred.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through the profit or loss.

Any contingent consideration to be transferred by the Group are recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with IFRS 9 in profit or loss. Contingent consideration that is classified as equity is not remeasured, and its subsequent settlement is accounted for within equity.

2 BASIS OF PREPARATION AND ACCOUNTING POLICIES (continued)

2.2 BASIS OF CONSOLIDATION (continued)

Subsidiaries (continued)

If the total of consideration transferred, non-controlling interest recognised and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the profit or loss.

Inter-group transactions, balances, income and expenses on transactions between subsidiaries are eliminated. Profits and losses resulting from inter-group transactions that are recognised in assets are also eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Changes in ownership interests in subsidiaries without change of control

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions – that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals of non-controlling interests are also recorded in equity.

Disposal of subsidiaries

When the Group ceases to have control any retained interest in the entity is re-measured to its fair value at the date when control is lost, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in the consolidated statements of comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to the profit or loss.

2.3 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

2.3.1 New and amended IFRS applied with no material effect on the consolidated financial statements

<u>**New and revised IFRSs**</u>

The following new and revised IFRSs, which became effective for annual periods beginning on or after 1 January 2022, have been adopted in these consolidated financial statements.

Property, Plant and Equipment: Proceeds before intended use (Amendments to IAS 16)

This amendment prohibits an entity from deducting from the cost of an item of PP&E any proceeds received from selling items produced while the entity is preparing the asset for its intended use. It also clarifies that an entity is 'testing whether the asset is functioning properly' when it assesses technical and physical performance of the asset. The financial performance of the asset is not relevant to this assessment.

Reference to the Conceptual Framework (Amendments to IFRS 3)

Minor amendments were made to IFRS 3 Business Combinations to update the references to the Conceptual Framework for Financial Reporting and to add an exception for the recognition of liabilities and contingent liabilities within the scope of IAS 37 Provisions, Contingent Liabilities and Contingent Assets and Interpretation 21 Levies. The amendments also confirm that contingent assets should not be recognised at the acquisition date.

2 BASIS OF PREPARATION AND ACCOUNTING POLICIES (continued)

2.3 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (continued)

2.3.1 New and amended IFRS applied with no material effect on the consolidated financial statements (continued)

Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37)

New and revised IFRSs

The amendment to IAS 37 clarifies that the direct costs of fulfilling a contract include both the incremental costs of fulfilling the contract and an allocation of other costs directly related to fulfilling contracts. Before recognising a separate provision for an onerous contract, the entity recognises any impairment loss that has occurred on assets used in fulfilling the contract.

Annual Improvements to IFRS Standards 2018–2020

The following improvements were finalised in May 2020:

- IFRS 9 Financial Instruments – clarifies which fees should be included in the 10% test for derecognition of financial liabilities.
- IFRS 16 Leases – amendment of illustrative example 13 to remove the illustration of payments from the lessor relating to leasehold improvements, to remove any confusion about the treatment of lease incentives.
- IFRS 1 First-time Adoption of International Financial Reporting Standards – allows entities that have measured their assets and liabilities at carrying amounts recorded in their parent's books to also measure any cumulative translation differences using the amounts reported by the parent. This amendment will also apply to associates and joint ventures that have taken the same IFRS 1 exemption.
- IAS 41 Agriculture – removal of the requirement for entities to exclude cash flows for taxation when measuring fair value under IAS 41. This amendment is intended to align with the requirement in the standard to discount cash flows on a post-tax basis.

The application of the above revised IFRSs and amendments 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.

New and revised IFRSs effective for annual periods beginning on or after 1 January 2023

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

Amendments to IFRS 17 Insurance Contracts (Amendments to IFRS 17 and IFRS 4)
IFRS 17 requires insurance liabilities to be measured at a current fulfilment value and provides a more uniform measurement and presentation approach for all insurance contracts. These requirements are designed to achieve the goal of a consistent, principle-based accounting for insurance contracts. IFRS 17 supersedes IFRS 4 Insurance Contracts as at January 1, 2022.

Classification of Liabilities as Current or Non-current (Amendments to IAS 1)

The amendments to IAS 1 affect only the presentation of liabilities as current or non-current in the statement of financial position and not the amount or timing of recognition of any asset, liability, income or expenses, or the information disclosed about those items. The amendments clarify that the classification of liabilities as current or noncurrent is based on rights that are in existence at the end of the reporting period, specify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability, explain that rights are in existence if covenants are complied with at the end of the reporting period, and introduce a definition of 'settlement' to make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services.

The amendments are applied retrospectively for annual periods beginning on or after 1 January 2024, with early application permitted.

2 BASIS OF PREPARATION AND ACCOUNTING POLICIES (continued)

2.3 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (continued)

2.3.1 New and amended IFRS applied with no material effect on the consolidated financial statements (continued)

New and revised IFRSs effective for annual periods beginning on or after 1 January 2023 (continued)

Deferred Tax related to Assets and Liabilities from a Single Transaction

The main change in Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12) is an exemption from the initial recognition exemption provided in IAS 12.15(b) and IAS 12.24. Accordingly, the initial recognition exemption does not apply to transactions in which equal amounts of deductible and taxable temporary differences arise on initial recognition. This is also explained in the newly inserted paragraph IAS 12.22A.

The amendments are effective for annual reporting periods beginning on or after 1 January 2024.

Disclosure of Accounting Policies (Amendments to IAS 1 and Practice Statement 2)

The IASB amended IAS 1 to require entities to disclose their material rather than their significant accounting policies. The amendments define what is ‘material accounting policy information’ and explain how to identify when accounting policy information is material. They further clarify that immaterial accounting policy information does not need to be disclosed. If it is disclosed, it should not obscure material accounting information.

To support this amendment, the IASB also amended IFRS Practice Statement 2 Making Materiality Judgements to provide guidance on how to apply the concept of materiality to accounting policy disclosures.

Definition of Accounting Estimates (Amendments to IAS 8)

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

Sale or contribution of assets between an investor and its associate or joint venture – Amendments to IFRS 10 and IAS 28

The IASB has made limited scope amendments to IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures. The amendments clarify the accounting treatment for sales or contribution of assets between an investor and their associates or joint ventures. They confirm that the accounting treatment depends on whether the nonmonetary assets sold or contributed to an associate or joint venture constitute a ‘business’ (as defined in IFRS 3 Business Combinations). Where the non-monetary assets constitute a business, the investor will recognise the full gain or loss on the sale or contribution of assets. If the assets do not meet the definition of a business, the gain or loss is recognised by the investor only to the extent of the other investor’s interests in the associate or joint venture. The amendments apply prospectively.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

IFRS 15 Revenue from Contracts with Customers

The Group recognises revenue from contracts with customers based on a five-step model as set out in IFRS 15:

Step 1: Identify contract(s) with a customer: A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria for every contract that must be met.
Step 2: Identify performance obligations in the contract: A performance obligation is a promise in a contract with a customer to transfer a good or service to the customer.
Step 3: Determine the transaction price: The transaction price is the amount of consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.
Step 4: Allocate the transaction price to the performance obligations in the contract: For a contract that has more than one performance obligation, the Group allocates the transaction price to each performance obligation in an amount that depicts the amount of consideration to which the Group expects to be entitled in exchange for satisfying each performance obligation.
Step 5: Recognise revenue when (or as) the Group satisfies a performance obligation.

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

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

IFRS 15 requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers.

Revenue is measured based on the consideration to which the Group expects to be entitled in a contract with a customer and excludes amounts collected on behalf of third parties. The Group recognises revenue when it transfers control of a product or service to a customer.

The Group recognises revenue from the following major sources:

Freight/ Voyage charters:
Revenue in relation to freight/ voyage charters is recognised over time since the customer simultaneously receives and consumes the benefits of the Group's performance in providing integrated transportation services.

Vessel time charters:
Time charters contain a lease component (i.e., hire of the vessel) and service components (i.e., operation of the vessel and maintenance service etc.). Revenue from hire of vessel is recognised over the lease term and revenue from services is recognised over time. The transaction price is allocated to each performance obligation using an expected cost-plus margin approach.

Vessel bareboat charters:
Bareboat charters contain only a lease component (i.e., hire of the vessel) and does not contain service components (i.e., operation of the vessel and maintenance service etc.). Revenue from hire of vessel is recognised over the lease term.

Sale of goods:
Revenue from the sale of goods is recognised when control of the goods has transferred, being when the goods have been delivered to the customers. Revenue from sale of goods is recognised at a point of time. Sale of goods primarily include sale of drilling chemicals, bunkers, petrol and water.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

IFRS 15 Revenue from Contracts with Customers (continued)

Rendering of services:
The Group provides port services, base operation services and oil field services to customers. Revenue is recognised over time since customers simultaneously receive and consume the benefits of the Group's performance in providing services under contractual terms.

Rental income:
The Group's policy for recognition of revenue from operating leases is described in the accounting policy on leasing below.

Property, plant and equipment

Property, plant and equipment are stated at cost, net of accumulated depreciation and/or accumulated impairment losses, if any. Depreciation is calculated using the straight-line method to allocate the assets' costs to their residual values over their estimated useful lives as follows:

	Useful life
Building, wharves and land improvements	7 - 25 years
Vessels (excluding dry docking component)	20 – 40 years
Dry docking components of vessel and marine equipment	2 - 5 years
Plant	20 years
Equipment and vehicles	4 - 10 years
Furniture, fixtures and office equipment	4 - 5 years

The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property, plant and equipment and any significant part initially recognised, is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the profit or loss as other income/(loss) when the asset is derecognised.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the depreciation period or method, as appropriate, and are treated as changes in accounting estimates.

Dry docking
Major dry docking is capitalised when incurred and is depreciated over the period until the next major dry dock which is normally 60 months.

Capital work in progress

Capital work in progress is included in property, plant and equipment at cost, on the basis of the percentage completed at the reporting date. The capital work in progress is transferred to the appropriate asset category and depreciated in accordance with the Group's policies when construction of the asset is completed and the asset is commissioned.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Capital work in progress (continued)

The costs of capital work in progress will be transferred to property, vessel and equipment when these assets reach their working condition for their intended use. The carrying amounts of capital work-in-progress are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. If any such indication exists and where the carrying amounts exceed the estimated recoverable amount, the assets are written down to their recoverable amount.

Investment properties

Investment properties, which are properties held to earn rentals and/or for capital appreciation, are initially measured at cost, including transaction costs.

Depreciation on investment properties is calculated on a straight-line basis over the estimated useful life of 20 - 25 years.

The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis.

The gain or loss arising on the disposal or retirement of investment properties is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the consolidated income statement in the year.

Investment in a joint venture

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

The considerations made in determining significant influence or joint control are similar to those necessary to determine control over subsidiaries.

The Group's investments in its joint venture are accounted for using the equity method.

Under the equity method, the investment in a joint venture is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the joint venture since the acquisition date.

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

The aggregate of the Group's joint ventures and associates is shown on the face of the consolidated statement of comprehensive income outside operating profit and represents profit or loss and non-controlling interests in the subsidiaries of the joint venture.

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

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Investment in a joint venture (continued)

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

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

Intangible assets

Intangible assets acquired separately are reported at cost less accumulated amortisation and impairment losses, if any. Amortisation is charged on a straight-line basis over the assets' estimated useful lives. The estimated useful lives are reviewed at the end of each annual reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets mainly include computer systems, software and licenses with an estimated useful life of up to 4 years.

Leases

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

Group as a lessee
The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

Determining the lease term of contracts with renewal and termination options – Group as lessee
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.

Group as a lessor
The Group subleases certain assets including land and vessels under head leases with lease terms exceeding 12 months at commencement. The Group has classified the subleases as finance leases or operating leases by reference to the right-of-use asset arising from the head lease. The lease value is capitalised using discounted cash flows and a corresponding lease liability is recognised.

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

	Useful life
Land – Main Mussafah base	19 years
Land – ZMI Mussafah base	30 years
Land – KIZAD	25 years
Vessels	1.5-5 years

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Leases (continued)

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

After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

Vessel lease contracts
For the vessel lease contracts fulfilling the capitalization criteria defined by IFRS 16, the lease term corresponds to the duration of the contracts signed except in cases where the Group is reasonably certain of exercising the renewal options contractually foreseen. Vessel lease contracts concluded by the Group do not include guaranteed value clauses for leased assets.

Real-estate lease contracts
Based on its analysis, the Group has identified lease contracts according to IFRS 16 concerning surface areas rented in its base in Mussafah and lease contracts on office and other buildings.

The lease term corresponds to the non-cancellable period which is estimated to be the term until the Group's sublease contracts are effective. The discount rate used to calculate the lease liabilities is determined, for each asset, according to the incremental borrowing rate at the commencement date. The incremental borrowing rate is the rate that the lessee would pay to borrow the required funds to purchase the asset over a similar term, with a similar security and in a similar economic environment. This rate is achieved by the addition of the interest rate prevalent in the market (EIBOR) or interest rate on government bonds and the credit spread, as the case may be. The coupon on government bonds is specific to the location, currency, period and maturity. The definition of the spread curve is based upon reference points, each point consisting of asset financing on assets.

Types of non-capitalized lease contracts
The Group uses the two exemptions foreseen by the standard allowing for non-recognition in the statement of financial position: short-term lease contracts and lease contracts for which the underlying assets have a low value.

iii) Short-term leases and leases of low-value assets
The Group applies the short-term lease recognition exemption to its short-term leases of property and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). Within the Group, short term property leases mainly relate to leases of:

- Land at operation sites with a reciprocal notice-period equal to or less than 12 months. There are no penalties associated with non-renewal in these leases;
- Office and warehouse space lease with a notice-period equal to or less than 12 months. There are no renewal rights that extend the lease beyond 12 months;
- Accommodations for expatriates with a notice period equal to or less than 12 months. There are no renewal rights that extend the lease beyond 12 months.

It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered of low value. Lease payments on short- term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Inventories

Inventories are stated at the lower of cost and net realisable value and are held for consumption in the vessels. Inventories consist of bunkers, lubes, raw materials, finished goods and spare parts. Cost of lubes, raw materials, finished goods and spare parts are determined using the weighted average method. Cost of fuel is determined based on the last purchase price. Net realisable value is based on estimated selling price less any further costs expected to be incurred on disposal.

Impairment of non-financial assets

At each reporting date, the Group reviews the carrying amounts of its non-financial 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, 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. In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

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 (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in the profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (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 (cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in the profit or loss.

Financial assets

Classification and measurement

The classification of financial assets at initial recognition depends on the financial asset’s contractual cash flow characteristics and the Group’s business model for managing them. With the exception of trade receivables that do not contain a significant financing component, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component are measured at the transaction price determined under IFRS 15.

Debt financial instruments are subsequently measured at fair value through profit or loss (FVPL), amortised cost, or fair value through other comprehensive income (FVOCI). The classification is based on two criteria: the Group’s business model for managing the assets; and whether the instruments’ contractual cash flows represent ‘solely payments of principal and interest’ on the principal amount outstanding (the ‘SPPI criterion’). The most relevant classification for the Group is the financial instruments carried at amortised cost.

The Group measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective 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

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

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial assets (continued)

Classification and measurement (continued)

The Group's financial assets at amortised cost primarily includes trade and other receivables, cash and cash equivalents, sublease receivables and due from related parties.

Impairment of financial assets

The Group recognises a loss allowance for expected credit losses on trade receivables and due from related parties. 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.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

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.

The Group considers a financial asset in default when it is 180 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Financial instruments - recognition, de-recognition and offsetting

A financial asset or a financial liability is recognised when the Group becomes a party to the contractual provisions of the instrument. All "regular way" purchases and sales of financial assets are recognised on the trade date (i.e. the date that the Group commits to purchase or sell the asset). Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the market place.

A financial asset (or where applicable a part of a financial asset or a part of group of financial assets) is de-recognised either when:

(i) the rights to receive cash flows from the asset have expired;
(ii) the Group retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a 'pass through' arrangement; or
(iii) the Group has transferred its rights to receive cash flows from the asset and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset but has transferred control of the asset.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments - recognition, de-recognition and offsetting (continued)

When an existing financial liability is replaced by another from the same lender on substantially different terms or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in the profit or loss.

Financial assets and liabilities are offset and the net amount reported in the consolidated statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

Financial liabilities

The Group determines the classification of its financial liabilities at initial recognition.

Financial liabilities are recognised initially at fair value and in the case of borrowings, at fair value of the consideration received less directly attributable transaction costs and subsequently carried at amortised cost using the effective interest method.

The Group’s financial liabilities include shareholder loan, due to related parties, trade and other payables and lease liabilities.

Cash and cash equivalents

Cash and cash equivalents comprise cash in hand and at banks, current accounts and bank deposits with original maturities of three months or less.

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 an outflow of resources will be required to settle the obligation and the amount can be reliably estimated.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation at the end of the reporting period, using a rate that reflects current market assessments of the time value of money and the risks specific to 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.

Provisions for decommissioning and restoration costs, which arise principally in connection with lease of land and facilities, is estimated at current prices and in accordance with local conditions and requirements and an equivalent amount is included in the respective class of asset in property, plant and equipment and right-of-use asset. The present value is calculated using amounts discounted over the lease period. The liability is recognised (together with a corresponding amount as part of the related property, plant and equipment or right-of-use assets) once an obligation crystallizes in the period when a reasonable estimate can be made. The effects of changes resulting from revisions to the timing or the amount of the original estimate of the provision are reflected on a prospective basis, generally by adjustment to the carrying amount of the related property, plant and equipment and right-of-use asset. However, where there is no related asset, or the change reduces the carrying amount to nil, the effect, or the amount in excess of the reduction in the related asset to nil, is recognised in the profit or loss.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Taxation

The income tax expense or credit for the period is the tax payable on the current year's taxable income, based on the applicable income tax rate for each jurisdiction, adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses. The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Group and its subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and considers whether it is probable that a taxation authority will accept an uncertain tax treatment. The Group measures its tax balances either based on the most likely amount or the expected value, depending on which method provides a better prediction of the resolution of the uncertainty. Income tax charge for the year relates to profits made from operations in KSA and Qatar.

Employees' end of service benefits

The Group operates an un-funded post-employment benefit plan (employees' end of service benefits) for its expatriate employees in the UAE, in accordance with the Company policy and UAE Labour Law. The entitlement to these benefits is based upon the employees' final salary and length of service, subject to the completion of a minimum service period. Payment for employees' end of service benefits is made when an employee leaves, resigns or completes his service.

The cost of providing benefits under the post-employment benefit plan is determined using the projected unit credit method. Re-measurements, comprising of actuarial gains and losses, are recognised immediately in the consolidated statement of financial position with a corresponding debit or credit to processing and marketing fees through other comprehensive income in the period in which they occur. Re-measurements are not reclassified to profit or loss in subsequent periods.

Interest is calculated by applying the discount rate to the defined benefit liability. The rate used to discount the end of service benefit obligation is determined by reference to market yields at the consolidated statement of financial position date on high quality corporate bonds. The current and non-current portions of the provision relating to employees' end of service benefits are separately disclosed in the consolidated statement of financial position.

The Group recognises the following changes in the employees' end of service benefits in the processing and marketing fees:

- Service costs comprising current service costs
- Interest expense

With respect to UAE national employees, contributions are made to Abu Dhabi Retirement Pensions and Benefits Fund, calculated in accordance with the Fund's regulations. With respect to GCC national employees, the contributions are made to the pension funds or agencies of their respective countries. Such contributions are charged to the processing and marketing fees during the employees' period of service. The provision relating to annual leave, leave passage and pension contribution is considered as a current liability, while that relating to end of service benefits is disclosed as a non-current liability.

Foreign currencies

Transactions in foreign currencies are recorded at the rate on the date of the transactions. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the reporting date. All differences are taken to the profit or loss. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

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

The principal or the most advantageous market must be accessible to by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

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

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

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

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.

Contingent assets are not recognised in the consolidated financial statements but disclosed when an inflow of economic benefits is probable.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Current versus non-current classification

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

- Expected to be realised or intended to be sold or consumed in the normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in the normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Group classifies all other liabilities as non-current.

Earnings per share

The Group presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares, which comprise convertible notes and share options granted to employees, if any.

Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components, whose operating results are reviewed regularly by the Group's top Management (being the chief operating decision maker) to make decisions about resources allocated to each segment and assess its performance, and for which discrete financial information is available. The CODM assesses the financial performance and position of the operating segments and makes strategic decisions based on a measure of revenue and costs. Refer to Note 28 for further details.

3.1 SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

While applying the accounting policies as stated in note 3, management of the Group has made certain estimates and assumptions that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period of the revision in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Measurement of ECL
The Group uses a provision matrix to calculate ECLs for trade receivables and to record IFRS 9 provisions thereon.

The provision matrix is initially based on the Group's historical observed default rates. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.1 SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES (continued)

Measurement of ECL (continued)
The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.

For due from related parties' balances, probability of default (PD) is determined to be immaterial based on ADNOC's rating by Fitch as at 31 December 2022. Fitch Ratings has given ADNOC Group a standalone credit rating of AA+ and a long-term issuer default rating of AA with a stable outlook, in line with the sovereign rating of Abu Dhabi. However, on a conservative basis, the Group records provisions for expected credit losses on due from related parties based on ageing buckets.

The provision for expected credit losses on trade receivables has been calculated using a simplified approach, requiring the computation of lifetime expected credit losses. Refer to Note 17 for details.

Historical analysis of aging data
Aging data from January 2016 to December 2022 has been used for this analysis. For the purpose of the historical analysis, management has defined 180 days past due as default. Furthermore, and in accordance with IFRS 9, Management has chosen to segment the customer base into third party and intercompany debtors.

The probability of default (PD) for the various age buckets has been calculated by assessing the flow rate of debit balances into subsequent age buckets, and ultimately into the default age bucket (according to the definition of default discussed above).

The loss given default (LGD) has been calculated by analyzing the recovery / collections of defaulted balances.

Forward-looking macroeconomic factors
IFRS 9 requires a forward-looking macroeconomic adjustment, applied to the historical loss rate. To incorporate this element, a multiple regression analysis has been performed, considering the following factors: Independent variables: the sovereign CDS spread, a market indication of credit risk of the region of operations. Dependent variable(s): the two factors used in the regression analysis are Gross Debt/GDP and Net borrowing - lending/GDP of the region of operations.

The calculated impact of the regression analysis is a 2% incremental increase in historical loss rates, i.e., PD x LGD x 1.02.

At the consolidated statement of financial position date, gross trade receivables were USD 125,715 thousand or AED 461,686 thousand (2021: USD 27,080 thousand or AED 99,451 thousand), and the provision for expected credit losses was USD 8,918 thousand or AED 32,749 thousand (2021: USD 2,744 thousand or AED 10,076 thousand). Any difference between the amounts actually collected in future periods and the amounts expected will be recognised in the profit or loss.

At the consolidated statement of financial position date, gross amount due from related parties were USD 466,154 thousand or AED 1,711,952 thousand (2021: USD 339,112 thousand or AED 1,245,388 thousand), and the provision for expected credit loss was USD 200 thousand or AED 737 thousand (2021: USD 494 thousand or AED 1,815 thousand). Any difference between the amounts actually collected in future periods and the amounts expected will be recognised in the profit or loss.

Useful lives of property, plant and equipment and intangible assets
The Group's management determines the estimated useful lives of property, plant and equipment and intangible assets based on the intended use of the assets and the expected economic lives of those assets. Subsequent changes in circumstances such as technological advances or prospective utilisation of the assets concerned could result in the actual useful lives or residual values differing from the initial estimates.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.1 SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES (continued)

Useful lives of property, plant and equipment and intangible assets (continued)
This estimate is determined after considering the current usage of the asset compared to full utilisation capabilities of the asset and physical wear and tear, technical or commercial obsolescence and other limits on the use of the asset Management reviews the residual value and useful lives annually and the future depreciation charge would be adjusted where management believes that the useful lives differ from previous estimates.

Impairment of property, plant and equipment
The Group determines whether property, plant and equipment are impaired when events or changes in circumstances indicate that the carrying amount may not be recoverable. If an indicator of impairment exists, the Group determines the value in use of the cash generating units, where an indicator has been identified. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the cash generating units and also choose a suitable discount rate in order to calculate the present value of those cash flows.

Management did not identify any impairment indicators in the current or prior year for property, plant and equipment. However, management identified certain capital work-in-progress for which future development is not expected and, accordingly, recorded impairment of USD nil or AED nil (2021: USD 1,467 thousand or AED 5,388 thousand).

Determining the lease term of contracts with renewal and termination options – Group as lessee
The Group has several lease contracts that include extension and termination options. The Group applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. 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 or to terminate (e.g., construction of significant leasehold improvements or significant customisation to the leased asset). On this basis the management has determined their best estimate of the lease term for each lease. The lease period determined will be reassessed at each reporting period.

Determining the lease classification – Group as lessor
The Group has entered into several lease arrangements in respect of land and vessels as a lessor. The Group has determined, based on an evaluation of the terms and conditions of the arrangements, such as the lease term either constituting a major part of the economic life of the leased asset and the present value of the minimum lease payments either amounting to substantially all of the fair value of the leased asset, that either it retains substantially all the risks and rewards incidental to ownership of leased asset and accounts for the contracts as operating leases or finance leases accordingly.

Contingent consideration
In the event that certain pre-determined revenues are achieved by ZMI Holdings within the earn-out period, additional consideration may be payable. The estimated potential undiscounted amount is USD 152 million. The fair value of the contingent consideration of USD 150 million was estimated by calculating the present value of the future expected cash flows. The estimates are based on a discount rate of 2% and assumed probability-adjusted revenue of ZMI Holdings over the earn-out period.

4 REVENUES

Disaggregation of revenue

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

	Segments	***2022 USD'000***	*2021 USD'000*	***2022 AED'000***	*2021 AED'000*
Shipping- freight / voyage charter income	Shipping, Integrated logistics & Marine services	**703,393**	435,585	**2,583,210**	1,599,685
Base operation services	Integrated logistics	**343,271**	122,344	**1,260,664**	449,308
Petroleum port operations	Integrated logistics & Marine services	**183,768**	167,681	**674,888**	615,810
Sales of bunkering fuel & water	Integrated logistics	**178,049**	20,942	**653,884**	76,908
Offshore vessels charter income	Integrated logistics & Marine services	**173,689**	148,217	**637,872**	544,327
Operating lease income	Shipping, Integrated logistics & Marine services	**158,883**	143,565	**583,499**	527,243
Onshore services income	Integrated logistics	**95,877**	28,894	**352,110**	106,112
Ship management income	Shipping	**69,562**	78,389	**255,468**	287,884
Drilling chemicals	Integrated logistics	**45,681**	45,186	**167,759**	165,946
		1,952,173	1,190,803	**7,169,354**	4,373,223

Timing of revenue

Goods transferred at a point of time	Integrated logistics	**223,729**	66,128	**821,643**	242,854
Operating lease income	Shipping, Integrated logistics & Marine services	**158,883**	143,565	**583,499**	527,243
Services rendered over time	Shipping, Integrated logistics & Marine services	**1,569,561**	981,110	**5,764,212**	3,603,126
		1,952,173	1,190,803	**7,169,354**	4,373,223

5 DIRECT COSTS

	2022 USD'000	*2021 USD'000*	***2022 AED'000***	*2021 AED'000*
Bunker and other consumption	**560,507**	142,539	**2,058,463**	523,475
Manpower costs (note 8)	**372,228**	298,622	**1,367,007**	1,096,688
Freight and voyage charter costs	**289,429**	256,276	**1,062,927**	941,174
Port charges	**64,472**	47,696	**236,772**	175,165
Repairs and maintenance	**41,776**	44,856	**153,421**	164,735
Depreciation on property, plant and equipment (note 11)	**132,602**	94,181	**486,982**	345,878
Depreciation on right-of-use assets (note 12)	**8,398**	5,459	**30,843**	20,050
Amortization of intangibles	**1,785**	-	**6,555**	-
Depreciation on investment properties (note 14)	**5,105**	2,416	**18,748**	8,874
Other operating costs	**66,723**	72,158	**245,041**	264,995
	1,543,025	964,203	**5,666,759**	3,541,034

6 GENERAL AND ADMINISTRATIVE EXPENSES

	2022	*2021*	***2022***	*2021*
	USD'000	*USD'000*	***AED'000***	*AED'000*
Staff costs (note 8)	**71,815**	59,387	**263,741**	218,099
Office rent	**2,160**	4,129	**7,931**	15,162
Amortisation of intangible assets	**8,221**	3,980	**30,190**	14,618
Consultancy fees	**2,380**	1,924	**8,739**	7,066
Depreciation on property, plant and equipment (note 11)	**272**	1,171	**1,000**	4,300
Depreciation on right-of-use assets (note 12)	**18**	-	**66**	-
Others	**20,738**	12,883	**76,163**	47,313
	105,604	83,474	**387,830**	306,558

7A OTHER EXPENSES

	2022	*2021*	***2022***	*2021*
	USD'000	*USD'000*	***AED'000***	*AED'000*
Loss on reversal of sub leases	**2,380**	-	**8,742**	-
Demurrage and other	**1,412**	1,196	**5,184**	4,396
	3,792	1,196	**13,926**	4,396

7B OTHER INCOME

	2022	*2021*	***2022***	*2021*
	USD'000	*USD'000*	***AED'000***	*AED'000*
Profit on initial recognition of sub-lease receivables	**872**	2,470	**3,203**	9,070
Gain on disposal of right of use assets	**128**	-	**469**	-
Gain on disposal of property, plant and equipment	**3**	974	**13**	3,577
	1,003	3,444	**3,685**	12,647

8 STAFF COSTS

	2022	*2021*	***2022***	*2021*
	USD'000	*USD'000*	***AED'000***	*AED'000*
Salaries & benefits (direct hire and sub-contracted)	**439,175**	353,285	**1,612,871**	1,297,438
Pension adjustment (note 24)	**-**	90,916	**-**	333,888
Employees' end of service benefits (note 22)	**4,868**	4,724	**17,877**	17,349
	444,043	448,925	**1,630,748**	1,648,675
Analyzed as:				
Direct costs	**372,228**	298,622	**1,367,007**	1,096,688
Pension adjustment (note 24)	**-**	90,916	**-**	333,888
General and administrative expenses (note 6)	**71,815**	59,387	**263,741**	218,099
	444,043	448,925	**1,630,748**	1,648,675

9 FINANCE INCOME

	2022 **USD'000**	2021 USD'000	**2022** **AED'000**	2021 AED'000
Interest income on sub-leases (finance leases) (note 12)	**1,241**	1,373	**4,556**	5,043
Interest income on deposits	**2,476**	266	**9,094**	977
	3,717	1,639	**13,650**	6,020

10 FINANCE COSTS

	2022 **USD'000**	2021 USD'000	**2022** **AED'000**	2021 AED'000
Interest cost on shareholder loan (note 24)	**31,308**	4,316	**114,978**	15,852
Interest expense on lease liabilities (note 12)	**4,685**	3,005	**17,207**	11,035
Interest on pension cost	**1,520**	-	**5,580**	-
Interest cost as per IAS-19 (note 22)	**955**	599	**3,509**	2,199
Others	**7**	-	**26**	-
	38,475	7,920	**141,300**	29,086

11 PROPERTY, PLANT AND EQUIPMENT

	Buildings *USD'000*	*Vessels and marine equipment* *USD'000*	*Plant* *USD'000*	*Equipment and vehicles* *USD'000*	*Furniture, fixtures and office equipment* *USD'000*	*Capital work in progress* *USD'000*	*Total* *USD'000*
2022							
Cost:							
At 1 January 2022	67,279	1,790,824	5,391	51,950	19,738	99,569	2,034,751
Additions on business acquisition	5,730	1,354,715	-	568	4,256	-	1,365,269
Additions	-	54,017	-	-	-	296,837	350,854
Disposals	-	(926)	-	-	(164)	-	(1,090)
Transfer to investment properties	-	-	-	-	-	(85,906)	(85,906)
Transfer to intangible assets	-	-	-	-	-	(6,802)	(6,802)
Transfer from capital work in progress	5,076	119,925	-	666	3,743	(129,410)	-
Transfer from investment properties & intangible assets	29,191	-	-	-	1,964	-	31,155
Adjustments	-	1,047	-	-	-	(3,135)	(2,088)
Write offs	-	-	-	-	-	(428)	(428)
At 31 December 2022	**107,276**	**3,319,602**	**5,391**	**53,184**	**29,537**	**170,725**	**3,685,715**

11 PROPERTY, PLANT AND EQUIPMENT (continued)

	Buildings USD'000	*Vessels and marine equipment USD'000*	*Plant USD'000*	*Equipment and vehicles USD'000*	*Furniture, fixtures and office equipment USD'000*	*Capital work in progress USD'000*	*Total USD'000*
Accumulated depreciation:							
At 1 January 2022	53,769	287,149	5,283	27,370	8,750	-	382,321
Charge for the year	3,722	119,974	19	5,649	3,511	-	132,875
Disposals	-	(776)	-	-	(164)	-	(940)
Transfers	(1)	-	-	(1)	-	-	(2)
Transfer from investment properties	17,879	-	-	-	-	-	17,879
Transfer from intangible assets	-	-	-	-	472	-	472
Adjustments	(113)	3,128	-	(974)	(315)	-	1,726
At 31 December 2022	**75,256**	**409,475**	**5,302**	**32,044**	**12,254**	**-**	**534,331**
Net book value							
At 31 December 2022	**32,020**	**2,910,127**	**89**	**21,140**	**17,283**	**170,725**	**3,151,384**

	Buildings USD'000	*Vessels and marine equipment USD'000*	*Plant USD'000*	*Equipment and vehicles USD'000*	*fixtures and office equipment USD'000*	*Capital work in progress USD'000*	*Total USD'000*
2021							
Cost:							
At 1 January 2021	64,330	1,294,132	5,254	43,452	14,954	51,443	1,473,565
Additions	-	513,918	-	-	-	215,954	729,872
Disposals	-	(25,376)	-	(533)	-	-	(25,909)
Transfer to intangible assets	-	-	-	-	-	(6,689)	(6,689)
Transfer to investment properties	-	-	-	-	-	(3,830)	(3,830)
Transfers	3,082	127,447	-	14,960	10,353	(155,842)	-
Impairment	-	-	-	-	-	(1,467)	(1,467)
Adjustments and write offs	(133)	(119,297)	137	(5,929)	(5,569)	-	(130,791)
At 31 December 2021	67,279	1,790,824	5,391	51,950	19,738	99,569	2,034,751
Accumulated depreciation:							
At 1 January 2021	53,067	350,297	5,254	23,474	11,141	-	443,233
Charge for the year	1,382	86,480	19	5,390	2,080	-	95,351
Disposals	-	(25,376)	-	(533)	-	-	(25,909)
Adjustments and write offs	(680)	(124,252)	10	(961)	(4,471)	-	(130,354)
At 31 December 2021	53,769	287,149	5,283	27,370	8,750	-	382,321
Net book value							
At 31 December 2021	13,510	1,503,675	108	24,580	10,988	99,569	1,652,430

11 PROPERTY, PLANT AND EQUIPMENT (continued)

	Buildings	Vessels and marine equipment	Plant	Equipment and vehicles	Furniture, fixtures and office equipment	Capital work in progress	Total
	AED'000	*AED'000*	*AED'000*	*AED'000*	*AED'000*	*AED'000*	*AED'000*
2022							
Cost:							
At 1 January 2022	247,082	6,576,799	19,797	190,784	72,488	365,671	7,472,621
Additions on business acquisition	21,044	4,975,193	-	2,085	15,629	-	5,013,951
Additions	-	198,378	-	-	-	1,090,135	1,288,513
Disposals	-	(3,400)	-	-	(602)	-	(4,002)
Transfer to investment properties	-	-	-	-	-	(315,489)	(315,489)
Transfer to intangible assets	-	-	-	-	-	(24,980)	(24,980)
Transfer from capital work in progress	18,641	440,425	-	2,444	13,747	(475,257)	-
Transfer from investment properties & intangible assets	107,203	-	-	-	7,212	-	114,415
Adjustments	-	3,848	-	-	-	(11,514)	(7,666)
Write offs	-	-	-	-	-	(1,571)	(1,571)
At 31 December 2022	**393,970**	**12,191,243**	**19,797**	**195,313**	**108,474**	**626,995**	**13,535,792**
Accumulated depreciation:							
At 1 January 2022	197,464	1,054,556	19,402	100,517	32,134	-	1,404,073
Charge for the year	13,668	440,603	68	20,748	12,895	-	487,982
Disposals	-	(2,851)	-	-	(602)	-	(3,453)
Transfers	(2)	-	-	(4)	-	-	(6)
Transfer from investment properties	65,660	-	-	-	-	-	65,660
Transfer from intangible assets	-	-	-	-	1,732	-	1,732
Adjustments	(416)	11,501	-	(3,580)	(1,156)	-	6,349
At 31 December 2022	**276,374**	**1,503,809**	**19,470**	**117,681**	**45,003**	**-**	**1,962,337**
Net book value							
At 31 December 2022	**117,596**	**10,687,434**	**327**	**77,632**	**63,471**	**626,995**	**11,573,455**

11 PROPERTY, PLANT AND EQUIPMENT (continued)

	Buildings	*Vessels and marine equipment*	*Plant*	*Equipment and vehicles*	*fixtures and office equipment*	*Capital work in progress*	*Total*
	AED'000	*AED'000*	*AED'000*	*AED'000*	*AED'000*	*AED'000*	*AED'000*
2021							
Cost:							
At 1 January 2021	236,251	4,752,700	19,297	159,578	54,920	188,925	5,411,671
Additions	-	1,887,363	-	-	-	793,091	2,680,454
Disposals	-	(93,193)	-	(1,958)	-	-	(95,151)
Transfer to intangible assets	-	-	-	-	-	(24,564)	(24,564)
Transfer to investment properties	-	-	-	-	-	(14,064)	(14,064)
Transfers	11,319	468,049	-	54,940	38,021	(572,329)	-
Impairment	-	-	-	-	-	(5,388)	(5,388)
Adjustments and write offs	(488)	(438,120)	500	(21,776)	(20,453)	-	(480,337)
At 31 December 2021	247,082	6,576,799	19,797	190,784	72,488	365,671	7,472,621
Accumulated depreciation:							
At 1 January 2021	194,889	1,286,465	19,297	86,209	40,917	-	1,627,777
Charge for the year	5,074	317,598	68	19,796	7,642	-	350,178
Disposals	-	(93,193)	-	(1,958)	-	-	(95,151)
Adjustments and write offs	(2,499)	(456,314)	37	(3,530)	(16,425)	-	(478,731)
At 31 December 2021	197,464	1,054,556	19,402	100,517	32,134	-	1,404,073
Net book value							
At 31 December 2021	**49,618**	**5,522,243**	**395**	**90,267**	**40,354**	**365,671**	**6,068,548**

As at 31 December 2022, capital work in progress includes both vessels and projects under construction. During construction, projects are recorded under capital work in progress and then transferred to respective asset classes including investment properties and intangible assets. During the year, transfers were done from investment properties to buildings on account of change in the intended use of the property.

Depreciation has been allocated in the consolidated statement of comprehensive income as follows:

	2022	*2021*	***2022***	*2021*
	USD'000	*USD'000*	***AED'000***	*AED'000*
Direct costs (note 5)	**132,602**	94,181	**486,982**	345,878
General and administrative expenses (note 6)	**273**	1,170	**1,000**	4,300
	132,875	95,351	**487,982**	350,178

12 RIGHT-OF-USE ASSETS, SUB-LEASE RECEIVABLES & LEASE LIABILITIES

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

A. In respect of head-lease:

USD'000	*Land right -of-use asset*	*Vessels right -of-use asset*	*Total*
As at 1 January 2022	29,539	7,043	**36,582**
Additions	27,786	17,228	**45,014**
Disposals	-	(5,972)	**(5,972)**
Depreciation expense	(2,896)	(5,520)	**(8,416)**
As at 31 December 2022	**54,429**	**12,779**	**67,208**
As at 1 January 2021	31,384	558	31,942
Additions	-	10,099	10,099
Depreciation expense	(1,845)	(3,614)	(5,459)
As at 31 December 2021	29,539	7,043	36,582

USD'000	*Land lease liability*	*Vessels lease liability*	*Total*
As at 1 January 2022	31,222	7,146	**38,368**
Additions	27,503	17,228	**44,731**
Gain on disposals	-	(128)	**(128)**
Disposals	-	(5,971)	**(5,971)**
Interest expense (note 10)	3,833	404	**4,237**
Payments	**(5,274)**	**(5,781)**	**(11,055)**
As at 31 December 2022	**57,284**	**12,898**	**70,182**
As at 1 January 2021	32,219	570	32,789
Additions	-	10,099	10,099
Interest expense	2,179	262	2,441
Payments	(3,176)	(3,785)	(6,961)
As at 31 December 2021	31,222	7,146	38,368

AED'000	*Land right -of-use asset*	*Vessels right -of-use asset*	*Total*
As at 1 January 2022	**108,481**	**25,867**	**134,348**
Additions	**102,044**	**63,269**	**165,313**
Disposals	**-**	**(21,931)**	**(21,931)**
Depreciation expense	**(10,635)**	**(20,274)**	**(30,909)**
As at 31 December 2022	**199,890**	**46,931**	**246,821**
As at 1 January 2021	115,257	2,053	117,310
Additions	-	37,088	37,088
Depreciation expense	(6,776)	(13,274)	(20,050)
As at 31 December 2021	108,481	25,867	134,348

12 RIGHT-OF-USE ASSETS, SUB-LEASE RECEIVABLES & LEASE LIABILITIES

A. In respect of head-lease (continued):

AED'000	*Land lease liability*	*Vessels lease liability*	*Total*
As at 1 January 2022	**114,662**	**26,245**	**140,907**
Additions	**101,002**	**63,269**	**164,271**
Gain on disposals	**-**	**(469)**	**(469)**
Disposals	**-**	**(21,928)**	**(21,928)**
Interest expense (note 10)	**14,075**	**1,487**	**15,562**
Payments	**(19,370)**	**(21,231)**	**(40,601)**
As at 31 December 2022	**210,369**	**47,373**	**257,742**
As at 1 January 2021	118,323	2,096	120,419
Additions	-	37,088	37,088
Interest expense	8,004	961	8,965
Payments	(11,665)	(13,900)	(25,565)
As at 31 December 2021	114,662	26,245	140,907

B. In respect of sub-lease:

USD'000	*Land sub-lease receivables*	*Vessels sub-lease receivables*	*Total*
As at 1 January 2022	13,182	13,065	**26,247**
Additions	-	7,487	**7,487**
Disposals	-	(6,809)	**(6,809)**
Loss on reversals	-	(2,380)	**(2,380)**
Profit on initial recognition of sub-leases	-	872	**872**
Interest income	884	357	**1,241**
Payments received	(1,443)	(5,830)	**(7,273)**
As at 31 December 2022	**12,623**	**6,762**	**19,385**
As at 1 January 2021	13,703	14,578	28,281
Additions	-	3,064	3,064
Profit on initial recognition of sub-leases	-	2,470	2,470
Interest Income	922	451	1,373
Payments received	(1,443)	(7,498)	(8,941)
As at 31 December 2021	13,182	13,065	26,247

AED'000	*Land sub-lease receivables*	*Vessels sub-lease receivables*	*Total*
As at 1 January 2022	**48,410**	**47,982**	**96,392**
Additions	**-**	**27,499**	**27,499**
Disposals	**-**	**(25,007)**	**(25,007)**
Loss on reversals	**-**	**(8,742)**	**(8,742)**
Profit on initial recognition of sub-leases	**-**	**3,203**	**3,203**
Interest income	**3,245**	**1,311**	**4,556**
Payments received	**(5,300)**	**(21,409)**	**(26,709)**
As at 31 December 2022	**46,355**	**24,837**	**71,192**

12 RIGHT-OF-USE ASSETS, SUB-LEASE RECEIVABLES & LEASE LIABILITIES (continued)

B. In respect of sub-lease (continued):

As at 1 January 2021	50,325	53,535	103,860
Additions	-	11,254	11,254
Profit on initial recognition of sub-leases	-	9,070	9,070
Interest Income	3,385	1,658	5,043
Payments received	(5,300)	(27,535)	(32,835)
As at 31 December 2021	48,410	47,982	96,392

USD'000	*Land sub -lease liability*	*Vessel sub- lease liability*	*Total*
As at 1 January 2022	2,575	10,133	**12,708**
Additions	-	7,487	**7,487**
Disposals	-	(6,808)	**(6,808)**
Interest expense (note 10)	167	281	**448**
Payments	(277)	(4,703)	**(4,980)**
As at 31 December 2022	**2,465**	**6,390**	**8,855**
As at 1 January 2021	2,677	13,263	15,940
Additions	-	3,064	3,064
Interest expense	175	389	564
Payments	(277)	(6,583)	(6,860)
As at 31 December 2021	2,575	10,133	12,708

AED'000	*Land sub -lease liability*	*Vessel sub- lease liability*	*Total*
As at 1 January 2022	**9,455**	**37,217**	**46,672**
Additions	**-**	**27,499**	**27,499**
Disposals	**-**	**(25,007)**	**(25,007)**
Interest expense (note 10)	**615**	**1,030**	**1,645**
Payments	**(1,017)**	**(17,269)**	**(18,286)**
As at 31 December 2022	**9,053**	**23,470**	**32,523**
As at 1 January 2021	9,830	48,710	58,540
Additions	-	11,254	11,254
Interest expense	642	1,428	2,070
Payments	(1,017)	(24,175)	(25,192)
As at 31 December 2021	9,455	37,217	46,672

Sub-lease receivables are analysed in the consolidated statement of financial position as follows:

	2022	*2021*	***2022***	*2021*
	USD'000	*USD'000*	***AED'000***	*AED'000*
Current portion	**3,911**	6,314	**14,363**	23,188
Non-current portion	**15,474**	19,933	**56,829**	73,204
	19,385	26,247	**71,192**	96,392

12 RIGHT-OF-USE ASSETS, SUB-LEASE RECEIVABLES & LEASE LIABILITIES (continued)

B. In respect of sub-lease (continued):

Sub-lease receivables as of 31 December can be further analysed as follows:

In USD'000

31 December 2022	*Current portion*	*Non-current portion*	*Total*	*Non-current 1-5 years*	*Non-current 5 years & above*
ADNOC Offshore	3,311	3,452	6,763	3,452	-
Total related party balances	3,311	3,452	6,763	3,452	-
Third parties	600	12,022	12,622	2,770	9,253
Total	**3,911**	**15,474**	**19,385**	**6,222**	**9,253**

31 December 2021	*Current portion*	*Non-current portion*	*Total*	*Non-current 1-5 years*	*Non-current 5 years & above*
ADNOC Offshore	3,871	4,708	8,579	4,708	-
ADNOC Onshore	1,713	2,603	4,316	2,603	-
Total related party balances	5,584	7,311	12,895	7,311	-
Third parties	730	12,622	13,352	2,674	9,948
Total	6,314	19,933	26,247	9,985	9,948

In AED'000

31 December 2022	*Current portion*	*Non-current portion*	*Total*	*Non-current 1-5 years*	*Non-current 5 years & above*
ADNOC Offshore	12,158	12,678	24,836	12,678	-
Total related party balances	12,158	12,678	24,836	12,678	-
Third parties	2,205	44,151	46,356	10,171	33,980
Total	**14,363**	**56,829**	**71,192**	**22,849**	**33,980**

31 December 2021	*Current portion*	*Non-current portion*	*Total*	*Non-current 1-5 years*	*Non-current 5 years & above*
ADNOC Offshore	14,216	17,290	31,506	17,290	-
ADNOC Onshore	6,292	9,559	15,851	9,559	-
Total related party balances	20,508	26,849	47,357	26,849	-
Third parties	2,680	46,355	49,035	9,822	36,533
Total	23,188	73,204	96,392	36,671	36,533

12 RIGHT-OF-USE ASSETS, SUB-LEASE RECEIVABLES & LEASE LIABILITIES (continued)

B. In respect of sub-lease (continued):

Lease liabilities as of 31 December are analysed in the consolidated statement of financial position as follows:

	2022	*2021*	***2022***	*2021*
	USD'000	*USD'000*	***AED'000***	*AED'000*
Relating to head-lease (in respect of right-of-use assets)	**70,182**	38,368	**257,742**	140,907
Relating to sub-lease receivables (in respect of liabilities for sub-leased assets)	**8,855**	12,708	**32,523**	46,672
	79,037	51,076	**290,265**	187,579
Current portion	**9,768**	9,451	**35,874**	34,710
Non-current portion	**69,269**	41,625	**254,391**	152,869
	79,037	51,076	**290,265**	187,579

Lease liabilities as of 31 December can be further analysed as follows:

In USD'000

31 December 2022	*Current portion*	*Non-current portion*	*Total*	*Non-current 1-5 years*	*Non-current 5 years & above*
ADNOC HQ	1,265	31,353	32,618	5,901	25,452
Total related party balances	1,265	31,353	32,618	5,901	25,452
Third parties	8,503	37,916	46,419	13,472	24,444
Total	**9,768**	**69,269**	**79,037**	**19,373**	**49,896**

31 December 2021	*Current portion*	*Non-current portion*	*Total*	*Non-current 1-5 years*	*Non-current 5 years & above*
ADNOC HQ	1,179	32,618	33,797	6,172	26,446
Total related party balances	1,179	32,618	33,797	6,172	26,446
Third parties	8,272	9,007	17,279	9,007	-
Total	9,451	41,625	51,076	15,179	26,446

12 RIGHT-OF-USE ASSETS, SUB-LEASE RECEIVABLES & LEASE LIABILITIES (continued)

B. In respect of sub-lease (continued):

In AED'000

31 December 2022	*Current portion*	*Non-current portion*	*Total*	*Non-current 1-5 years*	*Non-current 5 years & above*
ADNOC HQ	4,645	115,143	119,788	21,671	93,472
Total related party balances	4,645	115,143	119,788	21,671	93,472
Third parties	31,229	139,248	170,477	49,478	89,770
Total	**35,874**	**254,391**	**290,265**	**71,149**	**183,242**

31 December 2021	*Current portion*	*Non-current portion*	*Total*	*Non-current 1-5 years*	*Non-current 5 years & above*
ADNOC HQ	4,329	119,788	124,117	22,666	97,122
Total related party balances	4,329	119,788	124,117	22,666	97,122
Third parties	30,381	33,081	63,462	33,081	-
Total	34,710	152,869	187,579	55,747	97,122

The table below indicates rental expenses resulting from lease and service contracts which are recognised in the consolidated statement of comprehensive income:

	2022	*2021*	***2022***	*2021*
	USD'000	*USD'000*	***AED'000***	*AED'000*
Short term rents (included in note 5 & 6)	**6,583**	6,071	**24,175**	22,296

The movement in provision for dismantling liability on leased land is as follows:

	2022	*2021*	***2022***	*2021*
	USD'000	*USD'000*	***AED'000***	*AED'000*
As at 1 January	**1,324**	1,234	**4,861**	4,530
Additions during the year	**286**	-	**1,052**	-
Accretion during the year	**117**	90	**428**	331
As at 31 December	**1,727**	1,324	**6,341**	4,861

13 INTANGIBLE ASSETS

	2022	2021	**2022**	2021
	USD'000	*USD'000*	***AED'000***	*AED'000*
Cost:				
At 1 January	**22,390**	19,616	**82,229**	72,039
Transfer from property, plant and equipment (note 11)	**6,802**	6,689	**24,980**	24,564
Transfer to property, plant and equipment (note 11)	**(1,964)**	-	**(7,212)**	-
Adjustments	**656**	6,306	**2,406**	23,163
Disposals	**-**	(10,221)	**-**	(37,537)
At 31 December	**27,884**	22,390	**102,403**	82,229
Accumulated amortization:				
At 1 January	**4,699**	5,070	**17,257**	18,619
Charge for the year	**10,005**	3,980	**36,745**	14,618
Transfer to property, plant and equipment (note 11)	**(472)**	-	**(1,732)**	-
Adjustments	**(1,064)**	5,870	**(3,912)**	21,557
Disposals	**-**	(10,221)	**-**	(37,537)
At 31 December	**13,168**	4,699	**48,358**	17,257
Net book value				
At 31 December	**14,716**	17,691	**54,045**	64,972

Intangible assets comprise the cost of acquired enterprise computer systems, software and licenses. Transfer to property, plant and equipment include closed circuits camera hardware previously classified as intangible assets now reclassified.

14 INVESTMENT PROPERTIES

	2022	2021	**2022**	2021
	USD'000	*USD'000*	***AED'000***	*AED'000*
Cost:				
At 1 January	**98,633**	94,803	**362,229**	348,165
Transfer to property, plant and equipment (note 11)	**(29,191)**	-	**(107,203)**	-
Transfer from property, plant and equipment (note 11)	**85,906**	3,830	**315,489**	14,064
At 31 December	**155,348**	98,633	**570,515**	362,229
Accumulated depreciation:				
At 1 January	**68,365**	65,949	**251,070**	242,196
Transfer to property, plant and equipment (note 11)	**(17,879)**	-	**(65,660)**	-
Charge for the year	**5,105**	2,416	**18,748**	8,874
At 31 December	**55,591**	68,365	**204,158**	251,070
Net book value	**99,757**	30,268	**366,357**	111,159

14 INVESTMENT PROPERTIES (continued)

Investment properties comprise of buildings owned by the Group which are rented to tenants under operating lease arrangements. The fair valuation of the completed properties was carried out as at 31 December 2022 by management using the discounted cash flow method of valuation, using assumptions such as annual growth rate and discount rate. The fair value was assessed at USD 110 million or AED 403 million as at 31 December 2022 (2021: USD 263 million or AED 965 million).

In estimating the fair value of the properties, the highest and best use of the property is considered as their current use. The inputs used in the valuation are not based on observable market data and thus the valuation techniques were considered to be Level 3 valuation.

Land on which the buildings are constructed is leased by ADNOC to the Group for a period of 10 years until 31 December 2028 at an annual rent of USD 3,396 thousand or AED 12,470 thousand and is expected to be renewed till the Group's sub-lease contracts are effective (note 12).

On 1 Jan 2022, the Group acquired two warehouses from Abu Dhabi Ports for USD 84 million or AED 310 million. The land on which the warehouses are built is leased by Abu Dhabi Ports to the Group for a period of 25 years with effect from 1 January 2022.

	2022	*2021*	***2022***	*2021*
	USD'000	*USD'000*	***AED'000***	*AED'000*
Rental income included under operating lease income	**21,330**	24,664	**78,333**	90,578
Direct costs excluding depreciation	**2,570**	2,502	**9,438**	9,188

15 INVESTMENT IN A JOINT VENTURE

Details of the Group's investment in a joint venture at 31 December are as follows:

Name of joint venture	*Percentage holding 2022*	*2021*	*Country of incorporation*	*Principal activity*
AW Shipping Limited	50%	50%	UAE	Shipping services

The movement in the carrying value of investment in joint venture is summarised below:

	2022	*2021*	***2022***	*2021*
	USD'000	*USD'000*	***AED'000***	*AED'000*
As at 1 January	**73,842**	20,380	**271,184**	74,846
Equity investment during the year	**10,200**	52,400	**37,460**	192,438
Receipts from joint venture	**(22,385)**	-	**(82,209)**	-
Dividend received	**(1,042)**	-	**(3,825)**	-
Share of profit for the year	**2,026**	1,062	**7,441**	3,900
As at 31 December	**62,641**	73,842	**230,051**	271,184

15 INVESTMENT IN A JOINT VENTURE (continued)

The assets, liabilities and results of the joint venture are summarised below:

	2022	*2021*	***2022***	*2021*
	USD'000	*USD'000*	***AED'000***	*AED'000*
Statement of financial position				
Total assets	**410,923**	188,299	**1,509,115**	691,527
Total liabilities	**(285,640)**	(40,615)	**(1,049,013)**	(149,159)
Net assets	**125,283**	147,684	**460,102**	542,368

	2022	*2021*	***2022***	*2021*
	USD'000	*USD'000*	***AED'000***	*AED'000*
Statement of comprehensive income				
Revenue	**18,589**	4,958	**68,269**	18,209
Expenses	**(14,537)**	(2,834)	**(53,387)**	(10,409)
Total comprehensive income	**4,052**	2,124	**14,882**	7,800

Included in expenses above depreciation of USD 4,224 thousand or AED 15,513 thousand (31 December 2021: USD 1,179 thousand or AED 4,330 thousand). Also included in expenses is finance cost of USD 4,068 thousand or AED 14,940 thousand (31 December 2021: USD nil or AED nil). There was no interest income earned by the joint venture in 2022 or 2021.

Included in total liabilities above is loan from banks amounting to USD 233,933 thousand or AED 859,119 thousand (31 December 2021: USD nil or AED nil). As at 31 December 2022, USD 209,998 thousand or AED 771,218 thousand was classified as non-current liability and USD 23,935 thousand or 87,901 thousand was classified as current liability.

16 INVENTORIES

	2022	*2021*	***2022***	*2021*
	USD'000	*USD'000*	***AED'000***	*AED'000*
Bunkers	**41,571**	23,677	**152,670**	86,952
Lubes	**4,886**	2,620	**17,943**	9,621
Raw materials & finished goods	**8,376**	4,510	**30,761**	16,565
Spare parts, fuel and consumables	**60,297**	30,175	**221,441**	110,819
Firefighting foam and dispersant stock	**405**	405	**1,488**	1,488
	115,535	61,387	**424,303**	225,445
Less: provision for slow-moving and obsolete inventories	**(9,965)**	(3,687)	**(36,598)**	(13,541)
	105,570	57,700	**387,705**	211,904

16 INVENTORIES (continued)

Movement in the provision for slow-moving and obsolete inventories is as follows:

	2022 USD'000	2021 USD'000	**2022 AED'000**	2021 AED'000
At 1 January	**3,687**	3,687	**13,541**	13,541
Charge during the year	**6,278**	-	**23,057**	-
At 31 December	**9,965**	3,687	**36,598**	13,541

17 TRADE AND OTHER RECEIVABLES

	2022 USD'000	2021 USD'000	**2022 AED'000**	2021 AED'000
Trade receivables	**125,715**	27,080	**461,686**	99,451
Provision for expected credit losses	**(8,918)**	(2,744)	**(32,749)**	(10,076)
Trade receivables, net	**116,797**	24,336	**428,937**	89,375
Prepaid expenses and other receivables	**81,416**	37,930	**299,001**	139,299
Receivable from employees	**14,965**	10,205	**54,960**	37,479
Advances to suppliers	**3,785**	10,362	**13,900**	38,051
	216,963	82,833	**796,798**	304,204

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

	2022 USD'000	2021 USD'000	**2022 AED'000**	2021 AED'000
At 1 January	**2,744**	2,151	**10,076**	7,898
Charge during the year	**6,174**	593	**22,673**	2,178
At 31 December	**8,918**	2,744	**32,749**	10,076

Below is the information about credit risk exposure on the Group's trade receivables:

			Past due				
	Total USD' 000	*Not past due USD' 000*	*< 30 days USD' 000*	*30 - 60 days USD' 000*	*61 - 90 days USD' 000*	*91 - 120 days USD' 000*	*> 120 days USD' 000*
Provision matrix 2022		5%	6%	2%	4%	13%	18%
Provision matrix 2021		4%	6%	10%	14%	17%	35%
Gross trade receivable							
31 December 2022	**125,715**	**26,789**	**29,711**	**25,639**	**16,228**	**6,132**	**21,216**
31 December 2021	27,080	11,406	6,486	1,727	3,666	475	3,320
Provision for expected credit losses							
31 December 2022	**8,918**	**1,334**	**1,921**	**457**	**693**	**767**	**3,746**
31 December 2021	2,744	419	419	171	504	82	1,149
Net trade receivable							
31 December 2022	**116,797**	**25,455**	**27,790**	**25,182**	**15,535**	**5,365**	**17,470**
31 December 2021	24,336	10,987	6,067	1,556	3,162	393	2,171

17 TRADE AND OTHER RECEIVABLES (continued)

Below is the information about credit risk exposure on the Group's trade receivables:

			Past due				
	Total AED' 000	*Not past due AED' 000*	*< 30 days AED' 000*	*30 - 60 days AED' 000*	*61 - 90 days AED' 000*	*91 - 120 days AED' 000*	*> 120 days AED' 000*
Provision matrix 2022		**5%**	**6%**	**2%**	**4%**	**13%**	**18%**
Provision matrix 2021		4%	6%	10%	14%	17%	35%
Gross trade receivable							
31 December 2022	**461,686**	**98,379**	**109,115**	**94,160**	**59,597**	**22,520**	**77,915**
31 December 2021	99,451	41,887	23,819	6,342	13,463	1,746	12,194
Provision for expected credit losses							
31 December 2022	**32,749**	**4,898**	**7,054**	**1,678**	**2,544**	**2,816**	**13,759**
31 December 2021	10,076	1,540	1,539	627	1,850	301	4,219
Net trade receivable							
31 December 2022	**428,937**	**93,481**	**102,061**	**92,482**	**57,053**	**19,704**	**64,156**
31 December 2021	89,375	40,347	22,280	5,715	11,613	1,445	7,975

The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivables mentioned above. It is not the practice of the Group to obtain a collateral over receivables balances.

Trade and other receivables (non-current) include advances paid to suppliers towards capex acquisitions. Balance as at 31 December were as follows:

	2022	*2021*	***2022***	*2021*
	USD'000	*USD'000*	***AED'000***	*AED'000*
Advances to suppliers	**124,252**	2,556	**456,316**	9,386

18 CASH AND CASH EQUIVALENTS

	2022	*2021*	***2022***	*2021*
	USD'000	*USD'000*	***AED'000***	*AED'000*
Cash in hand	**928**	1,110	**3,409**	4,076
Cash at banks	**164,005**	367,337	**602,308**	1,349,045
	164,933	368,447	**605,717**	1,353,121

The Group held cash and cash equivalent with financial institutions that are rated at least AA- to A based on rating agency ratings. Accordingly, the ECL provision amount calculated by applying the general approach is considered to be immaterial. Cash at banks include call deposit accounts that earn interest of 0.07% (2021: 0.07%).

19 SHARE CAPITAL

	2022	*2021*	***2022***	*2021*
	USD'000	*USD'000*	***AED'000***	*AED'000*
Authorised, issued and fully paid				
1,000,000,000 ordinary shares of AED 1 each	**272,294**	272,294	**1,000,000**	1,000,000

20 GENERAL RESERVE

In accordance with the decision of management of the Group, 10% of the profit is transferred to a general reserve on an annual basis.

21 BASIC AND DILUTED EARNINGS PER SHARE

Earnings per share (EPS) amounts are calculated by dividing the profit attributable to shareholders of the Company by the weighted average number of shares outstanding during the year.

	2022	*2021*	***2022***	*2021*
	USD'000	*USD'000*	***AED'000***	*AED'000*
Profit attributable to shareholders of the Company	**260,793**	54,804	**957,761**	201,267
Weighted average number of shares	**1,000,000,000**	1,000,000,000	**1,000,000,000**	1,000,000,000
	USD	*USD*	***AED***	*AED*
Earnings per share	**0.26**	0.05	**0.96**	0.20

There are no dilutive securities, therefore diluted EPS is the same as basic EPS.

22 EMPLOYEES' END OF SERVICE BENEFITS

Movements in the employees' end of service benefits provision are as follows:

	2022	*2021*	***2022***	*2021*
	USD'000	*USD'000*	***AED'000***	*AED'000*
At 1 January	**40,695**	36,695	**149,453**	134,763
Current service cost (note 8)	**4,868**	4,724	**17,877**	17,349
Acquired through business combination	**2,512**	-	**9,223**	-
Benefits paid	**(7,148)**	(4,156)	**(26,250)**	(15,262)
Benefits of employees transferred-in from group companies	**-**	1,488	**-**	5,463
Benefits of employees transferred -out to group companies	**-**	(182)	**-**	(668)
Interest cost (note 10)	**955**	599	**3,509**	2,199
Remeasurement losses:	**-**	-		
Actuarial (gains) / losses arising from experience	**(3,662)**	3,104	**(13,449)**	11,399
Actuarial gains arising from changes in financial assumptions	**(6,756)**	(1,598)	**(24,812)**	(5,868)
Actuarial losses arising from changes in demographic assumptions	**-**	21	**-**	78
At 31 December	**31,464**	40,695	**115,551**	149,453

Generally, upon fulfilment of certain employment conditions, the retirement benefits are payable in lump sum upon retirement, which is determined on the basis of the employee's one month salary for each of the first three years of service plus one and a half month's salary for each subsequent year of service.

The present value of the defined benefit obligation and the related current service cost and past service cost were measured using the projected unit credit method.

22 EMPLOYEES' END OF SERVICE BENEFITS (continued)

The principal assumptions used for the purpose of the actuarial valuations were as follows:

	2022	*2021*
Discount rate	5.00%	2.25%
Expected rate of salary increase	3.00%	3.00%
Average turnover	7.5%	7.5%
Mortality rate table	AM92/AF92	AM92/AF92
Retirement age	60 years	60 years

Amounts recognised in comprehensive income in respect of these benefit are as follows:

	2022	*2021*	***2022***	*2021*
	USD'000	*USD'000*	***AED'000***	*AED'000*
Service cost:				
Current service cost (note 8)	**4,868**	4,724	**17,877**	17,349
Net interest expense (note 10)	**955**	599	**3,509**	2,199
Components of provision for employees' end of service benefit recognised in comprehensive income	**5,823**	5,323	**21,386**	19,548

Amounts recognised in other comprehensive income are as follows:

	2022	*2021*	***2022***	*2021*
	USD'000	*USD'000*	***AED'000***	*AED'000*
Actuarial (gain) / loss arising from the experience adjustments	**(10,418)**	1,527	**(38,261)**	5,609

Significant actuarial assumptions for the determination of the provision for employees' end of service benefit are discount rate, expected salary increase and mortality. The sensitivity analyses below have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant.

22 EMPLOYEES' END OF SERVICE BENEFITS (continued)

2022	*Increase / decrease in percentage point*	*Increase (decrease) in provision for employees' end of service benefit USD'000*	*Increase (decrease) in provision for employees' end of service benefit AED'000*
Discount rate	**1%**	**(1,935)**	**(7,107)**
	-1%	**2,186**	**8,029**
Expected salary growth	**1%**	**2,280**	**8,374**
	-1%	**(2,046)**	**(7,515)**
2021		*USD'000*	*AED'000*
Discount rate	1%	(2,881)	(10,582)
	-1%	3,317	12,183
Expected salary growth	1%	3,363	12,352
	-1%	(2,970)	(10,909)

The sensitivity analysis presented above may not be representative of the actual change in the provision for employees' end of service benefit as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

Furthermore, in presenting the above sensitivity analysis, the present value of the provision for employees' end of service benefit has been calculated using the projected unit credit method at the end of the reporting period, which is the same as that applied in calculating the provision for employees' end of service benefit recognised in the consolidated statement of financial position.

The Group does not expect to make any contribution to defined benefit plans during the next financial year.

23 TRADE AND OTHER PAYABLES

	2022	*2021*	***2022***	*2021*
	USD'000	*USD'000*	***AED'000***	*AED'000*
Trade accounts payable	**62,060**	19,152	**227,914**	70,341
Other payables and accrued expenses	**315,777**	179,168	**1,159,690**	657,993
Capital expenses accruals	**79,717**	28,801	**292,762**	105,770
Operating lease rent received in advance	**5,345**	2,854	**19,631**	10,481
	462,899	229,975	**1,699,997**	844,585

Trade accounts payable are interest free and are normally settled within 30 days from the date of receipt of the invoice.

24 RELATED PARTY BALANCES AND TRANSACTIONS

These represent transactions with related parties i.e., the shareholder, directors and entities related to them, companies under common ownership and/or common management and control, their partners and key management personnel. Pricing policies and terms of these transactions are approved by the Group's management.

Terms and conditions of transactions with related parties

The sales to and services from related parties are made at agreed rates with the related parties. Outstanding balances at the year-end are unsecured, interest free and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables. For the year ended 31 December 2022, the Group has provision for expected credit losses of USD 200 thousand or AED 737 thousand (2021: USD 494 thousand or AED 1,815 thousand) on amounts due from related parties. The Group's significant balances are with entities controlled, jointly controlled or significantly influenced by the ADNOC.

Transactions with related parties included in the consolidated statement of comprehensive income are as follows:

	2022	2021	**2022**	2021
	USD'000	USD'000	**AED'000**	AED'000
Goods sold and services provided to entities under common control				
ADNOC Offshore	**676,928**	487,990	**2,486,024**	1,792,141
ADNOC (Holding Company)	**256,008**	171,647	**940,188**	630,374
National Gas Shipping Company Limited	**122,358**	92,294	**449,361**	338,949
ADNOC Onshore	**46,856**	56,967	**172,078**	209,213
Abu Dhabi Polymers Company Limited (Borouge ADP)	**146,322**	51,869	**537,368**	190,488
ADNOC Global Trading (AGT)	**105,440**	39,765	**387,229**	146,036
ADNOC Trading (AT)	**10,144**	11,445	**37,254**	42,032
ADNOC Distribution	**12,155**	18,488	**44,638**	67,897
ADNOC Drilling	**9,986**	10,218	**36,672**	37,524
ADNOC Refining	**3,385**	4,885	**12,430**	17,941
ADNOC Gas Processing	**10,334**	3,012	**37,952**	11,062
ADNOC LNG	**14,692**	2,300	**53,955**	8,448
AW Shipping Limited	**292**	321	**1,073**	1,179
Al Dhafra	**-**	318	**-**	1,168
	1,414,900	951,519	**5,196,222**	3,494,452

Good and services received from entities under common control

	2022	2021	**2022**	2021
	USD'000	USD'000	**AED'000**	AED'000
ADNOC (Holding Company)	**46,476**	21,617	**170,682**	79,388
ADNOC Distribution	**218,029**	3,396	**800,712**	12,472
ADNOC Refining	**-**	171	**-**	629
	264,505	25,184	**971,394**	92,489

	2022	2021	**2022**	2021
	USD'000	USD'000	**AED'000**	AED'000
Interest on shareholder loan				
ADNOC (Holding Company)	**31,308**	4,316	**114,978**	15,852

24 RELATED PARTY BALANCES AND TRANSACTIONS (continued)

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

	2022	*2021*	***2022***	*2021*
	USD'000	*USD'000*	***AED'000***	*AED'000*
Due from related parties:				
ADNOC Offshore	**290,423**	184,411	**1,066,579**	677,251
ADNOC (Holding Company)	**77,016**	65,870	**282,843**	241,906
ADNOC (Holding Company) cash pooling balance*	**30,462**	31,830	**111,871**	116,896
Abu Dhabi Polymers Company Limited (Borouge ADP)	**27,209**	19,353	**99,926**	71,073
ADNOC Onshore	**12,926**	13,002	**47,471**	47,749
ADNOC Global Trading (AGT)	**13,152**	5,564	**48,302**	20,433
ADNOC Gas Processing	**5,938**	1,290	**21,809**	4,742
ADNOC Distribution	**3,366**	8,214	**12,362**	30,167
ADNOC LNG	**2,276**	908	**8,357**	3,333
ADNOC Drilling	**1,187**	5,244	**4,360**	19,259
AW Shipping Limited	**1,256**	1,042	**4,614**	3,827
ADNOC Refining	**582**	1,994	**2,136**	7,322
ADNOC Sour Gas	**-**	182	**-**	668
Al Dhafra	**-**	154	**-**	564
Borouge Pte	**54**	54	**198**	198
ADNOC Trading	**307**	-	**1,124**	-
	466,154	339,112	**1,711,952**	1,245,388
Less: provision for expected credit losses	**(200)**	(494)	**(737)**	(1,815)
	465,954	338,618	**1,711,215**	1,243,573

* This balance is held with ADNOC (Holding Company) and earns interest based on rates agreed between the parties.

The movement in provision for expected credit losses on related parties' receivables is as follows:

	2022	*2021*	***2022***	*2021*
	USD'000	*USD'000*	***AED'000***	*AED'000*
Balance at 1 January	**494**	9,133	**1,815**	33,545
Reversals during the year	**(294)**	(6,158)	**(1,078)**	(22,617)
Write off during the year	**-**	(2,481)	**-**	(9,113)
Balance at 31 December	**200**	494	**737**	1,815

The provision for expected credit losses on due from related parties is created at 100% and 33.3% against balances overdue above 730 days and 365 days respectively.

24 RELATED PARTY BALANCES AND TRANSACTIONS (continued)

Below is the ageing of receivables from related parties:

			Past due						
	Total USD'000	*Not past due USD'000*	*< 30 days USD'000*	*30 - 60 days USD'000*	*61 - 90 days USD'000*	*91 - 120 days USD'000*	*121-365 days USD'000*	*366-730 days USD'000*	*>730 days USD'000*
Gross receivables from related parties									
31 December 2022	**466,154**	**407,645**	**29,274**	**4,958**	**20,135**	**1,033**	**2,507**	**602**	**-**
31 December 2021	339,112	239,920	60,775	15,948	6,465	3,111	11,784	917	192
Provision for expected credit losses									
31 December 2022	**200**	**-**	**-**	**-**	**-**	**-**	**-**	**200**	**-**
31 December 2021	494	-	-	-	-	-	-	302	192
Net receivable from related parties									
31 December 2022	**465,954**	**407,645**	**29,274**	**4,958**	**20,135**	**1,033**	**2,507**	**402**	**-**
31 December 2021	338,618	239,920	60,775	15,948	6,465	3,111	11,784	615	-

			Past due						
	Total AED'000	*Not past due AED'000*	*< 30 days AED'000*	*30 - 60 days AED'000*	*61 - 90 days AED'000*	*91 - 120 days AED'000*	*121-365 days AED'000*	*366-730 days AED'000*	*>730 days AED'000*
Gross receivables from related parties									
31 December 2022	**1,711,952**	**1,497,080**	**107,510**	**18,209**	**73,944**	**3,792**	**9,206**	**2,211**	**-**
31 December 2021	1,245,388	881,107	223,196	58,568	23,742	11,425	43,278	3,368	704
Provision for expected credit losses									
31 December 2022	**737**	**-**	**-**	**-**	**-**	**-**	**-**	**737**	**-**
31 December 2021	1,815	-	-	-	-	-	-	1,111	704
Net receivable from related parties									
31 December 2022	**1,711,215**	**1,497,080**	**107,510**	**18,209**	**73,944**	**3,792**	**9,206**	**1,474**	**-**
31 December 2021	1,243,573	881,107	223,196	58,568	23,742	11,425	43,278	2,257	-

	2022 USD'000	*2021 USD'000*	***2022 AED'000***	*2021 AED'000*
Due to related parties:				
ADNOC (Holding Company)	**120,531**	134,785	**442,646**	494,993
ADNOC Distribution	**33,347**	92,968	**122,468**	341,426
ADNOC LNG	**-**	5,006	**-**	18,384
ADNOC Offshore	**1,707**	1,090	**6,269**	4,002
National Gas Shipping Company	**7,175**	646	**26,350**	2,372
ADNOC Refining	**793**	563	**2,914**	2,068
ADNOC Onshore	**-**	7	**-**	25
	163,553	235,065	**600,647**	863,270

These balances are classified and presented in the statement of financial position as below:

	2022 USD'000	*2021 USD'000*	***2022 AED'000***	*2021 AED'000*
Current portion	**127,810**	181,889	**469,381**	667,982
Non-current portion	**35,743**	53,176	**131,266**	195,288
	163,553	235,065	**600,647**	863,270

24 RELATED PARTY BALANCES AND TRANSACTIONS (continued)

Shareholder contribution from ADNOC (Holding Company) (forming part of shareholder's equity):
The Group's contribution from shareholder of USD 357,485 thousand or AED 1,312,865 thousand is interest free and repayable at the absolute discretion of the board of directors of the Group. Accordingly, the amount is classified under equity as shareholder contribution.

Shareholder loan from ADNOC (Holding Company) (forming part of non-current liabilities):
In 2021, the Group entered into loan facility agreement with ADNOC (Holding Company) with an initial approved amount of USD 850,000 thousand. This facility is to be used for acquisition of assets only. The loan carries interest of six (6) months LIBOR plus a margin of 1.2% per annum, payable biannually on 30 June and 31 December of each year. Loan terms mention that it is fully repayable by 31 December 2022 and the loan repayment date may be extended by another one year at the sole discretion of the Holding Company.

In April 2022, Holding Company and Group entered into an Amendment and Restatement Agreement by which the repayment date under the existing Shareholder loan was deferred to 31 December 2023 and the facility size was increased by USD 400,000 thousand, thereby reaching the amount of USD 1,250,000 thousand.

On 23 October 2022, the Holding Company and the Group entered into a Second Amendment and Restatement Agreement by which the repayment date under the existing Shareholder loan shall be deferred to 31 December 2024 and the facility size was increased by USD 1,050,000 thousand, reaching the amount of USD 2,300,000 thousand. On 25 October 2022, the Group further drew down USD 1,300,000 thousand (AED: 4,774,250 thousand) for a business acquisition.

As at 31 December 2022, the Group has drawn USD 1,900,000 thousand (AED: 6,977,750 thousand) from the facility (December 2021: USD 600,000 thousand i.e., AED 2,203,500 thousand).

The Group's significant bank balances with Abu Dhabi Government and other entities controlled, jointly controlled or significantly influenced by the Abu Dhabi Government are as follows:

	2022	*2021*	***2022***	*2021*
	USD'000	*USD'000*	***AED'000***	*AED'000*
Bank balances	**115,965**	367,337	**425,881**	1,349,045

During the previous year, the Group's ultimate Holding Company recharged AED 333,888 thousand towards UAE national employees' pension charges. These charges relate to the differential amount paid by the Holding Company to Abu Dhabi Retirement Pensions and Benefits Fund for services of employees taken over by the Group on its formation and till the period ending 31 December 2019. AED 131,266 thousand of this liability is payable from 2024 to 2025 and accordingly as at 31 December 2022 (AED 195,288 thousand as at 31 December 2021) is disclosed as a non-current liability.

Related parties sub-lease receivables and lease liabilities are disclosed in note 12.

	2022	*2021*	***2022***	*2021*
	USD'000	*USD'000*	***AED'000***	*AED'000*
Key management compensation				
Short-term benefits	**1,348**	1,072	**4,949**	3,937

25 BANK GUARANTEES, CONTINGENCIES AND COMMITMENTS

(a) Bank guarantees:
At 31 December 2022, the Group had bank guarantees issued by the bank and other matters arising in the ordinary course of business from which it is anticipated that no material liabilities will arise, amounting to USD 2,999 thousand or AED 11,012 thousand (2021: USD 118 thousand or AED 434 thousand).

25 BANK GUARANTEES, CONTINGENCIES AND COMMITMENTS (continued)

(b) Capital commitments:
At 31 December 2022, the Group's capital commitments amount to USD 1,371,929 thousand or AED 5,038,409 thousand (2021: USD 521,869 thousand or AED 1,916,564 thousand).

(c) Purchases commitments:
At 31 December 2022, the Group's purchases commitments amount to USD 86,275 thousand or AED 316,845 thousand (2021: USD 11,889 thousand or AED 43,663 thousand).

(d) Contingencies:
The Group is involved in various legal proceedings and claims arising in the ordinary course of business. While the outcome of these matters cannot be predicted with certainty, management does not believe that these matters will have a material adverse effect on the Group’s financial statements if concluded unfavorably.

26 FINANCIAL RISK MANAGEMENT AND OBJECTIVES

The activities of the Group expose it to a variety of financial risks: market risk (including foreign exchange risk, price risk and cash flow and fair value interest rate risk), credit risk and liquidity risk. The overall risk management programme of the Group seeks to minimise potential adverse effects of these risks on their financial performance.

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. Further quantitative disclosures are included throughout these consolidated financial statements.

The Board of Directors have overall responsibility for the establishment and oversight of the Group’s risk management framework. The Board of Directors are responsible for developing and monitoring the Group’s risk management policies.

The Group’s risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group’s activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Group’s Board of Directors oversees how management monitors compliance with the Group’s risk management policies and procedures and review the adequacy of the risk management framework in relation to the risks faced by the Group.

The Group’s principal financial liabilities consist of trade and other payables, amounts due to related parties, shareholder loan and lease liabilities. The main purpose of the financial liabilities is to raise finance for the Group’s operations. The Group has various financial assets such as trade and other receivables, bank balances and amounts due from related parties, which arise directly from its operations.

Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group and arises principally from the Group’s trade and other receivables, related party and bank balances. The Group has adopted a policy of dealing only with creditworthy counterparties. The Group attempts to control credit risk by monitoring credit exposures, limiting transactions with specific non-related counterparties, and continually assessing the creditworthiness of such non-related counter-parties.

The average credit period on sale of goods or services is 30-60 days. No interest is charged on trade and other receivables. The bank balances are maintained with commercial banks. The credit risk on liquid funds is limited because the counterparties are reputable banks closely monitored by the regulatory bodies.

26 FINANCIAL RISK MANAGEMENT AND OBJECTIVESM (continued)

Credit risk management (continued)

The amount that best represents maximum credit risk exposure on financial assets at the end of the reporting period, in the event counter parties fail to perform their obligations, generally approximates their carrying value. Advances to suppliers, other receivables and balances with banks are not secured by any collateral.

The Group's bank balances are currently held in banks rated minimum A by Fitch.

While cash and cash equivalents are also subject to the impairment requirements of IFRS 9, the identified impairment loss was immaterial.

Other financial assets do not have a material expected credit loss, and the loss allowance considered during the year was limited to 12 months expected losses. As such, no loss allowance was made for such financial assets as at 31 December 2022 and 2021.

Market risk management

Foreign currency risk

The Group has no significant currency risk exposure from its operations as the Group's majority of transactions are in UAE Dirham or US Dollars. The UAE Dirham is pegged to the US Dollar hence balances in US Dollars are not considered to represent a significant risk.

Price risk

The Group has no significant direct exposure to commodity price risk. Reduction in oil prices may lead to reduction in the level of future logistics services procured by customers who have significant exposure to oil and gas prices.

Cash flow and fair value interest rate risk

The following table demonstrates the sensitivity to reasonably possible changes in interest rates, with all other variables held constant, of the Group's profit.

	2022	*2021*	***2022***	*2021*
	USD'000	*USD'000*	***AED'000***	*AED'000*
Effect of increase of 100 basis points on Group's profit	**(9,620)**	(3,150)	**(35,330)**	(11,560)
Effect of decrease of 100 basis points on Group's profit	**9,620**	3,150	**35,330**	11,560

Liquidity risk management

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group ensures that it has sufficient cash on demand to meet expected operational expenses for a short-term period, including the servicing of financial obligations; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

The Group limits its liquidity risk by ensuring adequate cash available from its operations and from support of the shareholders. The table below summarises the maturity profile of the Group's financial liabilities. The maturity profile is monitored by management to ensure adequate liquidity is maintained.

26 FINANCIAL RISK MANAGEMENT AND OBJECTIVES (continued)

Liquidity risk management (continued)

	On demand	*Less than 3 months*	*3 to 12 months*	*1 to 5 years*	*> 5 years*	*Total*
	USD '000	*USD '000*	*USD '000*	*USD '000*	*USD '000*	*USD '000*
31 December 2022						
Trade payables	-	62,060	-	-	-	62,060
Due to related parties	-	108,858	18,952	37,903	-	165,713
Lease liabilities	-	4,618	16,260	36,052	76,937	133,867
Shareholder loan	-	-	123,500	2,023,500	-	2,147,000
Other payables (non-current)	-	-	-	71,254	-	71,254
Other payables, accrued and capital expenses	-	395,494	-	-	-	395,494
Total	**-**	**571,030**	**158,712**	**2,168,709**	**76,937**	**2,975,388**
31 December 2021						
Trade payables	-	19,152	-	-	-	19,152
Due to related parties	-	162,936	18,952	56,855	-	238,743
Lease liabilities	-	5,604	6,488	22,809	37,349	72,250
Shareholder loan	-	-	15,000	615,000	-	630,000
Other payables, accrued and capital expenses	-	207,969	-	-	-	207,969
Total	-	395,661	40,440	694,664	37,349	1,168,114

	On demand	*Less than 3 months*	*3 to 12 months*	*1 to 5 years*	*> 5 years*	*Total*
	AED '000	*AED '000*	*AED '000*	*AED '000*	*AED '000*	*AED '000*
31 December 2022						
Trade payables	-	227,914	-	-	-	227,914
Due to related parties	-	399,781	69,600	139,200	-	608,581
Lease liabilities	-	16,961	59,715	132,401	282,552	491,629
Shareholder loan	-	-	453,554	7,431,305	-	7,884,859
Other payables (non-current)	-	-	-	261,681	-	261,681
Other payables, accrued and capital expenses	-	1,452,452	-	-	-	1,452,452
Total	**-**	**2,097,108**	**582,869**	**7,964,587**	**282,552**	**10,927,116**
31 December 2021						
Trade payables	-	70,341	-	-	-	70,341
Due to related parties	-	598,382	69,600	208,801	-	876,783
Lease liabilities	-	20,580	23,826	83,765	137,166	265,337
Shareholder loan	-	-	55,088	2,258,588	-	2,313,676
Other payables, accrued and capital expenses	-	763,763	-	-	-	763,763
Total	-	1,453,066	148,514	2,551,154	137,166	4,289,900

26 FINANCIAL RISK MANAGEMENT AND OBJECTIVES (continued)

Capital risk management

The primary objective of the Group's capital management is to maintain healthy capital ratios in order to support its business.

The Group manages its capital structure and makes adjustments to it to ensure that it will be able to continue as a going concern. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to the shareholder, return capital to the shareholder, issue new shares or sell assets to reduce debts. No changes were made in the objectives, policies or processes during the years ended 31 December 2022 and 31 December 2021. Equity comprises share capital, general reserve, retained earnings and shareholder contribution, and is measured at USD 1,800,290 thousand or AED 6,611,565 thousand as at 31 December 2022 (2021: USD 1,529,079 thousand or AED 5,615,543 thousand).

The Group monitors capital on the basis of its gearing ratio. This ratio is calculated as net debt divided by total equity plus net debt. Net debt is calculated as total borrowings (including current and non-current borrowings as shown in the statement of financial position) less cash and cash equivalents. Total capital is calculated as total equity as shown in the statement of financial position plus net debt.

The gearing ratio, determined as net debt to net debt plus equity, at the year-end was as follows:

	2022 ***USD'000***	*2021* *USD'000*	***2022*** ***AED'000***	*2021* *AED'000*
Debt	**1,900,000**	600,000	**6,977,750**	2,203,500
Cash and cash equivalents	**(164,933)**	(368,447)	**(605,717)**	(1,353,121)
Net debt	**1,735,067**	231,553	**6,372,033**	850,379

	2022 ***USD'000***	*2021* *USD'000*	***2022*** ***AED'000***	*2021* *AED'000*
Net debt	**1,735,067**	231,553	**6,372,033**	850,379
Equity	**1,800,290**	1,529,079	**6,611,565**	5,615,543
Net debt plus equity	**3,535,357**	1,760,632	**12,983,598**	6,465,922
Gearing ratio	**49.1%**	13.2%	**49.1%**	13.2%

27 FAIR VALUE OF FINANCIAL INSTRUMENTS

Financial instruments comprise of financial assets and financial liabilities. As at 31 December 2022 and 2021, the Group considers that the carrying amounts of financial assets and financial liabilities recognised in the consolidated financial statements approximate their fair values.

28 OPERATING SEGMENTS

Information regarding the Group's operating segments is set out below in accordance with IFRS 8, 'Operating Segments'. IFRS 8 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the Board of Directors, as the chief operating decision maker (CODM), in order to allocate resources to the segment and to assess its performance.

The Group's strategic steering committee, consisting of the Chief Executive Officer, the Chief Financial Officer and the Senior Vice President of Strategy, examines the group's performance both from a product/service perspective. The operating segments are identified based on the nature of different services provided and are managed separately because they have different economic characteristics – such as trends in sales growth, rates of return and level of capital investment – and have different marketing strategies.

In the current year, management has changed the manner in which the business is segmented and the level of reporting provided to the CODM. The CODM primarily uses EBITDA to monitor the performance of the business. Accordingly, the 2021 comparative segments have been restated to illustrate the revised structure in a consistent manner. For management purposes, the Group is organised into six operating segments and five reportable segments. These are referred to as "business units" as follows:

Shipping:

Shipping comprises the following reportable segments: (i) tankers; (ii) gas carriers and ship management services; and (iii) dry bulk shipping.

Integrated Logistics:

Integrated logistics comprise two operating segments, offshore and onshore logistics services, which are aggregated into one reportable segment which also includes charter hire of offshore support vessels and barges.

Marine Services:

Marine services reportable segment comprises petroleum port operations and oil spill services.

Others:

One off items and COVID-19 related expenses are classified under Others by management to facilitate better understanding of the business and to ensure proper decision making. Finance income, finance costs, provision for expected credit losses, other income and other expenses which are largely non-operational costs are recorded under this segment to facilitate better decisions.

28 OPERATING SEGMENTS (continued)

The following schedules illustrates the Group's activities according to the operating segments for the year ended 31 December 2022 in USD'000s:

2022	Tankers	Gas carriers	Dry-bulk shipping	Integrated logistics	Marine services	Others	Total
Revenues	334,570	169,117	358,128	923,015	167,343	-	**1,952,173**
Direct costs	(265,373)	(100,898)	(263,859)	(768,155)	(138,778)	-	**(1,537,063)**
COVID - 19 costs *	-	-	-	-	-	(5,962)	**(5,962)**
Gross profit / (loss)	**69,197**	**68,219**	**94,269**	**154,860**	**28,565**	**(5,962)**	**409,148**
General and administrative expenses	(11,972)	(7,517)	(10,045)	(57,838)	(18,232)	-	**(105,604)**
Provision for expected credit losses, net *	-	-	-	-	-	(5,880)	**(5,880)**
Other expenses	-	-	-	(2,380)	-	(1,412)	**(3,792)**
Other income	-	-	-	1,000	-	3	**1,003**
Operating profit / (loss)	**57,225**	**60,702**	**84,224**	**95,642**	**10,333**	**(13,251)**	**294,875**
Share of profit from joint venture *	-	2,026	-	-	-	-	**2,026**
Finance income	-	-	-	1,241	-	2,476	**3,717**
Finance costs	(7)	-	-	(4,686)	-	(33,782)	**(38,475)**
Profit / (loss) before tax for the year *	**57,218**	**62,728**	**84,224**	**92,196**	**10,333**	**(44,556)**	**262,143**
Income tax *	-	-	-	(1,350)	-	-	**(1,350)**
Profit / (loss) for the year *	**57,218**	**62,728**	**84,224**	**90,846**	**10,333**	**(44,556)**	**260,793**
Depreciation and amortisation in direct costs	35,269	23,563	10,000	63,804	15,255	-	**147,891**
Depreciation and amortisation in general and administrative expenses	986	619	827	4,578	1,501	-	**8,511**
Income tax	-	-	-	1,350	-	-	**1,350**
Finance income	-	-	-	(1,241)	-	(2,476)	**(3,717)**
Finance costs	7	-	-	4,686	-	33,782	**38,475**
EBITDA	**93,480**	**86,910**	**95,051**	**164,024**	**27,089**	**(13,250)**	**453,303**

28 OPERATING SEGMENTS (continued)

The following schedules illustrates the Group's activities according to the operating segments for the year ended 31 December 2022 in AED'000s:

2022	Tankers	Gas carriers	Dry-bulk shipping	Integrated logistics	Marine services	Others	Total
Revenues	1,228,709	621,083	1,315,225	3,389,771	614,566	-	**7,169,354**
Direct costs	(974,581)	(370,548)	(969,021)	(2,821,054)	(509,661)	-	**(5,644,865)**
COVID - 19 costs *	-	-	-	-	-	(21,894)	**(21,894)**
Gross profit / (loss)	**254,128**	**250,535**	**346,204**	**568,717**	**104,905**	**(21,894)**	**1,502,595**
General and administrative expenses	(43,968)	(27,607)	(36,892)	(212,405)	(66,958)	-	**(387,830)**
Provision for expected credit losses, net *	-	-	-	-	-	(21,595)	**(21,595)**
Other expenses	-	-	-	(8,742)	-	(5,184)	**(13,926)**
Other income	-	-	-	3,672	-	13	**3,685**
Operating profit / (loss)	**210,160**	**222,928**	**309,312**	**351,242**	**37,947**	**(48,660)**	**1,082,929**
Share of profit from joint venture *	-	7,441	-	-	-	-	**7,441**
Finance income	-	-	-	4,556	-	9,094	**13,650**
Finance costs	(26)	-	-	(17,208)	-	(124,066)	**(141,300)**
Profit / (loss) before tax for the year*	**210,134**	**230,369**	**309,312**	**338,590**	**37,947**	**(163,632)**	**962,720**
Income tax *	-	-	-	(4,959)	-	-	**(4,959)**
Profit / (loss) for the year *	**210,134**	**230,369**	**309,312**	**333,631**	**37,947**	**(163,632)**	**957,761**
Depreciation and amortisation in direct costs	129,524	86,535	36,726	234,318	56,025		**543,128**
Depreciation and amortization in general and administrative expenses	3,621	2,273	3,038	16,810	5,514		**31,256**
Income tax	-	-	-	4,959	-	-	**4,959**
Finance income	-	-	-	(4,556)	-	(9,094)	**(13,650)**
Finance costs	26	-	-	17,208	-	124,066	**141,300**
EBITDA	**343,305**	**319,177**	**349,076**	**602,370**	**99,486**	**(48,660)**	**1,664,754**

28 OPERATING SEGMENTS (continued)

The following schedules illustrates the Group's activities according to the operating segments for the year ended 31 December 2021 in USD'000s:

2021	**Tankers**	**Gas carriers**	**Dry-bulk shipping**	**Integrated logistics**	**Marine services**	**Others**	**Total**
Revenues	158,100	136,770	294,861	428,616	172,456	-	**1,190,803**
Direct costs	(191,034)	(86,992)	(216,846)	(324,891)	(133,343)	-	**(953,106)**
COVID - 19 costs *	-	-	-	-	-	(11,097)	**(11,097)**
Gross profit / (loss)	**(32,934)**	**49,778**	**78,015**	**103,725**	**39,113**	**(11,097)**	**226,600**
General and administrative expenses	(9,815)	(8,301)	(10,202)	(37,927)	(17,229)	-	**(83,474)**
Pension adjustment	-	-	-	-	-	(90,916)	**(90,916)**
Reversal of provision for expected credit losses *	-	-	-	-	-	5,565	**5,565**
Other expenses	-	-	-	-	-	(1,196)	**(1,196)**
Other income	-	-	-	2,470	-	974	**3,444**
Operating (loss) / profit *	**(42,749)**	**41,477**	**67,813**	**68,268**	**21,884**	**(96,670)**	**60,023**
Share of profit from joint venture *	-	1,062	-	-	-	-	**1,062**
Finance income	-	-	-	1,373	-	266	**1,639**
Finance costs	-	-	(7)	(2,998)	-	(4,915)	**(7,920)**
(Loss) / profit for the year *	**(42,749)**	**42,539**	**67,806**	**66,643**	**21,884**	**(101,319)**	**54,804**
Depreciation and amortisation in direct costs	27,293	19,213	9,843	32,732	12,976	-	**102,057**
Depreciation and amortisation in general and administrative expenses	606	512	630	2,341	1,063	-	**5,152**
Finance income	-	-	-	(1,373)	-	(266)	**(1,639)**
Finance costs	-	-	7	2,998	-	4,915	**7,920**
EBITDA	**(14,850)**	**62,264**	**78,286**	**103,341**	**35,923**	**(96,670)**	**168,294**

28 OPERATING SEGMENTS (continued)

The following schedules illustrates the Group's activities according to the operating segments for the year ended 31 December 2021 in AED'000s:

2021	Tankers	Gas carriers	Dry-bulk shipping	Integrated logistics	Marine services	Others	Total
Revenues	580,622	502,289	1,082,876	1,574,090	633,346	-	**4,373,223**
Direct costs	(701,572)	(319,479)	(796,367)	(1,193,157)	(489,704)	-	**(3,500,279)**
COVID - 19 costs *	-	-	-	-	-	(40,755)	**(40,755)**
Gross profit / (loss)	**(120,950)**	**182,810**	**286,509**	**380,933**	**143,642**	**(40,755)**	**832,189**
General and administrative expenses	(36,044)	(30,485)	(37,467)	(139,287)	(63,275)	-	**(306,558)**
Pension adjustment	-	-	-	-	-	(333,888)	**(333,888)**
Reversal of provision for expected credit losses *	-	-	-	-	-	20,439	**20,439**
Other expenses	-	-	-	-	-	(4,396)	**(4,396)**
Other income	-	-	-	9,070	-	3,577	**12,647**
Operating (loss) / profit *	**(156,994)**	**152,325**	**249,042**	**250,716**	**80,367**	**(355,023)**	**220,433**
Share of profit from joint venture *	-	3,900	-	-	-	-	**3,900**
Finance income	-	-	-	5,043	-	977	**6,020**
Finance costs	-	-	(25)	(11,010)	-	(18,051)	**(29,086)**
(Loss) / profit for the year *	**(156,994)**	**156,225**	**249,017**	**244,749**	**80,367**	**(372,097)**	**201,267**
Depreciation and amortisation in direct costs	100,232	70,559	36,148	120,207	47,656	-	**374,802**
Depreciation and amortisation in general and administrative expenses	2,224	1,881	2,312	8,596	3,905	-	**18,918**
Finance income	-	-	-	(5,043)	-	(977)	**(6,020)**
Finance costs	-	-	25	11,010	-	18,051	**29,086**
EBITDA	**(54,538)**	**228,665**	**287,502**	**379,519**	**131,928**	**(355,023)**	**618,053**

The Group's largest customers are related entities within the ADNOC Group (Refer to Note 24). The Group's vessels are deployed throughout the world and are not concentrated in certain geographical areas. The Group's management 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 segment results are reviewed regularly by the Group's management to make decisions about resources to be allocated to the segment and assess their performance.

The following tables represents segment assets for the Group's operating segments as reviewed by the management in USD'000s:

2022	Tankers	Gas carriers	Dry-bulk shipping	Integrated logistics	Marine services	Total
Property, plant & equipment *	1,052,148	125,168	167,505	1,667,172	139,391	**3,151,384**
Investment properties *	-	-	-	99,757	-	**99,757**

2021	Tankers	Gas carriers	Dry-bulk shipping	Integrated logistics	Marine services	Total
Property, plant & equipment *	980,467	116,641	156,093	368,425	30,804	**1,652,430**
Investment properties *	-	-	-	30,268	-	**30,268**

28 OPERATING SEGMENTS (continued)

The following tables represents segment assets for the Group's operating segments as reviewed by the management in AED'000s:

2022	Tankers	Gas carriers	Dry-bulk shipping	Integrated logistics	Marine services	Total
Property, plant & equipment *	3,864,015	459,681	615,162	6,122,683	511,914	**11,573,455**
Investment properties *	-	-	-	366,357	-	**366,357**

2021	Tankers	Gas carriers	Dry-bulk shipping	Integrated logistics	Marine services	Total
Property, plant & equipment *	3,600,765	428,363	573,252	1,353,041	113,127	**6,068,548**
Investment properties *	-	-	-	111,159	-	**111,159**

* These relate to additional voluntary disclosures not presented to CODM, but which are allocated on a reasonable and consistent basis to provide additional information.

29 BUSINESS COMBINATION

On 12 July 2022, shareholders of the Group approved to acquire 100% of the Share Capital of ZMI Holdings (here after referred to as ZMI) through a wholly owned subsidiary Zinc HoldCo RSC LTD, a restricted scope company duly incorporated under the laws of the Abu Dhabi Global Market with company number 7990 and whose registered office is at Floor 28, Al Sarab Tower, Abu Dhabi Global Market Square, Al Maryah Island, P.O. Box 764652, Abu Dhabi, United Arab Emirates (the "Purchaser"). ZMI is an Abu Dhabi-based owner and operator of offshore support vessels, with the world's largest fleet of self-propelled jack-up barges.

On 1 November 2022, Zinc HoldCo RSC Limited acquired 100% of the shares of ZMI. The acquisition of ZMI will enable further strengthening of the Groups' leading position as the region's largest shipping and integrated logistics company. The acquisition has been accounted for using the acquisition method. The consolidated financial statements include the amounts of ZMI for the period from the acquisition date. Fair values of the identifiable assets and liabilities of ZMI as at the date of acquisition are set out below:

	Fair Value on acquisition USD'000	*Fair Value on acquisition AED'000*
Assets		
Property, plant and equipment	1,365,269	5,013,952
Inventories	16,321	59,938
Trade and other receivables	112,416	412,848
Cash and cash equivalents	50,496	185,445
Total assets	**1,544,502**	**5,672,183**
Liabilities		
Employees' end of service benefits	(2,512)	(9,223)
Trade and other payables	(78,857)	(289,602)
Total liabilities	**(81,369)**	**(298,825)**
Total identifiable net assets at fair value	**1,463,133**	**5,373,358**
Goodwill arising on acquisition	**15,697**	**57,646**
Purchase consideration	**1,478,830**	**5,431,004**

29 BUSINESS COMBINATION (continued)

The fair value of acquired trade receivables is USD 112 million or AED 413 million. The gross contractual amount for trade receivables due is USD 135 million or AED 497 million, with a loss allowance of USD 23 million or AED 85 million recognised on acquisition.

As part of the SPA with the previous owners of ZMI, part of the consideration was determined to be contingent, based on the expected revenue of the acquired entity. As at 31 December 2022 and the date of acquisition, the fair value for the contingent consideration amounted to USD 149,920 thousand or AED 550,582 thousand given the revenue targets of ZMI. The purchase consideration can be analysed as follows:

	USD'000	*AED'000*
Initial consideration paid in cash	1,328,910	4,880,422
Fair value of contingent consideration	149,920	550,582
Purchase consideration	**1,478,830**	**5,431,004**

As at 31 December 2022, the Group has paid USD 62,146 thousand AED 228,233 thousand as advance towards contingent consideration. Further amounts included in the statement of financial position as at 31 December 2022 towards contingent consideration include the following:

	USD'000	*AED'000*
Included under trade and other payables (under current liabilities)	18,284	67,147
Other payables (under non-current liabilities)	69,490	255,202

ZMI Holdings contributed revenues of USD 82.4 million or AED 303 million and net profit after tax of USD 34.4 million or AED 126.2 million to the Group for the period from 1 November to 31 December 2022.

The goodwill is attributable to synergies expected to be achieved from the business combination and an increase in market share. For impairment testing, the goodwill is allocated to the Cash Generating Unit ("CGU") where the goodwill is monitored for internal management purposes. The recoverable amount of the CGU was based on its value in use determined by management. The carrying amount of this unit was determined to be lower than its recoverable amount.

Value in use was determined based on the five-year business plan approved by the management. The projected future cash flows from the continuing use of the unit are based on past experience and current rates of contractual arrangements for the initial five-year period. Beyond this period, the projected future cash flows were determined by reference to historical experience and based on market rates available for similar vessels. Both the cash inflows and outflows projected utilized a growth rate equivalent to the estimated inflation rate of 2%. These resulting cash flows were then discounted based on the Group's approved discount rate.

Key assumptions used for the CGU impairment testing are as below:

	2022
Discount rate (%)	9%

Anticipated annual revenue growth is based on latest available forecasts.

The values assigned to the key assumptions represent the management's assessment of future trends in the industry and are based on both external and internal sources.

Sensitivity analysis

The Group has conducted an analysis of the impairment test to changes in key assumptions used to determine the recoverable amount of the CGU to which goodwill is allocated. Management anticipates that no reasonably possible change in any of the key assumptions above would cause the carrying value of the CGU including goodwill to materially exceed its recoverable amount.

30 OPENING BALANCE SHEET

The opening balance sheet is represented below in USD. AED is presented as a convenience translation. This is in compliance with IAS 8, 'Accounting policies, changes in accounting estimates and errors' due to the change in the presentation currency to USD in the current year.

	1 JANUARY	
	2021	*2021*
ASSETS		
Non-current assets		
Property, plant and equipment	**1,030,332**	3,783,894
Right-of-use assets	**31,943**	117,310
Intangible assets	**14,546**	53,420
Investment properties	**28,855**	105,969
Investment in a joint venture	**20,380**	74,846
Sub-lease receivables	**21,433**	78,716
Total non-current assets	**1,147,489**	4,214,155
Current assets		
Inventories	**42,734**	156,939
Trade and other receivables	**78,439**	288,067
Due from related parties	**509,970**	1,872,865
Sub-lease receivables	**6,846**	25,144
Cash and cash equivalents	**97,103**	356,610
Total current assets	**735,092**	2,699,625
TOTAL ASSETS	**1,882,581**	6,913,780
EQUITY AND LIABILITIES		
Equity		
Share capital	**272,294**	1,000,000
General reserve	**71,667**	263,194
Retained earnings	**774,357**	2,843,826
Shareholder contribution	**357,485**	1,312,865
Total equity	**1,475,803**	5,419,885
Non-current liabilities		
Lease liabilities	**41,314**	151,723
Dismantling liability	**1,233**	4,530
Employees' end of service benefits	**36,695**	134,763
Total non-current liabilities	**79,242**	291,016
Current liabilities		
Trade and other payables	**237,564**	872,455
Lease liabilities	**7,416**	27,236
Due to related parties	**82,556**	303,188
Total current liabilities	**327,536**	1,202,879
TOTAL LIABILITIES	**406,778**	1,493,895
TOTAL EQUITY AND LIABILITIES	**1,882,581**	6,913,780

31 SUBSEQUENT EVENTS

On 24 February 2023 the Board of Directors passed a resolution for the conversion of the shareholder loan amount of USD$1,900 million (or AED 6,978 million) to equity, together with the capitalisation of the shareholder contribution of USD$357 million (or AED 1,313 million) into legal share capital. The shareholder approval for the issuance of these shares and extinguishment of the shareholder loan has not yet been obtained as at the date of approval of these financial statements, pending obtaining the necessary legal approvals.

Abu Dhabi Marine Business and Services Company P.J.S.C.

CONSOLIDATED FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REPORT
FOR THE YEAR ENDED 31 DECEMBER 2021

Abu Dhabi Marine Business and Services Company P.J.S.C.

CONSOLIDATED FINANCIAL STATEMENTS
As at and for the year ended 31 December 2021

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Independent auditor's report to the shareholders of Abu Dhabi Marine Business and Services Company P.J.S.C.

Report on the audit of the consolidated financial statements

Our opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of Abu Dhabi Marine Business and Services Company P.J.S.C. (the "Company") and its subsidiaries (together the "Group") as at December 31, 2021, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards.

What we have audited

The Group's consolidated financial statements comprise:
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of financial position as at December 31, 2021;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated financial statements, which include significant accounting policies and other explanatory information.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the consolidated financial statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code) and the ethical requirements that are relevant to our audit of the consolidated financial statements in the United Arab Emirates. We have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

PricewaterhouseCoopers (Abu Dhabi Branch), License no. 1001301
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T: +971 (0)2 694 6800, F: +971 (0)2 645 6610, www.pwc.com/me

Jacques Fakhoury, Douglas O'Mahony, Murad Alnsour and Rami Sarhan are registered as practising auditors with the UAE Ministry of Economy

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Independent auditor's report to the shareholders of Abu Dhabi Marine Business and Services Company P.J.S.C. (continued)

Report on the audit of the consolidated financial statements (continued)

Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards and their preparation in compliance with the applicable provisions of the Law of establishment No.15 of 2016 and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

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Independent auditor's report to the shareholders of Abu Dhabi Marine Business and Services Company P.J.S.C. (continued)

Report on the audit of the consolidated financial statements (continued)

Auditor's responsibilities for the audit of the consolidated financial statements (continued)

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

Report on other legal and regulatory requirements

Further, as required by the Resolution of the Chairman of the Abu Dhabi Accountability Authority No. (1) of 2017 pertaining to Auditing the Financial Statements of Subject Entities, we report that based on the procedures performed and information provided to us, nothing has come to our attention that causes us to believe that the Company has not complied, in all material respects, with any of the provisions of the following laws, regulations and circulars as applicable, which would materially affect its activities or the financial statements as at 31 December 2021:

(i) Law No. (1) of 2017 concerning the Financial System of the Government of Abu Dhabi and instructions issued by the Department of Finance pertaining to the preparation and implementation of the annual budget of Subject Entities;

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Independent auditor's report to the shareholders of Abu Dhabi Marine Business and Services Company P.J.S.C. (continued)

Report on the audit of the consolidated financial statements (continued)

Report on other legal and regulatory requirements (continued)

(ii) Law of establishment No.15 of 2016; and

(iii) relevant provisions of the applicable laws, resolutions and circulars organising the Company's operations.

PricewaterhouseCoopers
28 JUN 2022
....

....

Rami Sarhan
Registered Auditor Number 1152
Abu Dhabi, United Arab Emirates

(4)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2021

	Notes	*2021* *AED'000*	*2020* *AED'000*
Revenues	4	**4,373,223**	3,730,863
Direct costs	5	**(3,541,034)**	(2,934,254)
Gross profit		**832,189**	796,609
General and administrative expenses	6	**(306,558)**	(287,751)
Pension adjustment	24	**(333,888)**	-
Reversal of provision for expected credit losses, net	17 & 24	**20,439**	53,890
Other income, net	7	**8,251**	61,447
Operating profit		**220,433**	624,195
Share of profit/(loss) from joint venture	15	**3,900**	(75)
Finance income	9	**6,020**	16,308
Finance costs	10	**(29,086)**	(26,049)
Profit for the year		**201,267**	614,379
Other comprehensive loss			
Items that will not be subsequently reclassified to profit or loss			
Re-measurement loss on employee defined benefit obligation	22	**(5,609)**	(19,534)
Total comprehensive income for the year		**195,658**	594,845
Basic and diluted earnings per share	21	**0.20**	0.61

The attached notes on pages 10 to 50 form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 December 2021

	Notes	*2021* *AED'000*	*2020* *AED'000*
ASSETS			
Non-current assets			
Property, plant and equipment	11	**6,068,548**	3,783,894
Right-of-use assets	12	**134,348**	117,310
Intangible assets	13	**64,972**	53,420
Investment properties	14	**111,159**	105,969
Investment in a joint venture	15	**271,184**	74,846
Advances to suppliers		**9,386**	-
Sub-lease receivables	12	**73,204**	78,716
Total non-current assets		**6,732,801**	4,214,155
Current assets			
Inventories	16	**211,904**	156,939
Trade and other receivables	17	**304,204**	288,067
Due from related parties	24	**1,243,573**	1,872,865
Sub-lease receivables	12	**23,188**	25,144
Cash and cash equivalents	18	**1,353,121**	356,610
Total current assets		**3,135,990**	2,699,625
TOTAL ASSETS		**9,868,791**	6,913,780
EQUITY AND LIABILITIES			
Equity			
Share capital	19	**1,000,000**	1,000,000
General reserve	20	**283,321**	263,194
Retained earnings		**3,019,357**	2,843,826
Shareholder loan	24	**1,312,865**	1,312,865
Total equity		**5,615,543**	5,419,885
Non-current liabilities			
Shareholder loan	24	**2,203,500**	-
Lease liabilities	12	**152,869**	151,723
Dismantling liability	12	**4,861**	4,530
Due to related parties	24	**195,288**	-
Employees' end of service benefits	22	**149,453**	134,763
Total non-current liabilities		**2,705,971**	291,016
Current liabilities			
Trade and other payables	23	**844,585**	872,455
Lease liabilities	12	**34,710**	27,236
Due to related parties	24	**667,982**	303,188
Total current liabilities		**1,547,277**	1,202,879
TOTAL LIABILITIES		**4,253,248**	1,493,895
TOTAL EQUITY AND LIABILITIES		**9,868,791**	6,913,780

H.E Dr. Sultan Ahmed Al Jaber	Abdulkareem Almessabi	Rahoof Kaleel Rahman
Chairman of the Board	Chief Executive Officer	Chief Financial Officer -Acting

The attached notes on pages 10 to 50 form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the year ended 31 December 2021

	Share capital AED'000	*General reserve AED'000*	*Merger reserve AED'000*	*Other reserve AED'000*	*Retained earnings AED'000*	*Shareholder loan AED'000*	*Total AED'000*
Balance as at 1 January 2020	1,000,000	201,756	(2,296,022)	139,933	4,466,508	4,985,364	8,497,539
Profit for the year	-	-	-	-	614,379	-	614,379
Actuarial loss on defined benefit obligation (note 22)	-	-	-	-	(19,534)	-	(19,534)
Total comprehensive income for the year	-	-	-	-	594,845	-	594,845
Transfer to retained earnings (note 20)	-	-	2,296,022	(139,933)	(2,156,089)	-	-
Movement in shareholder loan account (note 24)	-	-	-	-		(3,672,499)	(3,672,499)
Transfers to general reserve	-	61,438	-	-	(61,438)	-	-
Balance as at 31 December 2020	1,000,000	263,194	-	-	2,843,826	1,312,865	5,419,885
Balance as at 1 January 2021	1,000,000	263,194	-	-	2,843,826	1,312,865	5,419,885
Profit for the year	-	-	-	-	201,267	-	201,267
Actuarial loss on defined benefit obligation (note 22)	-	-	-	-	(5,609)	-	(5,609)
Total comprehensive income for the year	-	-	-	-	195,658	-	195,658
Transfers to general reserve	-	20,127	-	-	(20,127)	-	-
Balance as at 31 December 2021	1,000,000	283,321	-	-	3,019,357	1,312,865	5,615,543

The attached notes on pages 10 to 50 form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS
For the year ended 31 December 2021

	Notes	*2021* *AED'000*	*2020* *AED'000*
OPERATING ACTIVITIES			
Profit for the year		**201,267**	614,379
Adjustments for:			
Depreciation on property, plant and equipment	11	**350,178**	271,547
Impairment of property, plant and equipment	11	**5,388**	22,089
Depreciation on investment properties	14	**8,874**	5,155
Depreciation on right-of-use assets	12	**20,050**	9,265
Profit on initial recognition of sub-lease receivables	12	**(9,070)**	-
Provision for dismantling expenses	12	**331**	308
Reversal of provision for slow moving and obsolete inventories, net	16	**-**	(1,083)
Amortisation of intangible assets	13	**14,618**	2,666
(Gain) / loss on disposal of property, plant and equipment	7	**(3,577)**	2,661
Provision made / (reversal of) provision for expected credit losses on trade receivables, net	17	**2,178**	(8,188)
Reversal of provision for expected credit losses on due from related parties	24	**(22,617)**	(45,702)
Provision for employees' end of service benefits	22	**17,349**	19,440
Provision for pension expenses payable to related parties	24	**333,888**	-
Share of profit (loss) from joint venture	15	**(3,900)**	75
Finance income	9	**(6,020)**	(16,308)
Finance costs	10	**29,086**	26,049
		938,023	902,353
Working capital adjustments:			
Inventories		**(54,965)**	(28,108)
Trade and other receivables		**(18,315)**	(31,117)
Due from related parties		**656,704**	(723,517)
Trades and other payables		**94,529**	114,701
Due to related parties		**213,019**	(29,609)
Cash generated from operating activities		**1,828,995**	204,703
Employees' end of service benefits paid	22	**(15,262)**	(29,321)
Receipt against sub-leases (finance leases)	12	**32,835**	33,525
Interest paid		**-**	(210)
Net cash generated from operating activities		**1,846,568**	208,697
INVESTING ACTIVITIES			
Purchase of property, plant and equipment	11	**(2,802,853)**	(1,222,227)
Proceeds from disposals of property, plant and equipment and intangibles assets		**3,577**	75,720
Investment in joint venture, net	15	**(192,438)**	(74,921)
Capital expenses advances paid		**(9,386)**	-
Interest received	9	**977**	7,093
Net cash used in investing activities		**(3,000,123)**	(1,214,335)

The attached notes on pages 10 to 50 form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)
For the year ended 31 December 2021

	Notes	2021 AED'000	2020 AED'000
FINANCING ACTIVITIES			
Proceeds from (repayment of) shareholder loan	24	**2,203,500**	(1,309,195)
Interest paid on shareholder loan		**(2,677)**	-
Payments of lease liabilities	12	**(50,757)**	(40,326)
Net cash generated from (used in) financing activities		**2,150,066**	(1,349,521)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		**996,511**	(2,355,159)
Cash and cash equivalents at beginning of the year		**356,610**	2,711,769
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	18	**1,353,121**	356,610

Significant non-cash transactions excluded from the consolidated statement of cash flows are:

	Notes	2021 AED'000	2020 AED'000
Additions to right-of-use assets	12	**37,088**	-
Additions to sub lease receivables	12	-	41,686
Additions to lease liabilities	12	**37,088**	41,686
Repayment of shareholder loan against cash surplus with ADNOC	24	-	2,363,304
Benefits of employees transferred-in from group companies		**5,463**	-
Benefits of employees transferred -out to group companies		**(668)**	-

The attached notes on pages 10 to 50 form part of these consolidated financial statements.

1 GENERAL INFORMATION

Abu Dhabi Marine Business and Services Company P.J.S.C. (the "Company") is a public joint stock company. The Company was established in 2016 under Law No. 15 of 2016. The Company is wholly owned subsidiary of Abu Dhabi National Oil Company ("ADNOC" or the "ultimate holding company"). The Company is exempt from the provisions of Federal Commercial Companies Law No. 2 of 2015. The Company and its subsidiaries (collectively referred to as the "Group") are engaged in the business of providing freight and charter services for the transportation of petroleum products and crude oil on ocean going vessels owned or hired from third parties, operation and maintenance of oil terminals, material handling, manpower and equipment supply, rental of stores, warehouses, office space and provision and supply of chemicals and other on-shore oil and gas field services.

The registered office of the Company is at P.O. Box 61, Abu Dhabi, United Arab Emirates (UAE).

These consolidated financial statements include the financial performance and position of the Company and its subsidiaries (collectively referred to as the "Group") as detailed in note 2.2.

The consolidated financial statements of the Group were approved and authorized for issue by the Board of Directors and signed on their behalf on ....

2 BASIS OF PREPARATION AND ACCOUNTING POLICIES

2.1 BASIS OF PREPARATION

Statement of compliance
The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) and interpretations issued by the IFRS Interpretations Committee (IFRS IC) applicable to companies reporting under IFRSs as issued by the International Accounting Standard Board (IASB).

Functional and presentation currency
The consolidated financial statements have been presented in United Arab Emirates Dirhams ("AED"), which is the functional currency of the Group. All values are rounded to the nearest thousand (AED '000) except when otherwise indicated.

Basis of measurement
The consolidated financial statements have been prepared on the historical cost convention. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

2.2 BASIS OF CONSOLIDATION

The consolidated financial statements include the financial statements of the Company and its subsidiaries listed below:

	Country of incorporation	*Percentage holding 2021*	*2020*
Direct subsidiaries			
Abu Dhabi Marine Operations and Services Company – Sole Proprietorship LLC	UAE	**100%**	100%
Abu Dhabi Marine Assets Company – Sole Proprietorship LLC	UAE	**100%**	100%
Abu Dhabi Marine International Holdings RSC Limited	UAE	**100%**	100%
Indirect subsidiaries			
Al Gafai Marine Services Company – Sole Proprietorship LLC	UAE	**100%**	100%
Sirdal National Marine Services Company – Sole Proprietorship LLC	UAE	**100%**	100%
National Gas Carriers Company	Liberia	**100%**	100%
Abu Dhabi National Shipping Company Inc	British Virgin Islands	**100%**	100%
Abu Dhabi Marine International Chartering Holdings RSC Limited	UAE	**100%**	100%
Abu Dhabi Marine International Operations Holdings RSC Limited	UAE	**100%**	100%

2 BASIS OF PREPARATION AND ACCOUNTING POLICIES (continued)

2.2 BASIS OF CONSOLIDATION (continued)

The consolidated financial statements include the financial statements of the Company and its subsidiaries listed below:

	Country of incorporation	*Percentage holding*	
		2021	*2020*
Indirect subsidiaries (continued)			
Umm Al Lulu Marine Services – Sole Proprietorship LLC	UAE	**100%**	100%
Janana Marine Services – Sole Proprietorship LLC	UAE	**100%**	100%
Al Bazem Marine Services – Sole Proprietorship LLC	UAE	**100%**	100%
Al Samha Marine Services – Sole Proprietorship LLC	UAE	**100%**	100%
Al Sader Marine Services – Sole Proprietorship LLC	UAE	**100%**	100%
Al Reem Marine Services – Sole Proprietorship LLC	UAE	**100%**	100%
Ghantout Marine Services – Sole Proprietorship LLC	UAE	**100%**	100%
Abu Dhabi III Shipping Company Inc	Liberia	**100%**	100%
Bani Yas Shipping Company Inc	Liberia	**100%**	100%
Mezaira'a Shipping Company Inc	Liberia	**100%**	100%
Arrilah I Shipping Company Inc	Liberia	**100%**	100%
Abu Al Abyad Shipping Company Inc	Liberia	**100%**	100%
Al Yasat II Shipping Company Inc	Liberia	**100%**	100%
Liwa V Shipping Company Inc	Liberia	**100%**	100%
Diyyinah Shipping Company Inc	Liberia	**100%**	100%
Yamilah III Shipping Company Inc	Liberia	**100%**	100%
Butinah Shipping Company Inc	Liberia	**100%**	100%
Ras Ghumays I Shipping Company Inc	Liberia	**100%**	100%
Yas Shipping Company Inc	Liberia	**100%**	100%
Al Karama Shipping Company Inc	Liberia	**100%**	100%
HoldCo 1 Inc	Liberia	**100%**	100%
HoldCo 2 Inc	Liberia	**100%**	100%
Al Khtam Inc	Liberia	**100%**	100%
Al Ruwais Inc	Liberia	**100%**	100%
Tarif Inc	Liberia	**100%**	100%
Al Bateen Inc	Liberia	**100%**	100%
Al Falah Inc	Liberia	**100%**	100%
Al Khaznah Inc	Liberia	**100%**	100%
Shahamah Inc	Liberia	**100%**	100%
Ghasha Inc	Liberia	**100%**	100%
Ish Inc	Liberia	**100%**	100%
Umm Al Ashtan Limited	Liberia	**100%**	100%
Al Hamra Limited	Liberia	**100%**	100%
Mraweh Limited	Liberia	**100%**	100%
Mubaraz Limited	Liberia	**100%**	100%
Al Wathba Inc	Liberia	**100%**	100%
Al Dhafra Inc	Liberia	**100%**	100%
Das Inc	Liberia	**100%**	100%
Zakum Inc	Liberia	**100%**	100%
Hili Inc	Liberia	**100%**	100%
Arzanah Inc	Liberia	**100%**	100%
Al Jimi Inc	Liberia	**100%**	100%
Murban Inc	Liberia	**100%**	100%
Jarnain Inc	Liberia	**100%**	100%
Newco 1 Inc	Liberia	**100%**	100%
Newco 2 Inc	Liberia	**100%**	100%
Newco 3 Inc	Liberia	**100%**	100%
Newco 4 Inc	Liberia	**100%**	100%
Newco 14 Inc	Liberia	**100%**	-
Newco 15 Inc	Liberia	**100%**	-
Newco 16 Inc	Liberia	**100%**	-
Newco 17 Inc	Liberia	**100%**	-
Newco 18 Inc	Liberia	**100%**	-

2 BASIS OF PREPARATION AND ACCOUNTING POLICIES (continued)

2.2 BASIS OF CONSOLIDATION (continued)

The consolidated financial statements include the financial statements of the Company and its subsidiaries listed below:

	Country of incorporation	*Percentage holding* *2021*	*2020*
Indirect subsidiaries (continued)			
Newco 19 Inc	Liberia	**100%**	-
Newco 20 Inc	Liberia	**100%**	-
Newco 21 Inc	Liberia	**100%**	-
Newco 22 Inc	Liberia	**100%**	-
Newco 23 Inc	Liberia	**100%**	-
Newco 24 Inc	Liberia	**100%**	-
Newco 25 Inc	Liberia	**100%**	-
Newco 26 Inc	Liberia	**100%**	-
Newco 27 Inc	Liberia	**100%**	-
Newco 28 Inc	Liberia	**100%**	-
Newco 29 Inc	Liberia	**100%**	-
Newco 30 Inc	Liberia	**100%**	-
Newco 31 Inc	Liberia	**100%**	-
Newco 32 Inc	Liberia	**100%**	-
Newco 33 Inc	Liberia	**100%**	-
Newco 34 Inc	Liberia	**100%**	-
Newco 35 Inc	Liberia	**100%**	-
Joint venture			
AW Shipping Limited	UAE	**50%**	50%

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, and
- The ability to use its power over the investee to affect its returns

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 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 statement of comprehensive income from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into 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.

2 BASIS OF PREPARATION AND ACCOUNTING POLICIES (continued)

2.2 BASIS OF CONSOLIDATION (continued)

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, liabilities 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 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

2.3.1 New and revised IFRS applied on the consolidated financial statements

The following new and revised IFRS, which became effective for annual periods beginning on or after 1 January 2021, have been adopted in these consolidated financial statements:

- Interest rate benchmark (IBOR) 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.

- Covid-19-Related Rent Concessions (Amendments to IFRS 16). The amendment provides lessees with an exemption from assessing whether a COVID-19-related rent concession is a lease modification.

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.

2.3.2 New and revised IFRS issued but not yet effective and not early adopted

The Group has not yet applied the following new standards, amendments and interpretations that have been issued but are not yet effective:

IFRS 17 Insurance Contracts (effective 1 January 2023). IFRS 17 was issued in May 2017 as replacement for IFRS 4 Insurance Contracts. It requires a current measurement model where estimates are remeasured in each reporting period. The standard allows a choice between recognising changes in discount rates either in the statement of profit or loss or directly in other comprehensive income. The choice is likely to reflect how insurers account for their financial assets under IFRS 9.

Property, Plant and Equipment: Proceeds before intended use – Amendments to IAS 16 (effective 1 January 2022). The amendment to IAS 16 *Property, Plant and Equipment (PP&E)* prohibits an entity from deducting from the cost of an item of PP&E any proceeds received from selling items produced while the entity is preparing the asset for its intended use. It also clarifies that an entity is 'testing whether the asset is functioning properly' when it assesses the technical and physical performance of the asset. The financial performance of the asset is not relevant to this assessment.

Entities must disclose separately the amounts of proceeds and costs relating to items produced that are not an output of the entity's ordinary activities.

Reference to the Conceptual Framework – Amendments to IFRS 3 (effective 1 January 2022). Minor amendments were made to IFRS 3 *Business Combinations* to update the references to the *Conceptual Framework for Financial Reporting* and add an exception for the recognition of liabilities and contingent liabilities within the scope of IAS 37 *Provisions, Contingent Liabilities and Contingent Assets* and Interpretation 21 *Levies*. The amendments also confirm that contingent assets should not be recognised at the acquisition date.

2 BASIS OF PREPARATION AND ACCOUNTING POLICIES (continued)

2.3 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (continued)

2.3.2 New and revised IFRS issued but not yet effective and not early adopted (continued)

Onerous Contracts – Cost of Fulfilling a Contract Amendments to IAS 37 (effective 1 January 2022). The amendment to IAS 37 clarifies that the direct costs of fulfilling a contract include both the incremental costs of fulfilling the contract and an allocation of other costs directly related to fulfilling contracts. Before recognising a separate provision for an onerous contract, the entity recognises any impairment loss that has occurred on assets used in fulfilling the contract.

Annual Improvements to IFRS Standards 2018–2020 (effective 1 January 2022). IFRS 9 Financial Instruments, IFRS 16 Leases, IFRS 1 First-time Adoption of International Financial Reporting Standards, IAS 41 Agriculture)

Classification of Liabilities as Current or Non-current – Amendments to IAS 1 (effective 1 January 2023). The narrow-scope amendments to IAS 1 *Presentation of Financial Statement* clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the expectations of the entity or events after the reporting date (eg the receipt of a waver or a breach of covenant). The amendments also clarify what IAS 1 means when it refers to the 'settlement' of a liability. The amendments could affect the classification of liabilities, particularly for entities that previously considered management's intentions to determine classification and for some liabilities that can be converted into equity.

They must be applied retrospectively in accordance with the normal requirements in IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors.*

Definition of Accounting Estimates – Amendments to IAS 8 (effective 1 January 2023). The amendment to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors clarifies how companies should distinguish changes in accounting policies from changes in accounting estimates. The distinction is important, because changes in accounting estimates are applied prospectively to future transactions and other future events, but changes in accounting policies are generally applied retrospectively to past transactions and other past events as well as the current period.

Disclosure of Accounting Policies – Amendments to IAS 1 and IFRS Practice Statement 2 (effective 1 January 2023). The IASB amended IAS 1 to require entities to disclose their material rather than their significant accounting policies. The amendments define what is 'material accounting policy information' and explain how to identify when accounting policy information is material. They further clarify that immaterial accounting policy information does not need to be disclosed. If it is disclosed, it should not obscure material accounting information.

Sale or contribution of assets between an investor and its associate or joint venture – Amendments to IFRS 10 and IAS 28 (effective date not yet decided). The IASB has made limited scope amendments to IFRS 10 *Consolidated financial statements* and IAS 28 *Investments in associates and joint ventures.* The amendments clarify the accounting treatment for sales or contribution of assets between an investor and its associates or joint ventures. They confirm that the accounting treatment depends on whether the non-monetary assets sold or contributed to an associate or joint venture constitute a 'business' (as defined in IFRS 3 *Business Combinations*).

Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12 (effective 1 January 2023). The amendments to IAS 12 Income Taxes require companies to recognise deferred tax on transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences. They will typically apply to transactions such as leases of lessees and decommissioning obligations and will require the recognition of additional deferred tax assets and liabilities.

The Group is currently assessing the impact of these standards, and amendments on the future consolidated financial statements of the Group and intends to adopt these, if applicable, when they become effective.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

IFRS 15 Revenue from Contracts with Customers

The Group recognises revenue from contracts with customers based on a five-step model as set out in IFRS 15:

Step 1: Identify contract(s) with a customer: A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria for every contract that must be met.
Step 2: Identify performance obligations in the contract: A performance obligation is a promise in a contract with a customer to transfer a good or service to the customer.
Step 3: Determine the transaction price: The transaction price is the amount of consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.
Step 4: Allocate the transaction price to the performance obligations in the contract: For a contract that has more than one performance obligation, the Group allocates the transaction price to each performance obligation in an amount that depicts the amount of consideration to which the Group expects to be entitled in exchange for satisfying each performance obligation.
Step 5: Recognise revenue when (or as) the Group satisfies a performance obligation.

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

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

IFRS 15 requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers.

Revenue is measured based on the consideration to which the Group expects to be entitled in a contract with a customer and excludes amounts collected on behalf of third parties. The Group recognises revenue when it transfers control of a product or service to a customer.

The Group recognises revenue from the following major sources:

Freight/ Voyage charters:
Revenue in relation to freight/ voyage charters is recognised over time since the customer simultaneously receives and consumes the benefits of the Group's performance in providing integrated transportation services.

Vessel charters:
The contracts of vessel chartering contain a lease component (i.e., hire of the vessel) and service components (i.e., operate the vessel and maintenance service etc.). Revenue from hire of vessel is recognised over the lease term and revenue from services is recognised over time. The transaction price is allocated to each performance obligation using an expected cost-plus margin approach.

Sale of goods:
Revenue from the sale of goods is recognised when control of the goods has transferred, being when the goods have been delivered to the customers.

Rendering of services:
The Group provides port services, base operation services and oil field services to customers. Revenue is recognised over time since customers simultaneously receive and consume the benefits of the Group's performance in providing services under contractual terms.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

IFRS 15 Revenue from Contracts with Customers (continued)

Rental income:
The Group's policy for recognition of revenue from operating leases is described in the accounting policy on leasing below.

Interest income:
Interest income is recognised as the interest accrues using the effective interest method, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instruments to the net carrying amount of the financial asset.

Property, plant and equipment

Property, plant and equipment are stated at cost, net of accumulated depreciation and/or accumulated impairment losses, if any. Depreciation is calculated using the straight-line method to allocate the assets' costs to their residual values over their estimated useful lives as follows:

	Useful life
Building, wharves and land improvements	7 - 25 years
Vessels (excluding dry docking component)	20 – 35 years
Dry docking components of vessel and marine equipment	2 - 5 years
Plant	20 years
Equipment and vehicles	4 - 10 years
Furniture, fixtures and office equipment	4 years

The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property, plant and equipment and any significant part initially recognised, is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the consolidated statement of comprehensive income as other income/(loss) when the asset is derecognised.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the depreciation period or method, as appropriate, and are treated as changes in accounting estimates.

Dry docking
Major dry docking is capitalised when incurred and is depreciated over the period until the next major dry dock which is normally 60 months.

Capital work in progress

Capital work in progress is included in property, plant and equipment at cost, on the basis of the percentage completed at the reporting date. The capital work in progress is transferred to the appropriate asset category and depreciated in accordance with the Group's policies when construction of the asset is completed and the asset is commissioned.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Capital work in progress (continued)

The costs of capital work in progress will be transferred to property, vessel and equipment when these assets reach their working condition for their intended use. The carrying amounts of capital work-in-progress are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. If any such indication exists and where the carrying amounts exceed the estimated recoverable amount, the assets are written down to their recoverable amount.

Investment properties

Investment properties, which are property held to earn rentals and/or for capital appreciation, are initially measured at cost, including transaction costs.

Depreciation on investment properties is calculated on a straight-line basis over the estimated useful life of 20 - 25 years.

The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis.

The gain or loss arising on the disposal or retirement of investment properties is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in consolidated income statement in the year.

Investment in joint venture

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

The considerations made in determining significant influence or joint control are similar to those necessary to determine control over subsidiaries.

The Group's investments in its joint venture are accounted for using the equity method.

Under the equity method, the investment in a joint venture is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the joint venture since the acquisition date.

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

The aggregate of the Groups joint ventures and associated is shown on the face of the consolidated statement of comprehensive income outside operating profit and represents profit or loss and non-controlling interests in the subsidiaries of the joint venture.

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

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Investment in joint venture (continued)

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in its joint venture. At each reporting date, the Group determines whether there is objective evidence that the investment in the joint venture is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the joint venture and its carrying value, then recognises the loss as part of "Share of profit of a joint venture", and then recognises the loss in the consolidated statement of comprehensive income

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

Intangible assets

Intangible assets acquired separately are reported at cost less accumulated amortisation and impairment losses, if any. Amortisation is charged on a straight-line basis over the assets' estimated useful lives. The estimated useful lives are reviewed at the end of each annual reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets mainly include computer systems, software and licenses with an estimated useful life of 4 years.

Leases

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

Group as a lessee
The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

Group as a lessor
The Group subleases certain assets including land and vessels under head leases with lease terms exceeding 12 months at commencement. The Group has classified the subleases as finance leases or operating leases by reference to the right-of-use asset arising from the head lease. The lease value is capitalised using discounted cash flows and a corresponding lease liability is recognised.

i) Right-of-use assets
The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Leases (continued)

Right-of-use assets are subject to impairment. Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term which is as follows:

	Useful life
Land	19 years
Vessels	1.5-5 years

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

After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

Vessel lease contracts
For the vessel lease contracts fulfilling the capitalization criteria defined by IFRS 16, the lease term corresponds to the duration of the contracts signed except in cases where the Group is reasonably certain of exercising the renewal options contractually foreseen. Vessel lease contracts concluded by the Group do not include guaranteed value clauses for leased assets.

Real-estate lease contracts
Based on its analysis, the Group has identified lease contracts according to IFRS 16 concerning surface areas rented in its base in Mussafah and lease contracts on office and other buildings.

The lease term corresponds to the non-cancellable period which is estimated to be the term until the Group's sublease contracts are effective. The discount rate used to calculate the lease liabilities is determined, for each asset, according to the incremental borrowing rate at the signature date. The incremental borrowing rate is the rate that the lessee would pay to borrow the required funds to purchase the asset over a similar term, with a similar security and in a similar economic environment. This rate is achieved by the addition of the interest rate prevalent in the market (EIBOR) or interest rate on government bonds and the credit spread, as the case may be. The coupon on government bonds is specific to the location, currency, period and maturity. The definition of the spread curve is based upon reference points, each point consisting of asset financing on assets.

Types of non-capitalized lease contracts
The Group uses the two exemptions foreseen by the standard allowing for non-recognition in the balance sheet: short-term lease contracts and lease contracts for which the underlying assets have a low value.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Leases (continued)

iii) Short-term leases and leases of low-value assets
The Group applies the short-term lease recognition exemption to its short-term leases of property and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). Within the Group, short term property leases mainly relate to leases of:

- Land at operation sites with a reciprocal notice-period equal to or less than 12 months;
- Office and warehouse space lease with a notice-period equal to or less than 12 months;
- Accommodations for expatriates with a notice period equal to or less than 12 months.

It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered of low value. Lease payments on short- term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

Inventories

Inventories are stated at the lower of cost and net realisable value and are held for consumption in the vessels. Inventories consist of bunkers, lubes and victualling stock. Cost is determined using the weighted average method. Net realisable value is based on estimated selling price less any further costs expected to be incurred on disposal.

Impairment of non-financial assets

At each reporting date, the Group reviews the carrying amounts of its non-financial 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, 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. In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

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 (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in the consolidated statement of comprehensive income.

Where an impairment loss subsequently reverses, the carrying amount of the asset (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 (cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in the consolidated statement of comprehensive income.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial assets

Classification and measurement
The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component are measured at the transaction price determined under IFRS 15.

Debt financial instruments are subsequently measured at fair value through profit or loss (FVPL), amortised cost, or fair value through other comprehensive income (FVOCI). The classification is based on two criteria: the Group's business model for managing the assets; and whether the instruments' contractual cash flows represent 'solely payments of principal and interest' on the principal amount outstanding (the 'SPPI criterion'). The most relevant classification for the Group is the financial instruments carried at amortised cost.

The Group measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective 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

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

The Group's financial assets at amortised cost primarily includes trade receivables, cash and bank balances, sublease receivables and due from related parties.

Impairment of financial assets

The Group recognises a loss allowance for expected credit losses on trade receivables and due from related parties. 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.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

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.

The Group considers a financial asset in default when contractual payments are past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments - recognition, de-recognition and offsetting

A financial asset or a financial liability is recognised when the Group becomes a party to the contractual provisions of the instrument. All "regular way" purchases and sales of financial assets are recognised on the trade date (i.e. the date that the Group commits to purchase or sell the asset). Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the market place.

A financial asset (or where applicable a part of a financial asset or a part of group of financial assets) is de-recognised either when:

(i) the rights to receive cash flows from the asset have expired;
(ii) the Group retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a 'pass through' arrangement; or
(iii) the Group has transferred its rights to receive cash flows from the asset and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset but has transferred control of the asset.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in the consolidated statement of comprehensive income.

Financial assets and liabilities are offset and the net amount reported in the consolidated statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

Financial liabilities

The Group determines the classification of its financial liabilities at initial recognition.

Financial liabilities are recognised initially at fair value and in the case of borrowings, at fair value of the consideration received less directly attributable transaction costs and subsequently carried at amortised cost using the effective interest method.

The Group's financial liabilities include due to related parties, trade and other payables and lease liabilities.

Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, current accounts in banks and bank deposits with original maturities of three months or less.

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 an outflow of resources will be required to settle the obligation and the amount can be reliably estimated.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation at the end of the reporting period, using a rate that reflects current market assessments of the time value of money and the risks specific to the obligation.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Provisions (continued)

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.

Provisions for decommissioning and restoration costs, which arise principally in connection with lease of land and facilities, is estimated at current prices and in accordance with local conditions and requirements and an equivalent amount is included in the respective class of asset in property, plant and equipment and right-of-use asset. The present value is calculated using amounts discounted over the lease period. The liability is recognised (together with a corresponding amount as part of the related property, plant and equipment or right-of-use assets) once an obligation crystallizes in the period when a reasonable estimate can be made. The effects of changes resulting from revisions to the timing or the amount of the original estimate of the provision are reflected on a prospective basis, generally by adjustment to the carrying amount of the related property, plant and equipment and right-of-use asset. However, where there is no related asset, or the change reduces the carrying amount to nil, the effect, or the amount in excess of the reduction in the related asset to nil, is recognised in the consolidated statement of comprehensive income.

Employees' end of service benefits

The Group operates an un-funded post-employment benefit plan (employees' end of service benefits) for its expatriate employees in the UAE, in accordance with the Company policy and UAE Labour Law. The entitlement to these benefits is based upon the employees' final salary and length of service, subject to the completion of a minimum service period. Payment for employees' end of service benefits is made when an employee leaves, resigns or completes his service.

The cost of providing benefits under the post-employment benefit plan is determined using the projected unit credit method. Re-measurements, comprising of actuarial gains and losses, are recognised immediately in the consolidated statement of financial position with a corresponding debit or credit to processing and marketing fees through other comprehensive income in the period in which they occur. Re-measurements are not reclassified to profit or loss in subsequent periods.

Interest is calculated by applying the discount rate to the defined benefit liability. The rate used to discount the end of service benefit obligation is determined by reference to market yields at the consolidated statement of financial position date on high quality corporate bonds. The current and non-current portions of the provision relating to employees' end of service benefits are separately disclosed in the consolidated statement of financial position.

The Group recognises the following changes in the employees' end of service benefits in the processing and marketing fees:

- Service costs comprising current service costs
- Interest expense

With respect to UAE national employees, contributions are made to Abu Dhabi Retirement Pensions and Benefits Fund, calculated in accordance to the Fund's regulations. With respect to GCC national employees, the contributions are made to the pension funds or agencies of their respective countries. Such contributions are charged to the processing and marketing fees during the employees' period of service.

The provision relating to annual leave, leave passage and pension contribution is considered as a current liability, while that relating to end of service benefits is disclosed as a non-current liability.

3 **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

Foreign currencies

Transactions in foreign currencies are recorded at the rate ruling at the date of the transactions. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the reporting date. All differences are taken to the consolidated statement of comprehensive income. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions.

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

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

Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

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

The principal or the most advantageous market must be accessible to by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

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

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

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

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

Contingent assets are not recognised in the consolidated financial statements but disclosed when an inflow of economic benefits is probable.

Current versus non-current classification

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

- Expected to be realised or intended to be sold or consumed in the normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in the normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Group classifies all other liabilities as non-current.

Earnings per share

The Group presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares, which comprise convertible notes and share options granted to employees, if any.

Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components, whose operating results are reviewed regularly by the Group's top Management (being the chief operating decision maker) to make decisions about resources allocated to each segment and assess its performance, and for which discrete financial information is available.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.1 SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

While applying the accounting policies as stated in note 3, management of the Group has made certain estimates and assumptions that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on going basis. Revisions to accounting estimates are recognised in the period of the revision in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Impairment of inventories
Inventories are held at the lower of cost and net realisable value. When inventories become old or obsolete, an estimate is made of their net realisable value. For individually significant amounts this estimation is performed on an individual basis. Amounts which are not individually significant, but which are old or obsolete, are assessed collectively and a provision applied according to the inventory type and the degree of ageing or obsolescence, based on anticipated selling prices.

At the consolidated statement of financial position date, gross carrying amount of inventories on hand was AED 225,445 thousand (2020: AED 170,480 thousand) and provisions for slow moving and obsolete inventories was AED 13,541 thousand (2020: AED 13,541 thousand). Any difference between the amounts actually realised in future periods and the amounts expected will be recognised in the consolidated statement of comprehensive income.

Impairment of receivables
The Group uses a provision matrix to calculate ECLs for trade receivables and to record IFRS 9 provisions thereon.

The provision matrix is initially based on the Group's historical observed default rates. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.

For due from related parties' balances, probability of default (PD) is determined to be nil based on ADNOC's rating by Fitch as at 31 December 2021. Fitch Ratings has given ADNOC Group a standalone credit rating of AA+ and a long-term issuer default rating of AA with a stable outlook, in line with the sovereign rating of Abu Dhabi. However, on a conservative basis, the Group records provisions for expected credit losses on due from related parties based on ageing buckets.

The provision for expected credit losses on trade receivables has been calculated using a simplified approach, requiring the computation of lifetime expected credit losses. The provision matrix has been calculated in the following manner:

Historical analysis of aging data
Aging data from January 2016 to December 2021 has been used for this analysis. For the purpose of the historical analysis, management has defined 180 days past due as default. Furthermore, and in accordance with IFRS 9, Management has chosen to segment the customer base into third party and intercompany debtors.

The probability of default (PD) for the various age buckets has been calculated by assessing the flow rate of debit balances into subsequent age buckets, and ultimately into the default age bucket (according to the definition of default discussed above).
The loss given default (LGD) has been calculated by analyzing the recovery / collections of defaulted balances.

Forward-looking macroeconomic factors
IFRS 9 requires a forward-looking macroeconomic adjustment, applied to the historical loss rate. To incorporate this element, a multiple regression analysis has been performed, considering the following factors: Independent variables: the sovereign CDS spread, a market indication of credit risk of the region of operations. Dependent variable(s): the two factors used in the regression analysis are Gross Debt/GDP and Net borrowing - lending/GDP of the region of operations.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.1 SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES (continued)

Forward-looking macroeconomic factors (continued)
The calculated impact of the regression analysis is a 2% incremental increase in historical loss rates, i.e., PD x LGD x 1.02.

At the consolidated statement of financial position date, gross trade receivables were AED 99,451 thousand (2020: AED 38,879 thousand), and the provision for expected credit losses was AED 10,076 thousand (2020: AED 7,898 thousand). Any difference between the amounts actually collected in future periods and the amounts expected will be recognised in the consolidated statement of comprehensive income.

At the consolidated statement of financial position date, gross amount due from related parties were AED 1,245,388 thousand (2020: AED 1,906,410 thousand), and the provision for expected credit loss was AED 1,815 thousand (2020: AED 33,545 thousand). Any difference between the amounts actually collected in future periods and the amounts expected will be recognised in the consolidated statement of comprehensive income.

Useful lives of property, plant and equipment and intangible assets
The Group's management determines the estimated useful lives of property, plant and equipment and intangible assets based on the intended use of the assets and the expected economic lives of those assets. Subsequent changes in circumstances such as technological advances or prospective utilisation of the assets concerned could result in the actual useful lives or residual values differing from the initial estimates.

This estimate is determined after considering the current usage of the asset compared to full utilisation capabilities of the asset and physical wear and tear, technical or commercial obsolescence and other limits on the use of the asset Management reviews the residual value and useful lives annually and the future depreciation charge would be adjusted where management believes that the useful lives differ from previous estimates.

Impairment of property, plant and equipment
The Group determines whether property, plant and equipment are impaired when events or changes in circumstances indicate that the carrying amount may not be recoverable. If an indicator of impairment exists, the Group determines the value in use of the cash generating units, where an indicator has been identified. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the cash generating units and also choose a suitable discount rate in order to calculate the present value of those cash flows.

Management did not identify any impairment indicators in the current or prior year for property, plant and equipment. However, management identified certain capital work-in-progress for which future development is not expected and, accordingly, recorded an impairment of AED 5,388 thousand (2020:AED Nil).

Fair value of investment properties
The Group applies the Discounted Cash Flow (DCF) method for determination of fair value of investment properties. The fair value derived under DCF is sensitive to the discount rate used in the DCF model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes. Fair value of investment properties as of 31 December 2021 is AED 965 million (2020: AED 818 million).

Determining the lease term of contracts with renewal and termination options – Group as lessee
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 several lease contracts that include extension and termination options. The Group applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. 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 or to terminate (e.g., construction of significant leasehold improvements or significant customisation to the leased asset). On this basis the management has determined their best estimate of the lease term for each lease. The lease period determined will be reassessed at each reporting period.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.1 SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES (continued)

Determining the lease classification – Group as lessor
The Group has entered into several lease arrangements in respect of land and vessels as a lessor. The Group has determined, based on an evaluation of the terms and conditions of the arrangements, such as the lease term either constituting a major part of the economic life of the leased asset and the present value of the minimum lease payments either amounting to substantially all of the fair value of the leased asset, that either it retains substantially all the risks and rewards incidental to ownership of leased asset and accounts for the contracts as operating leases or finance leases accordingly.

Extension options for leases
The Group uses its judgement to determine whether or not an option would be reasonably certain to be exercised. The Group considers all facts and circumstances including their past practice and any cost that will be incurred to change the asset if an option to extend is not taken, to help them determine the lease term.

COVID-19 pandemic

In March 2020, the World Health Organisation declared the outbreak of COVID-19 a global pandemic. In response to the pandemic, the UAE authorities implemented numerous measures attempting to contain the spreading and impact of COVID-19, such as travel bans and restrictions, quarantines, shelter-in-place orders and limitations on business activity, including closures. Some of the above measures were subsequently relaxed, however, as of 31 December 2021, the global infection levels remain high, vaccination rate is relatively low, and there is a risk that the UAE authorities would impose additional restrictions in subsequent periods, including due to emerging new variants of the virus. The Group is monitoring the evolution of the COVID 19 pandemic and will continue to assess further impacts going forward, though most countries have relaxed norms.

The Group has also introduced proactive comprehensive measures to address and mitigate key operational and financial issues arising from the current situation and has reasonably managed several areas of operational risks identified and implemented various measures that ensured continuity of the operations

COVID-19 related costs:
The company incurred additional costs of AED 40,755 thousand (2020: AED 34,725 thousands) as COVID-19 prevention costs. This includes medical costs, supplies and quarantine costs. This is expected to continue in 2022.

Property, plant & equipment and investment properties:
The Group's vessels' valuations have not been impacted significantly by the COVID-19 pandemic. This was primarily due to takeover of the assets from ADNOC HQ in 2017 at the market rates, rather than at their original built prices.

Investment property rented out to clients in Industrial City of Abu Dhabi Zone (ICAD) (continued) to be valued appropriately. Investment properties remain occupied, with no discounts given to customers, except ADNOC Offshore. However, the discount has not resulted in any impairment.

Inventories and other assets:
The Group has reviewed its inventories such as bunkers on vessels and in jetty tanks, spares and consumables as well as other assets such as accounts receivables. As a result of this work, no significant impairment has been recorded as of 31 December 2021.

As the situation is fluid and rapidly evolving, management does not consider it practical to provide a quantitative estimate of the potential impact of this outbreak on the Group's consolidated financial statements at this stage.

4 REVENUES

Disaggregation of revenue

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

	2021 *AED'000*	*2020* *AED'000*
Shipping- freight / voyage charter income	**1,599,685**	1,038,370
Petroleum port operations	**615,810**	537,724
Offshore vessels charter income	**544,327**	517,892
Operating lease income	**527,243**	513,367
Base operation services	**449,308**	465,053
Ship management income	**287,884**	311,839
Drilling chemicals	**165,946**	170,301
Onshore services income	**106,112**	114,053
Sales of bunkering fuel & water	**76,908**	62,264
	4,373,223	3,730,863
Timing of revenue		
Goods transferred at a point of time	**242,854**	232,565
Services rendered over time	**4,130,369**	3,498,298
	4,373,223	3,730,863

5 DIRECT COSTS

	2021 *AED'000*	*2020* *AED'000*
Staff costs (note 8)	**1,096,688**	998,873
Freight and voyage charter costs	**941,174**	973,807
Bunker and other consumption	**523,475**	329,614
Depreciation on property, plant and equipment (note 11)	**345,878**	263,889
Port charges	**175,165**	67,481
Repairs and maintenance	**164,735**	104,341
Depreciation on right-of-use assets (note 12)	**20,050**	9,265
Depreciation on investment properties (note 14)	**8,874**	5,155
Other operating costs	**264,995**	181,829
	3,541,034	2,934,254

6 GENERAL AND ADMINISTRATIVE EXPENSES

	2021 AED'000	2020 AED'000
Staff costs (note 8)	**218,099**	202,150
Office rent	**15,162**	15,165
Amortisation of intangible assets (note 13)	**14,618**	2,666
Consultancy fees	**7,066**	14,164
Depreciation on property, plant and equipment (note 11)	**4,300**	7,658
Others	**47,313**	45,948
	306,558	287,751

7 OTHER INCOME, NET

	2021 AED'000	2020 AED'000
Gain on reversal of liabilities and others	**-**	64,108
Profit on initial recognition of sub-lease receivables	**4,674**	-
Gain \ (loss) on disposal of property, plant and equipment	**3,577**	(2,661)
	8,251	61,447

8 STAFF COSTS

	2021 AED'000	2020 AED'000
Salaries & benefits (direct hire and sub-contracted)	**1,297,438**	1,181,583
Pension adjustment (note 24)	**333,888**	-
Employees' end of service benefits (note 22)	**17,349**	19,440
	1,648,675	1,201,023
Analyzed as:		
Direct costs	**1,096,688**	998,873
Pension adjustment (note 24)	**333,888**	-
General and administrative expenses	**218,099**	202,150
	1,648,675	1,201,023

9 FINANCE INCOME

	2021 AED'000	2020 AED'000
Interest income on sub-leases (finance leases) (note 12)	**5,043**	9,215
Interest income from banks	**977**	7,093
	6,020	16,308

10 FINANCE COSTS

	2021 AED'000	2020 AED'000
Interest cost on shareholder loan (note 24)	**15,852**	-
Interest expense on lease liabilities (note 12)	**11,035**	10,285
Interest cost as per IAS-19 (note 22)	**2,199**	15,554
Others	**-**	210
	29,086	26,049

11 PROPERTY, PLANT AND EQUIPMENT

	Buildings AED'000	*Vessels and marine equipment AED'000*	*Plant AED'000*	*Equipment and vehicles AED'000*	*Furniture, fixtures and office equipment AED'000*	*Capital work in progress AED'000*	*Total AED'000*
2021							
Cost:							
At 1 January 2021	236,251	4,752,700	19,297	159,578	54,920	188,925	5,411,671
Additions	-	1,887,363	-	-	-	793,091	2,680,454
Disposals	-	(93,193)	-	(1,958)	-	-	(95,151)
Transfer to intangible assets (note 13)	-	-	-	-	-	(24,564)	(24,564)
Transfer to investment properties (note 14)	-	-	-	-	-	(14,064)	(14,064)
Transfers	11,319	468,049	-	54,940	38,021	(572,329)	-
Impairment	-	-	-	-	-	(5,388)	(5,388)
Adjustments and write offs	(488)	(438,120)	500	(21,776)	(20,453)	-	(480,337)
At 31 December 2021	**247,082**	**6,576,799**	**19,797**	**190,784**	**72,488**	**365,671**	**7,472,621**
Accumulated depreciation:							
At 1 January 2021	194,889	1,286,465	19,297	86,209	40,917	-	1,627,777
Charge for the year	5,074	317,598	68	19,796	7,642	-	350,178
Disposals	-	(93,193)	-	(1,958)	-	-	(95,151)
Adjustments and write offs	(2,499)	(456,314)	37	(3,530)	(16,425)	-	(478,731)
At 31 December 2021	**197,464**	**1,054,556**	**19,402**	**100,517**	**32,134**	**-**	**1,404,073**
Net book value							
At 31 December 2021	**49,618**	**5,522,243**	**395**	**90,267**	**40,354**	**365,671**	**6,068,548**
2020							
Cost:							
At 1 January 2020	213,488	3,835,766	19,357	154,828	68,152	90,632	4,382,223
Additions	-	975,967	-	-	-	474,429	1,450,396
Disposals	(6,592)	(265,231)	(60)	(48,680)	(13,424)	-	(333,987)
Transfer to intangible assets (note 13)	-	-	-	-	-	(55,016)	(55,016)
Transfer to investment properties (note 14)		-	-	-	-	(9,856)	(9,856)
Transfers	29,355	206,198	-	53,430	192	(289,175)	-
Write off	-	-	-	-	-	(22,089)	(22,089)
At 31 December 2020	236,251	4,752,700	19,297	159,578	54,920	188,925	5,411,671

11 PROPERTY, PLANT AND EQUIPMENT (continued)

	Buildings AED'000	*Vessels and marine equipment AED'000*	*Plant AED'000*	*Equipment and vehicles AED'000*	*Furniture, fixtures and office equipment AED'000*	*Capital work in progress AED'000*	*Total AED'000*
2020							
Accumulated depreciation:							
At 1 January 2020	192,733	1,228,992	19,342	119,830	53,660	-	1,614,557
Charge for the year	8,047	253,125	15	9,683	677	-	271,547
Disposals	(5,891)	(195,652)	(60)	(43,304)	(13,420)	-	(258,327)
At 31 December 2020	194,889	1,286,465	19,297	86,209	40,917	-	1,627,777
Net book value							
At 31 December 2020	**41,362**	**3,466,235**	-	**73,369**	**14,003**	**188,925**	**3,783,894**

Depreciation has been allocated in the consolidated statement of comprehensive income are as follows:

	2021 AED'000	*2020 AED'000*
Direct costs (note 5)	**345,878**	263,889
General and administrative expenses (note 6)	**4,300**	7,658
	350,178	271,547

12 RIGHT-OF-USE ASSETS & LEASE LIABILITIES

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

A. In respect of head-lease:

AED'000	*Land right -of-use asset*	*Vessels right -of-use asset*	*Total*
As at 1 January 2021	**115,257**	**2,053**	**117,310**
Additions	**-**	**37,088**	**37,088**
Depreciation expense	**(6,776)**	**(13,274)**	**(20,050)**
As at 31 December 2021	**108,481**	**25,867**	**134,348**
As at 1 January 2020	122,052	4,523	126,575
Depreciation expense	(6,795)	(2,470)	(9,265)
As at 31 December 2020	115,257	2,053	117,310

AED'000	*Land lease liability*	*Vessels lease liability*	*Total*
As at 1 January 2021	**118,323**	**2,096**	**120,419**
Additions	**-**	**37,088**	**37,088**
Interest expense (note 10)	**8,004**	**961**	**8,965**
Payments	**(11,665)**	**(13,900)**	**(25,565)**
As at 31 December 2021	**114,662**	**26,245**	**140,907**

12 RIGHT-OF-USE ASSETS & LEASE LIABILITIES (continued)

A. In respect of head-lease: (continued)

AED'000	*Land lease liability*	*Vessels lease liability*	*Total*
As at 1 January 2020	121,713	4,546	126,259
Interest expense	8,062	104	8,166
Payments	(11,452)	(2,554)	(14,006)
As at 31 December 2020	118,323	2,096	120,419

B. In respect of sub-lease:

AED'000	*Land sub-lease receivables*	*Vessels sub-lease receivables*	*Total*
As at 1 January 2021	**50,325**	**53,535**	**103,860**
Additions	**-**	**11,254**	**11,254**
Profit on initial recognition of sub-leases	**-**	**9,070**	**9,070**
Interest income	**3,385**	**1,658**	**5,043**
Payments received	**(5,300)**	**(27,535)**	**(32,835)**
As at 31 December 2021	**48,410**	**47,982**	**96,392**
As at 1 January 2020	52,101	34,383	86,484
Additions	-	41,686	41,686
Interest Income	3,524	5,691	9,215
Payments received	(5,300)	(28,225)	(33,525)
As at 31 December 2020	50,325	53,535	103,860

AED'000	*Land sub -lease liability*	*Vessel sub- lease liability*	*Total*
As at 1 January 2021	**9,830**	**48,710**	**58,540**
Additions	**-**	**11,254**	**11,254**
Interest expense (note 10)	**642**	**1,428**	**2,070**
Payments	**(1,017)**	**(24,175)**	**(25,192)**
As at 31 December 2021	**9,455**	**37,217**	**46,672**
As at 1 January 2020	10,178	30,877	41,055
Additions	-	41,686	41,686
Interest expense	670	1,449	2,119
Payments	(1,018)	(25,302)	(26,320)
As at 31 December 2020	9,830	48,710	58,540

12 RIGHT-OF-USE ASSETS & LEASE LIABILITIES (continued)

Sub-lease receivables are analysed in the consolidated statement of financial position as follows:

	2021 AED '000	*2020 AED '000*
Current portion	**23,188**	25,144
Non-current portion	**73,204**	78,716
	96,392	103,860

Sub-lease receivables as of 31 December 2021 can be further analysed as follows:

AED'000	*Current portion*	*Non-current portion*	*Total*	*Non-current 1-5 year*	*Non-current 5 year & above*
ADNOC Offshore	14,216	17,290	31,506	17,290	-
ADNOC Onshore	6,292	9,559	15,851	9,559	-
Total related party balances	20,508	26,849	47,357	26,849	-
Third parties	2,680	46,355	49,035	9,822	36,533
Total	23,188	73,204	96,392	36,671	36,533

Sub-lease receivables as of 31 December 2020 can be further analysed as follows:

AED'000	*Current portion*	*Non-current portion*	*Total*	*Non-current 1-5 year*	*Non-current 5 year & above*
ADNOC Offshore	19,124	28,851	47,975	28,851	-
ADNOC Onshore	966	830	1,796	830	-
Total related party balances	20,090	29,681	49,771	29,681	-
Third parties	5,054	49,035	54,089	9,779	39,256
Total	25,144	78,716	103,860	39,460	39,256

12 RIGHT-OF-USE ASSETS & LEASE LIABILITIES (continued)

Lease liabilities as of 31 December are analysed in the consolidated statement of financial position as follows:

	2021 *AED '000*	*2020* *AED '000*
Relating to head-lease	**140,907**	120,419
Relating to sub-lease receivables	**46,672**	58,540
	187,579	178,959
Current portion	**34,710**	27,236
Non-current portion	**152,869**	151,723
	187,579	178,959

Lease liabilities as of 31 December can be further analysed as follows:

31 December 2021	*Current portion*	*Non-current portion*	*Total*	*Non-current 1-5 year*	*Non-current 5 year & above*
ADNOC HQ	4,329	119,788	124,117	22,666	97,122
Total related party balances	4,329	119,788	124,117	22,666	97,122
Third parties	30,381	33,081	63,462	33,081	-
Total	34,710	152,869	187,579	55,747	97,122

31 December 2020	*Current portion*	*Non-current portion*	*Total*	*Non-current 1-5 year*	*Non-current 5 year & above*
ADNOC HQ	4,035	124,117	128,152	19,506	104,611
Total related party balances	4,035	124,117	128,152	19,506	104,611
Third parties	23,201	27,606	50,807	27,606	-
Total	27,236	151,723	178,959	47,112	104,611

The table below indicates rental expenses resulting from lease and service contracts which are recognised in the consolidated statement of comprehensive income:

	2021 *AED'000*	*2020* *AED'000*
Short term rents (included in note 5 & 6)	**22,296**	22,296

12 RIGHT-OF-USE ASSETS & LEASE LIABILITIES (continued)

The movement in provision for dismantling liability on leased land is as follows:

	2021 AED '000	*2020 AED '000*
As at 1 January	**4,530**	4,222
Accretion during the year	**331**	308
As at 31 December	**4,861**	4,530

13 INTANGIBLE ASSETS

	2021 AED'000	*2020 AED'000*
Computer software		
Cost:		
At 1 January	**72,039**	24,978
Transfer from property, plant and equipment (note 11)	**24,564**	55,016
Adjustments and Write -offs	**23,163**	-
Disposals	**(37,537)**	(7,955)
At 31 December	**82,229**	72,039
Accumulated amortization:		
At 1 January	**18,619**	21,184
Charge for the year	**14,618**	2,666
Adjustments and Write -offs	**21,557**	-
Disposals	**(37,537)**	(5,231)
At 31 December	**17,257**	18,619
Net book value		
At 31 December	**64,972**	53,420

Intangible assets comprise the cost of acquired enterprise computer systems, software and licenses.

14 INVESTMENT PROPERTIES

	2021 AED'000	*2020 AED'000*
Cost:		
At 1 January	**348,165**	338,309
Transfer from property, plant and equipment (note 11)	**14,064**	9,856
At 31 December	**362,229**	348,165
Accumulated depreciation:		
At 1 January	**242,196**	237,041
Charge for the year	**8,874**	5,155
At 31 December	**251,070**	242,196
Net book value	**111,159**	105,969

14 INVESTMENT PROPERTIES (continued)

Investment properties comprise of buildings owned by the Group which are rented to tenants under operating lease arrangements. The fair valuation of the completed properties was carried out as at 31 December 2021 by management using the discounted cash flow method of valuation, using assumptions such as annual growth rate and discount rate. The fair value was assessed at AED 965 million as at 31 December 2021 (2020: AED 818 million).

In estimating the fair value of the properties, the highest and best use of the property is considered as their current use. The inputs used in the valuation are not based on observable market data and thus the valuation techniques were considered to be Level 3 valuation.

Land on which the building is constructed is leased by ADNOC to the Group for a period of 10 years until 31 December 2028 at an annual rent of AED 12,469 thousand and is expected to be renewed till the Group's sub-lease contracts are effective (note 12).

	2021 ***AED'000***	*2020* *AED'000*
Rental income included under operating lease income	**90,578**	101,999
Direct costs excluding depreciation	**9,188**	12,875

15 INVESTMENT IN A JOINT VENTURE

Details of the Group's investment in a joint venture at 31 December are as follows:

Name of joint venture	*Percentage holding 2021*	*2020*	*Country of incorporation*	*Principal activity*
AW Shipping Limited	50%	50%	UAE	Shipping services

The movement in the carrying value of investment in joint venture is summarised below:

	2021 ***AED'000***	*2020* *AED'000*
As at 1 January	**74,846**	-
Investment during the year	**192,438**	74,921
Share of profit/(loss) for the year	**3,900**	(75)
As at 31 December	**271,184**	74,846

The assets, liabilities and results of the joint venture are summarised below:

	2021 ***AED'000***	*2020* *AED'000*
Statement of financial position		
Total assets	**691,527**	174,518
Total liabilities	**(149,159)**	(24,826)
Net assets	**542,368**	149,692

15 INVESTMENT IN A JOINT VENTURE (continued)

	2021 AED'000	2020 AED'000
Statement of comprehensive income		
Revenue	**18,209**	-
Expenses	**(10,409)**	(150)
Total comprehensive income/ (loss)	**7,800**	(150)

16 INVENTORIES

	2021 AED'000	2020 AED'000
Bunkers	**86,952**	25,126
Lubes	**9,621**	9,469
Raw materials & finished goods	**16,565**	25,948
Spare parts, fuel and consumables	**110,819**	108,449
Firefighting foam and dispersant stock	**1,488**	1,488
	225,445	170,480
Less: provision for slow-moving and obsolete inventories	**(13,541)**	(13,541)
	211,904	156,939

Movement in the provision for slow-moving and obsolete inventories is as follows:

	2021 AED'000	2020 AED'000
At 1 January	**13,541**	14,624
Reversal during the year	**-**	(1,083)
At 31 December	**13,541**	13,541

17 TRADE AND OTHER RECEIVABLES

	2021 AED'000	2020 AED'000
Trade receivables	**99,451**	38,879
Provision for expected credit losses	**(10,076)**	(7,898)
Trade receivables, net	**89,375**	30,981
Prepaid expenses and other receivables	**139,299**	110,553
Receivable from employees	**37,479**	25,820
Advances to suppliers	**38,051**	120,713
	304,204	288,067

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

	2021	2020
At 1 January	**7,898**	18,647
Write off during the year	**-**	(2,561)
Charge / (write back) during the year	**2,178**	(8,188)
At 31 December	**10,076**	7,898

17 TRADE AND OTHER RECEIVABLES (continued)

Below is the information about credit risk exposure on the Group's trade receivables:

			Past due				
	Total AED' 000	*Not past due AED' 000*	*< 30 days AED' 000*	*30 - 60 days AED' 000*	*61 - 90 days AED' 000*	*91 - 120 days AED' 000*	*> 120 days AED' 000*
Provision matrix		4%	6%	10%	14%	17%	35%
Gross trade receivable							
31 December 2021	**99,451**	**41,887**	**23,819**	**6,342**	**13,463**	**1,746**	**12,194**
31 December 2020	38,879	12,416	4,469	2,414	1,022	1,492	17,066
Provision for expected credit losses							
31 December 2021	**10,076**	**1,540**	**1,539**	**627**	**1,850**	**301**	**4,219**
31 December 2020	7,898	402	818	288	504	176	5,710
Net trade receivable							
31 December 2021	**89,375**	**40,347**	**22,280**	**5,715**	**11,613**	**1,445**	**7,975**
31 December 2020	30,981	12,014	3,651	2,126	518	1,316	11,356

The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivables mentioned above. It is not the practice of the Group to obtain a collateral over receivables balances.

18 CASH AND CASH EQUIVALENTS

	2021 AED'000	*2020 AED'000*
Cash in hand	**4,076**	5,547
Cash at banks	**1,349,045**	351,063
	1,353,121	356,610

The Group held cash and cash equivalent with financial institutions that are rated at least AA- to A+ based on rating agency ratings. Accordingly, the ECL provision amount calculated by applying the general approach is considered to be immaterial. Cash at banks include call deposit accounts that earn interest of 0.07% (2020: 0.85%).

19 SHARE CAPITAL

	2021 AED'000	*2020 AED'000*
Authorised, issued and fully paid		
1,000,000,000 ordinary shares of AED 1 each	**1,000,000**	1,000,000

20 RESERVES

General reserve
In accordance with the decision of management of the Group, 10% of the profit is transferred to a general reserve on an annual basis.

21 BASIC AND DILUTED EARNINGS PER SHARE

Earnings per share (EPS) amounts are calculated by dividing the profit attributable to shareholders of the Company by the weighted average number of shares outstanding during the year.

	2021	*2020*
Profit attributable to shareholders of the Company (AED'000)	201,267	614,379
Weighted average number of shares	1,000,000,000	1,000,000,000
Earnings per share (AED)	0.20	0.61

There are no dilutive securities, therefore diluted EPS is the same as basic EPS.

22 EMPLOYEES' END OF SERVICE BENEFITS

Movements in the employees' end of service benefits provision are as follows:

	2021 *AED'000*	*2020* *AED'000*
At 1 January	**134,763**	109,556
Current service cost	**17,349**	19,440
Benefits paid	**(15,262)**	(29,321)
Benefits of employees transferred-in from group companies	**5,463**	-
Benefits of employees transferred -out to group companies	**(668)**	-
Interest cost	**2,199**	15,554
Remeasurement losses:		
Actuarial losses arising from experience	**5,609**	19,534
At 31 December	**149,453**	134,763

Generally, upon fulfilment of certain employment conditions, the retirement benefits are payable in lump sum upon retirement, which is determined on the basis of the employee's one month salary for each of the first three years of service plus one and a half month's salary for each subsequent year of service.

The present value of the defined benefit obligation and the related current service cost and past service cost were measured using the projected unit credit method.

22 EMPLOYEES' END OF SERVICE BENEFITS (continued)

The principal assumptions used for the purpose of the actuarial valuations were as follows:

	2021	*2020*
Discount rate	2.25%	1.75%
Expected rate of salary increase	4.00%	3.00%
Average turnover	7.5%	7.5%
Mortality rate table	AM92/AF92	AM92/AF92
Retirement age	60 years	60 years

Amounts recognised in profit or loss in respect of these benefit are as follows:

	2021 *AED'000*	*2020* *AED'000*
Service cost:		
Current service cost (note 8)	**17,349**	19,440
Net interest expense (note 10)	**2,199**	15,554
Components of provision for employees' end of service benefit recognised in profit or loss	**19,548**	34,994

The service and net interest expenses have been included in the operating expenditures of the Group.

Amounts recognised in other comprehensive income are as follows:

	2021 *AED'000*	*2020* *AED'000*
Actuarial loss arising from the experience adjustments	**5,609**	19,534

Significant actuarial assumptions for the determination of the provision for employees' end of service benefit are discount rate, expected salary increase and mortality. The sensitivity analyses below have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant.

22 EMPLOYEES' END OF SERVICE BENEFITS (continued)

	Increase / decrease in percentage point	*Increase (decrease) in provision for employees' end of service benefit*
2021		***AED'000***
Discount rate	**+1%**	**(10,582)**
	-1%	**12,183**
Expected salary growth	**+1%**	**12,352**
	-1%	**(10,909)**
2020		
Discount rate	+1%	(9,613)
	-1%	11,151
Expected salary growth	+1%	11,198
	-1%	(9,859)

The sensitivity analysis presented above may not be representative of the actual change in the provision for employees' end of service benefit as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

Furthermore, in presenting the above sensitivity analysis, the present value of the provision for employees' end of service benefit has been calculated using the projected unit credit method at the end of the reporting period, which is the same as that applied in calculating the provision for employees' end of service benefit recognised in the consolidated statement of financial position.

The Group does not expect to make any contribution to defined benefit plans during the next financial year.

23 TRADE AND OTHER PAYABLES

	2021 ***AED'000***	*2020* *AED'000*
Trade accounts payable	**70,341**	73,902
Other payables and accrued expenses	**657,993**	563,361
Capital expenses accruals	**105,770**	228,169
Operating lease rent received in advance	**10,481**	7,023
	844,585	872,455

Trade accounts payable are interest free and are normally settled within 30 days from the date of receipt of the invoice.

24 RELATED PARTY BALANCES AND TRANSACTIONS

These represent transactions with related parties i.e. the shareholder, directors and entities related to them, companies under common ownership and/or common management and control, their partners and key management personnel. Pricing policies and terms of these transactions are approved by the Group's management.

Terms and conditions of transactions with related parties

The sales to and services from related parties are made at agreed rates with the related parties. Outstanding balances at the year-end are unsecured, interest free and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables. For the year ended 31 December 2021, the Group has provision for expected credit losses of AED 1,815 thousand (2020: AED 33,545 thousand) on amounts due from related parties. The Group's significant balances are with entities controlled, jointly controlled or significantly influenced by the ADNOC.
Transactions with related parties included in the consolidated statement of comprehensive income are as follows:

	2021 AED'000	*2020 AED'000*
Goods sold and services provided to associated companies		
ADNOC Offshore	**1,792,141**	1,338,034
ADNOC (Holding Company)	**52,588**	102,292
National Gas Shipping Company Limited	**338,949**	355,310
ADNOC Onshore	**209,213**	184,635
Abu Dhabi Polymers Company Limited (Borouge ADP)	**190,488**	179,825
ADNOC Global Trading (AGT)	**146,036**	-
ADNOC Trading (AT)	**42,032**	-
ADNOC Distribution	**67,897**	68,433
ADNOC Drilling	**37,524**	38,660
ADNOC Refining	**17,941**	8,702
ADNOC Gas Processing	**11,062**	8,231
ADNOC LNG	**8,448**	4,719
AW Shipping Limited	**1,179**	-
Al Dhafra	**1,168**	958
Total ABK	-	23,857
ADNOC Sour Gas	-	340
	2,916,666	2,313,996
Good and services received from associated companies		
ADNOC (Holding Company)	**79,388**	24,327
ADNOC Distribution	**12,472**	14,372
ADNOC Refining	**629**	2,194
	92,489	40,893

	2021 AED'000	*2020 AED'000*
Interest on shareholder loan		
ADNOC (Holding Company)	**15,852**	-

24 RELATED PARTY BALANCES AND TRANSACTIONS (continued)

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

	2021 AED'000	*2020 AED'000*
Due from related parties:		
ADNOC Offshore	**677,251**	513,704
ADNOC (Holding Company)	**241,906**	246,997
ADNOC (Holding Company) cash pooling balance*	**116,896**	951,742
Abu Dhabi Polymers Company Limited (Borouge ADP)	**71,073**	45,162
ADNOC Onshore	**47,749**	55,348
ADNOC Distribution	**30,167**	14,746
ADNOC Global Trading (AGT)	**20,433**	-
ADNOC Drilling	**19,259**	29,226
ADNOC Refining	**7,322**	8,893
ADNOC Gas Processing	**4,742**	5,134
AW Shipping Limited	**3,827**	-
ADNOC LNG	**3,333**	7,861
ADNOC Sour Gas	**668**	2,890
Al Dhafra	**564**	1,612
Borouge PTE	**198**	-
Total ABK	-	14,539
National Gas Shipping Company Limited	-	8,556
	1,245,388	1,906,410
Less: provision for expected credit losses	**(1,815)**	(33,545)
	1,243,573	1,872,865

* This balance is held with ADNOC (Holding Company) and earns interest based on rates agreed between the parties.

The movement in provision for expected credit losses on related parties' receivables is as follows:

	2021 AED'000	*2020 AED'000*
Balance at 1 January	**33,545**	115,837
Reversals during the year	**(22,617)**	(45,702)
Write off during the year	**(9,113)**	(36,590)
Balance at 31 December	**1,815**	33,545

The provision for expected credit losses on due from related parties is created at 100% and 33.3% against balances overdue above 730 days and 365 days respectively.

24 RELATED PARTY BALANCES AND TRANSACTIONS (continued)

As at 31 December 2021, the ageing of unimpaired receivables from related parties is as follows:

			Past due						
	Total AED'000	*Not past due AED'000*	*< 30 days AED'000*	*30 - 60 days AED'000*	*61 - 90 days AED'000*	*91 - 120 days AED'000*	*121-365 days AED'000*	*366-730 days AED'000*	*> 730 days AED'000*
Gross receivables from related parties									
31 December 2021	**1,245,388**	**881,107**	**223,196**	**58,568**	**23,742**	**11,425**	**43,278**	**3,368**	**704**
31 December 2020	1,906,410	1,619,976	151,712	27,338	4,124	14,254	47,824	11,456	29,726
Provision for expected credit losses									
31 December 2021	**1,815**	-	-	-	-	-	-	**1,111**	**704**
31 December 2020	33,545	-	-	-	-	-	-	3,819	29,726
Net receivable from related parties									
31 December 2021	**1,243,573**	**881,107**	**223,196**	**58,568**	**23,742**	**11,425**	**43,278**	**2,257**	-
31 December 2020	1,872,865	1,619,976	151,712	27,338	4,124	14,254	47,824	7,637	-

	2021 AED'000	*2020 AED'000*
Due to related parties:		
ADNOC (Holding Company)	**494,993**	128,656
ADNOC Distribution	**341,426**	134,092
ADNOC LNG	**18,384**	-
ADNOC Offshore	**4,002**	(71)
National Gas Shipping Company	**2,372**	38,808
ADNOC Refining	**2,068**	1,856
ADNOC Onshore	**25**	-
ADNOC Sour Gas	-	53
Abu Dhabi Polymers Company Limited (Borouge ADP)	-	(206)
	863,270	303,188

These balances are classified and presented in the statement of financial position as below:

Current portion	**667,982**	303,188
Non-current portion	**195,288**	-
	863,270	303,188

Shareholder loan from ADNOC (Holding Company) (forming part of shareholder's equity):
The Group's loan from shareholder of AED 1,312,865 thousand is interest free and repayable at the absolute discretion of the board of directors of the Group. Accordingly, the loan is classified under equity. During the previous year, the Group repaid an amount of AED 3,672,499 thousand of the shareholder loan using the cash surplus account held with ADNOC of AED 2,363,304 thousand (included under due from related parties) and through a cash payment of AED 1,309,195 thousand. The remaining outstanding shareholder loan amounted to AED 1,312,865 thousand as of 31 December 2021 and 31 December 2020.

Shareholder loan from ADNOC (Holding Company) (forming part of non-current liabilities):
During the year, the Group entered into loan facility agreement with ADNOC (Holding Company) with an initial approved amount of USD 850,000 thousand. This facility is to be used for acquisition of assets only. The loan carries interest of six (6) months LIBOR plus a margin of 1.2% per annum, payable biannually on 30 June and 31 December of each year. Loan was fully repayable by 31 December 2022, however, subsequent to the reporting date, in accordance with the terms of the agreement, the loan was extended for another 1 year (until December 31, 2023), and the facility size was increased by USD 400,000 thousand, reaching the amount of USD 1,250,000 thousand.

24 RELATED PARTY BALANCES AND TRANSACTIONS (continued)

Shareholder loan from ADNOC (Holding Company) (forming part of non-current liabilities) (continued):
As at 31 December 2021, the Group has drawn USD 600,000 thousand (AED: 2,203,500 thousand) from the facility (December 2020: AED nil) and loan is classified as non-current.

The Group's significant bank balances with Abu Dhabi Government and other entities controlled, jointly controlled or significantly influenced by the Abu Dhabi Government are as follows:

	2021 ***AED'000***	*2020* *AED'000*
Bank balances	**1,349,049**	351,063

During the year, the Group's ultimate Holding Company recharged AED 333,888 thousand towards UAE national employees pension charges. These charges relate to the differential amount paid by to Abu Dhabi Retirement Pensions and Benefits Fund for services of employees taken over by the Group on its formation and till the period ending 31 December 2019. AED 195,288 thousand of this liability is payable from 2023 to 2025 and accordingly as at 31 December 2021 is disclosed as a non-current liability.

Related parties sub-lease receivables and lease liabilities are disclosed in note 12.

	2021 ***AED'000***	*2020* *AED'000*
Key management compensation		
Short-term benefits	**3,937**	3,301

25 CONTINGENCIES AND COMMITMENTS

(a) Bank guarantees:
At 31 December 2021, the Group had contingent liabilities in respect of bank and other guarantees and other matters arising in the ordinary course of business from which it is anticipated that no material liabilities will arise, amounting to AED 434 thousand (2020: AED 434 thousand).

(b) Capital commitments:
At 31 December 2021, the Group's capital commitments amount to AED 1,916,564 thousand (2020: AED 1,522,529 thousand).

(c) Purchases commitments:
At 31 December 2021, the Group's purchases commitments amount to AED 43,663 thousand (2020: AED 122,329 thousand).

(d) Contingencies:
The group is party to claims filed by third parties. No liability has been booked by the Group in this respect, since management believes that it is more likely than not that claims will be awarded in their favor and the claim amount is immaterial.

26 FINANCIAL RISK MANAGEMENT AND OBJECTIVES

The Group's principal financial liabilities consist of trade and other payables, amounts due to related parties and lease liabilities. The main purpose of the financial liabilities is to raise finance for the Group's operations. The Group has various financial assets such as trade and other receivables, bank balances and amounts due from related parties, which arise directly from its operations.

The main risks arising from the Group's financial instruments are credit risk, foreign currency risk, price risk, cash flow and fair value interest rate risk and liquidity risk. The members of management of the Group review and agree policies for managing each of these risks which are summarized below.

Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group, and arises principally from the Group's trade, related party and other receivables and bank balances. The Group has adopted a policy of dealing only with creditworthy counterparties. The Group attempts to control credit risk by monitoring credit exposures, limiting transactions with specific non-related counter-parties, and continually assessing the creditworthiness of such non-related counter-parties.

The average credit period on sale of goods or services is 30-60 days. No interest is charged on trade and other receivables. The bank balances are maintained with commercial banks. The credit risk on liquid funds is limited because the counterparties are reputable banks closely monitored by the regulatory bodies.

The amount that best represents maximum credit risk exposure on financial assets at the end of the reporting period, in the event counter parties fail to perform their obligations, generally approximates their carrying value. Advances to suppliers, other receivables and balances with banks are not secured by any collaterals.

Market risk management

Foreign currency risk
The Group has no significant currency risk exposure from its operations as the Group's majority of transactions are in UAE Dirham or US Dollars. The UAE Dirham is pegged to the US Dollar hence balances in US Dollars are not considered to represent a significant risk.

Price risk
The Group has no significant direct exposure to commodity price risk. Reduction in oil prices may lead to reduction in the level of future logistics services procured by customers who have significant exposure to oil and gas prices.

Cash flow and fair value interest rate risk
The following table demonstrates the sensitivity to reasonably possible changes in interest rates, with all other variables held constant, of the Group's profit.

	2021	*2020*
	AED'000	*AED'000*
Effect of increase of 10 basis points on Group's profit	**(1,156)**	-
Effect of decrease of 10 basis points on Group's profit	**1,156**	-

Liquidity risk management

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group ensures that it has sufficient cash on demand to meet expected operational expenses for a short term period, including the servicing of financial obligations; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

26 FINANCIAL RISK MANAGEMENT AND OBJECTIVES (continued)

Liquidity risk management (continued)

The Group limits its liquidity risk by ensuring adequate cash available from its operations and from support of the shareholders.

The table below summarises the maturity profile of the Group's financial liabilities. The maturity profile is monitored by management to ensure adequate liquidity is maintained.

	On demand AED '000	*Less than 3 months AED '000*	*3 to 12 months AED '000*	*1 to 5 years AED '000*	*> 5 years AED '000*	*Total AED '000*
31 December 2021						
Trade payables	-	70,341	-	-	-	70,341
Due to related parties	-	598,382	69,600	208,801	-	876,783
Lease liabilities	-	20,580	23,826	83,765	137,166	265,337
Other payables, accrued and capital expenses	-	763,763	-	-	-	763,763
Total	-	1,453,066	93,426	292,566	137,166	1,976,224
31 December 2020						
Trade payables	-	73,902	-	-	-	73,902
Due to related parties	-	303,188	-	-	-	303,188
Lease liabilities	-	19,760	16,963	91,078	149,636	277,437
Other payables, accrued and capital expenses	-	791,530	-	-	-	791,530
Total	-	1,188,380	16,963	91,078	149,636	1,446,057

Capital risk management

The primary objective of the Group's capital management is to maintain healthy capital ratios in order to support its business.

The Group manages its capital structure and makes adjustments to it to ensure that it will be able to continue as a going concern. No changes were made in the objectives, policies or processes during the years ended 31 December 2021 and 31 December 2020. Equity comprises share capital, general reserve, retained earnings and shareholder loan, and is measured at AED 5,615,543 thousand as at 31 December 2021 (2020: AED 5,419,885 thousand).

The Group monitors capital on the basis of its gearing ratio. This ratio is calculated as net debt divided by total equity plus net debt. Net debt is calculated as total borrowings (including current and non-current borrowings as shown in the statement of financial position) less cash and cash equivalents. Total capital is calculated as total equity as shown in the statement of financial position plus net debt.

27 FAIR VALUE OF FINANCIAL INSTRUMENTS

Financial instruments comprise of financial assets and financial liabilities. As at 31 December 2021 and 2020, the Group considers that the carrying amounts of financial assets and financial liabilities recognised in the consolidated financial statements approximate their fair values.

28 OPERATING SEGMENTS

Information regarding the Group's operating segments is set out below in accordance with IFRS 8 Operating Segments. IFRS 8 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the Board of Directors, as the chief operating decision maker (CODM), in order to allocate resources to the segment and to assess its performance.

28 OPERATING SEGMENTS (continued)

The Group's strategic steering committee, consisting of the chief executive officer, the chief financial officer and the Senior Vice President of Strategy, examines the group's performance both from a product/service perspective. The Group has the following two strategic divisions, which are its reportable segments. These divisions offer different services and are managed separately because they have different economic characteristics – such as trends in sales growth, rates of return and level of capital investment – and have different marketing strategies.

For management purpose the Group is organised into two operating segments, all of which are referred to as "business units":

Shipping Shipping comprises dry bulk, tankers, gas carriers business and ship management services.

Services Services comprise offshore logistics services, charter hire of offshore support vessels, petroleum port operations, diving services, container terminal operations and onshore logistics services..

Others One off items and COVID-19 related expenses are classified under Others by management to facilitate better understanding of the business and to ensure proper decision making. These items are not expected to recur.

The following schedules illustrates the Group's activities according to the operating segments for the year ended 31 December in AED'000s:

2021	*Shipping*	*Services*	*Others*	*Total*
Revenues	2,165,788	2,207,435	-	**4,373,223**
Direct costs	(1,817,417)	(1,682,862)	-	**(3,500,279)**
COVID-19 costs	-	-	(40,755)	**(40,755)**
Gross profit (loss)	**348,371**	**524,573**	**(40,755)**	**832,189**
General and administrative expenses	(103,996)	(202,562)	-	**(306,558)**
Pension adjustment	-	-	(333,888)	**(333,888)**
Reversal of provision for expected credit losses, net	-	-	20,439	**20,439**
Other income, net	-	9,070	(819)	**8,251**
Operating profit (loss)	**244,375**	**331,081**	**(355,023)**	**220,433**
Share of profit from joint venture	3,900	-	-	**3,900**
Finance income	-	5,043	977	**6,020**
Finance costs	(25)	(11,010)	(18,051)	**(29,086)**
Net profit (loss)	**248,250**	**325,114**	**(372,097)**	**201,267**

Year ended 31 December 2020 in AED'000s:

2020	*Shipping*	*Services*	*Others*	*Total*
Revenues	1,589,178	2,141,685	-	**3,730,863**
Direct costs	(1,311,575)	(1,587,954)	-	**(2,899,529)**
COVID-19 costs	-	-	(34,725)	**(34,725)**
Gross profit (loss)	**277,603**	**553,731**	**(34,725)**	**796,609**
General and administrative expenses	(106,418)	(181,333)	-	**(287,751)**
Reversal of provision for expected credit losses, net	-	-	53,890	**53,890**
Other income	-	-	61,447	**61,447**
Operating profit	**171,185**	**372,398**	**80,612**	**624,195**
Share of loss from joint venture	(75)			**(75)**
Finance income	-	9,215	7,093	**16,308**
Finance costs	(104)	(10,391)	(15,554)	**(26,049)**
Net profit	**171,006**	**371,222**	**72,151**	**614,379**

28 OPERATING SEGMENTS (continued)

The Group's vessels are deployed throughout the world and are not concentrated in certain geographical areas. The Group's management 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 segment's results are reviewed regularly by the Group's management to make decisions about resources to be allocated to the segment and assess their performance, and for which discrete financial information is available.

The following table represents segment assets for the Group's operating segments as reviewed by the management in AED'000s:

	Shipping	*Services*	*Total*
31-Dec-21			
Property, plant & equipment	4,602,380	1,466,168	**6,068,548**
Investment properties	-	111,159	**111,159**
31-Dec-20			
Property, plant & equipment	2,626,280	1,157,614	**3,783,894**
Investment properties	-	105,969	**105,969**

29 EVENTS AFTER REPORTING PERIOD

In January 2022, the Group signed an agreement with Abu Dhabi Ports Company PJSC to lease a plot of land in Khalifa Industrial Zone Abu Dhabi (KIZAD) for 25 years and to purchase a warehouse for AED 310,000 thousand. This warehouse will be used to provide services to Abu Dhabi Polymers Company Limited (Borouge ADP) for storing their products which get transshipped to and from KIZAD Port. An agreement to this effect was signed with Abu Dhabi Polymers Company Limited (Borouge ADP) in November 2021.

ZMI Holdings

Interim condensed consolidated financial information for the ten-month period ended 31 October 2022

Report on review of the interim condensed special purpose consolidated financial information to the board of directors of ZMI Holdings

Introduction

We have reviewed the accompanying interim condensed special purpose consolidated statement of financial position of ZMI Holdings (the "Company") and its subsidiaries (together the "Group") as at 31 October 2022 and the related interim condensed special purpose consolidated statements of comprehensive income, changes in equity and cash flows for the ten-month period then ended and a summary of significant accounting policies and other explanatory information. Management is responsible for the preparation and presentation of the interim condensed special purpose consolidated financial information in accordance with International Accounting Standard 34 "Interim Financial Reporting". Our responsibility is to express a conclusion on this interim condensed special purpose consolidated financial information based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim 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.

Emphasis of Matter - Basis of accounting and restriction and distribution and use

As set out in Note 2, the interim condensed special purpose consolidated financial information has been prepared by the management of the Group in connection with the proposed initial public offering of the shares of Abu Dhabi Marine Business and Services Company P.J.S.C. on the Abu Dhabi Stock Exchange in the United Arab Emirates. As a result, the interim condensed special purpose consolidated financial information may not be suitable for another purpose.

Conclusion

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

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Other matter

The comparative information for the condensed interim statements of comprehensive income, changes in equity and cash flows for the ten-month period ended 31 October 2021 has not been audited or reviewed.

PricewaterhouseCoopers

22 April 2023

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Rami Sarhan
Registered Auditor Number 1152
Abu Dhabi, United Arab Emirates

ZMI Holdings

Interim condensed consolidated statement of financial position

	Note	(Unaudited) As at 31 October 2022 USD	(Audited) As at 31 December 2021 USD
ASSETS			
Non-current assets			
Vessels, plant and equipment	5	**952,925,340**	894,942,471
Right of use assets		**1,957,884**	-
		954,883,224	894,942,471
Current assets			
Inventories	15	**16,320,806**	9,525,089
Trade receivables	6	**107,614,384**	80,648,166
Advances, prepayments and other receivables	7	**3,488,654**	15,951,948
Margin deposits	8	**2,675,718**	7,495,783
Cash and cash equivalents	8	**47,819,985**	47,987,297
		177,919,547	161,608,283
Total assets		**1,132,802,771**	1,056,550,754
EQUITY AND LIABILITIES			
EQUITY			
Share capital		**50,000**	50,000
Merger reserve	14a	**2,110,000**	2,110,000
Additional contribution	14b	**545,103,906**	-
Retained earnings		**503,389,474**	484,638,120
Total equity		**1,050,653,380**	486,798,120
LIABILITIES			
Non-current liabilities			
Bank borrowings	9	**-**	447,578,134
Lease liabilities		**1,960,868**	-
Employees' end of service benefits		**2,511,140**	2,206,041
		4,472,008	449,784,175
Current liabilities			
Bank borrowings	9	**-**	52,866,638
Trade and other payables	10	**77,677,383**	67,101,821
		77,677,383	119,968,459
Total liabilities		**82,149,391**	569,752,634
Total equity and liabilities		**1,132,802,771**	1,056,550,754

This interim condensed consolidated financial information was authorized and approved for issue on 22 April 2023 and signed by:

....

Chief Executive Officer Financial controller

The notes on pages 7 to 17 are an integral part of this interim condensed consolidated financial information. (3)

ZMI Holdings

Interim condensed consolidated statement of comprehensive income

	Note	(Unaudited) Ten-month period ended 31 October 2022 USD	2021 USD
Revenues	12	**348,038,857**	264,144,045
Direct costs		**(192,616,239)**	(145,610,502)
Loss on sale of vessels, plant and equipment	5	**(23,201,128)**	(231,145)
Gross profit		**132,221,490**	118,302,398
General and administrative expenses		**(31,625,548)**	(19,550,895)
Provision for impairment of trade receivables		**(16,730,771)**	(4,919,651)
Other income		**-**	3,652,193
Operating profit for the period		**83,865,171**	97,484,045
Finance cost	13	**(35,303,709)**	(21,632,571)
Profit before tax for the period		**48,561,462**	75,851,474
Income tax		**(1,199,109)**	(250,000)
Profit for the period		**47,362,353**	75,601,474
Other comprehensive income		**-**	-
Total comprehensive income		**47,362,353**	75,601,474

The notes on pages 7 to 17 are an integral part of this interim condensed consolidated financial information. (4)

ZMI Holdings

Interim condensed consolidated statement of changes in equity

	Share capital	Merger reserve	Additional contribution	Retained earnings	Total
	USD	USD	USD	USD	USD
At 1 January 2021	50,000	2,030,000	-	393,916,350	395,996,350
Total comprehensive income for the period	-	-	-	75,601,474	75,601,474
Merger reserve associated with group restructuring	-	80,000	-	-	80,000
At 31 October 2021 (Unaudited)	50,000	2,110,000	-	469,517,824	471,677,824
At 1 January 2022	50,000	2,110,000	-	484,638,120	486,798,120
Total comprehensive income for the period	-	-	-	47,362,353	47,362,353
Dividend paid *	-	-	-	(28,610,999)	(28,610,999)
Additional contributions	-	-	545,103,906	-	545,103,906
At 31 October 2022 (Unaudited)	50,000	2,110,000	545,103,906	503,389,474	1,050,653,380

* Dividend paid represents payments made to the ordinary shareholder.

The notes on pages 7 to 17 are an integral part of this interim condensed consolidated financial information.

ZMI Holdings

Interim condensed consolidated statement of cash flows

	Note	**(Unaudited) For the ten-month period ended 31 October 2022 USD**	(Unaudited) For the ten-month period ended 31 October 2021 USD
Cash flows from operating activities			
Profit for the period		**47,362,353**	75,601,474
Adjustments for:			
Depreciation of vessels, plant and equipment	5	**38,326,737**	29,722,375
Depreciation of right-of-use assets		**84,854**	2,758,348
Provision for impairment of trade receivables		**16,730,771**	4,919,651
Provision for employees' end of service benefits		**2,332,642**	327,254
Loss on sale of vessels, plant and equipment		**23,201,128**	231,145
Finance cost	13	**35,303,709**	21,632,571
Operating cash flows before payment of employees' end of service benefits and changes in working capital		**163,342,194**	135,192,818
Employees' end of service benefits paid		**(2,027,543)**	(76,530)
Changes in working capital:			
Inventories		**(6,795,717)**	1,057,782
Trade receivables		**(43,696,989)**	(19,001,448)
Advances, prepayments and other receivables		**12,463,294**	(3,874,647)
Trade and other payables		**10,582,199**	(17,732,746)
Net cash generated from operating activities		**133,867,438**	95,565,229
Cash flows from investing activities			
Purchase of vessels, plant and equipment	5	**(124,710,740)**	(27,144,049)
Proceeds from disposal of vessels, plant and equipment		**5,200,006**	631,060
Transfer from margin deposit		**4,820,065**	(2,349,101)
Net cash used in investing activities		**(114,690,669)**	(28,862,090)
Cash flows from financing activities			
Bank borrowings proceeds	9	**70,000,000**	-
Repayment of bank borrowings		**(42,119,613)**	(28,320,142)
Finance cost paid		**(18,448,662)**	(17,634,238)
Finance cost paid on lease liabilities		**(76,300)**	(1,367,330)
Principal elements of lease payments		**(88,507)**	(21,615,438)
Dividends paid		**(28,610,999)**	-
Repayment of amounts due to shareholder		**-**	(3,864,294)
Net cash used in financing activities		**(19,344,081)**	(72,801,442)
Net decrease in cash and cash equivalents		**(167,312)**	(6,098,303)
Cash and cash equivalents at the beginning of the period		**47,987,297**	19,154,491
Cash and cash equivalents at the end of the period	8	**47,819,985**	13,056,188

Significant non-cash transactions excluded from the consolidated statement of cash flows are in respect of the repayment of borrowings and additional contribution from the shareholder of $545,103,906 for the 10-month period to 31 October 2022 (31 October 2021: nil).

The notes on pages 7 to 17 are an integral part of this interim condensed consolidated financial information. (6)

ZMI Holdings

Notes to the interim condensed consolidated financial information for the ten-month period ended 31 October 2022

1 General information

ZMI Holdings (the "Company") was incorporated on 27 November 2020 in the Cayman Islands with Mr. Hassan El Ali (the "Owner") as its 100% shareholder. The Company was incorporated to transfer the legal ownership of the entities, set out below, which were under the common control of the Owner to ZMI Holdings, in accordance with the refinancing arrangement agreed with the lenders in the year 2020.

In July 2022, the owner of the Group signed a sale and purchase agreement with ZINC Holdco RSC Ltd (a 100% owned subsidiary of Abu Dhabi Marine Business and Services Company P.J.S.C – trading as ADNOC Logistics & Services), whereby 100% of the shareholding of the Group was to be transferred to ZINC Holdco RSC Ltd. The sale process was completed on 1 November 2022. ZMI retains its brand and continues operating as a separate Group.

The principal activities of the Group provided through the various operating subsidiaries include:

- Charter of vessels and barges
- Provision of meals and accommodation

The interim condensed consolidated financial information is composed of the Company and its twenty-six subsidiaries (the "Group") as detailed in the table below:

Entity	Activities	Place of incorporation	Effective shareholding held
Subhiya Inc.	Barge chartering	Republic of Panama	100%
Petrodrill Inc.	Vessel chartering	Republic of Panama	100%
Zakher Marine International Inc. and its branches.	Vessel and barge chartering, other related operations	Republic of Panama	100%
Zakher Marine Saudi Company Ltd.	Vessel and barge chartering, other related operations	Kingdom of Saudi Arabia	100%
Premier Marine Services W.L.L.	vessel and barge chartering, other related operations	State of Qatar	100%
QMS Holding Limited.	Vessel and barge chartering	British Virgin Islands	100%
QMS 2 Offshore Services Ltd and its branches.	Vessel and barge chartering	Saint Vincent and the Grenadines	100%
QMS Petroleum Services Inc and its branches.	Vessel chartering	Republic of Panama	100%
MBBS Inc. and its branches	Barge chartering	Republic of Panama	100%
Nadiya Inc.	Barge chartering	Republic of Panama	100%
Al Shahama Inc.	Barge chartering	Republic of Panama	100%
Al Bahia Inc.	Barge chartering	Republic of Panama	100%
Al Maryah Inc.	Barge chartering	Republic of Panama	100%
QMS China Inc.	Barge chartering	Republic of Panama	100%
QMS Achiever Inc.	Barge chartering	Republic of Panama	100%
QMS Gladiator Inc.	Barge chartering	Republic of Panama	100%
QMS Sentinel Inc.	Barge chartering	Republic of Panama	100%
Bani Yas Inc.	Barge chartering	Republic of Panama	100%
QMS Gloria Inc.	Barge chartering	Republic of Panama	100%
QMS Amora Inc.	Barge chartering	Republic of Panama	100%
Lextus Inc.	Vessel chartering	Republic of Panama	100%
QMS Offshore Industries LLC.	Vessel chartering	United Arab Emirates	100%
Volo Travel and Tourism LLC.	Other related operations	United Arab Emirates	100%
QMS Leo Inc.	Barge chartering	Republic of Panama	100%
QMS Aquarius Inc.	Barge chartering	Republic of Panama	100%
QMS Neptune Inc.	Barge chartering	Republic of Panama	100%

2 Summary of significant accounting policies

2.1 Basis of preparation

This interim condensed consolidated financial information is prepared by management of the Company solely for the purpose of inclusion in the offering memorandum for Abu Dhabi Marine Business and Services Company P.J.S.C. in connection with the proposed initial public offering of its shares on the Abu Dhabi Stock Exchange and therefore special purpose in nature.

This interim condensed consolidated financial information of the Group is prepared under a historical cost basis. This interim condensed consolidated financial information is presented in US Dollars (USD), which is the functional currency of the Group's entities.

This interim condensed consolidated financial information does not include all the information and disclosures required in full financial statements and should be read in conjunction with the Group's special purpose consolidated financial statements for the year ended 31 December 2021. In addition, results for the period from 1 January 2022 to 31 October 2022 are not necessarily indicative of the results that may be expected for the consolidated financial statements for the financial year ending 31 December 2022.

This interim condensed consolidated financial information is prepared in accordance with International Accounting Standard 34: Interim Financial Reporting ("IAS 34"), issued by the International Accounting Standard Board (IASB).

Except for the adoption of new and amended standards as set out below, the accounting policies used in the preparation of this interim condensed consolidated financial information are consistent with those followed in the preparation of the Group's special purpose consolidated financial statements for the year ended 31 December 2021.

a) New and amended standards adopted by the Group:

The following new and revised IFRS, which became effective for annual periods beginning on or after 1 January 2022, have been adopted in this interim condensed consolidated financial information. The application of these revised IFRS, except where stated, have not had any material impact on the amounts reported for the current and prior periods:

- amendment to IFRS 3 (effective 1 January 2022);
- amendment to IAS 37 (effective 1 January 2022);
- amendment to IAS 16 (effective 1 January 2022); and
- annual improvements to IFRS 9 and IFRS 16 (effective 1 January 2022).

New and revised IFRS issued but not yet effective and not early adopted

(a) IFRS 17, 'Insurance contracts' (deferred until accounting periods starting on 1 January 2023);
(b) amendments to IAS 12 (effective 1 January 2023);
(c) amendments to IAS 1 (effective 1 January 2024);
(d) amendments to IAS 8 (effective 1 January 2023);
(e) Amendments to IFRS 10 and IAS 28 (not finalized effective date); and
(f) Amendments to IAS 12 (effective 1 January 2023)

The Group is currently assessing the impact of these standards, and amendments on the future interim condensed consolidated financial information of the Group and intends to adopt these, if applicable, when they become effective.

3 Critical accounting judgments and key sources of estimation uncertainty

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

In preparing this interim condensed consolidated financial information, the significant judgments made by management in applying the Group's accounting policies and the key sources of estimation and uncertainty were the same as those applied to the special purpose consolidated financial statements for the year ended 31 December 2021.

4 Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenue and incur expenses, including revenue and expenses that relate to transactions with any of the Group's other components. All operating segments' operating results are reviewed regularly by the Group's Chief Operating Decision Maker ("CODM") to make decisions about resources to be allocated to the segment and to assess its performance, and for which discrete financial information is available. The CODM assesses the financial performance and position of the geographical segments and makes strategic decisions based on a measure of revenue and costs. The Board of Directors has been identified as being the CODM in accordance with the requirements of IFRS 8 'operating segments'. Segment results reported to the Group's CODM represent revenue and cost of revenue and include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

For management purposes, the Group is organized into three operating segments based on the geographical location, all of which are referred to as "business units':

- United Arab Emirates and Others
- Saudi Arabia
- Qatar

All these operating segments earn revenue from charter of vessels and barges, sale of oil products to customers and from other operating revenue such as provision of meals and accommodation and mobilization of vessels and barges. The accounting policies of the operating segments are the same as the Group's accounting policies.

4 Segment reporting (continued)

(Unaudited) 31 October 2022	**United Arab Emirates and Others USD**	**Saudi Arabia USD**	**Qatar USD**	**Total USD**
Revenue	137,760,980	122,655,183	87,622,694	348,038,857
Direct costs (excluding depreciation)	(75,821,186)	(55,645,269)	(24,178,765)	(155,645,220)
General and administrative expenses (excluding depreciation)	(12,372,268)	(10,360,445)	(7,452,263)	(30,184,976)
Depreciation included in direct costs and general and administrative expenses	(19,883,793)	(12,440,585)	(6,087,213)	(38,411,591)
Provision for impairment loss on trade receivables	(7,268,308)	(5,952,620)	(3,509,843)	(16,730,771)
Loss on sale of vessels, plant and equipment	(23,201,128)	-	-	(23,201,128)
Income tax	-	(989,819)	(209,290)	(1,199,109)
Finance cost, net	(15,882,336)	(12,233,769)	(7,187,604)	(35,303,709)
Profit for the period	**(16,668,039)**	**25,032,676**	**38,997,716**	**47,362,353**

(Unaudited) 31 October 2021	**United Arab Emirates and Others USD**	**Saudi Arabia USD**	**Qatar USD**	**Total USD**
Revenue	148,362,627	71,584,511	44,196,907	264,144,045
Direct costs (excluding depreciation)	(61,884,117)	(31,394,446)	(17,385,339)	(110,663,902)
General and administrative expenses (excluding depreciation)	(12,450,808)	(6,183,133)	(3,382,831)	(22,016,772)
Depreciation included in direct costs and general and administrative expenses	(16,852,001)	(9,667,109)	(5,961,613)	(32,480,723)
Provision for impairment loss on trade receivables	(2,771,563)	(732,694)	(1,415,394)	(4,919,651)
Other income, net	3,600,025	52,168	-	3,652,193
Loss on sale of vessels, plant and equipment	(231,145)	-	-	(231,145)
Income tax	-	(166,667)	(83,333)	(250,000)
Finance cost, net	(13,232,573)	(5,283,385)	(3,116,613)	(21,632,571)
Profit for the period	**44,540,445**	**18,209,245**	**12,851,784**	**75,601,474**

5 Vessels, plant and equipment

	Vessels and rigs	Building	Motor vehicles	Office equipment	Furniture & Fixtures	Capital work in progress	Total
Cost	**USD**	**USD**	**USD**	**USD**	**USD**	**USD**	**USD**
At 1 January 2021	971,180,455	7,998,468	1,378,949	32,566	272,934	-	980,863,372
Additions	3,540,703	-	-	-	525,009	23,078,337	27,144,049
Disposal	(5,692,550)	-	-	-	-	-	(5,692,550)
At 31 October 2021	**969,028,608**	**7,998,468**	**1,378,949**	**32,566**	**797,943**	**23,078,337**	**1,002,314,871**
Additions	1,321,655	-	61,261	385,343	4,705,430	25,257,103	31,730,792
Transfer *	124,047,751	-	-	-	-	-	124,047,751
At 31 December 2021	**1,094,398,014**	**7,998,468**	**1,440,210**	**417,909**	**5,503,373**	**48,335,440**	**1,158,093,414**
Additions	23,460,913	-	134,444	-	-	101,115,383	124,710,740
Transfer	149,450,823	-	-	-	-	(149,450,823)	-
Disposal **	(34,257,411)	-	-	-	-	-	(34,257,411)
At 31 October 2022	**1,233,052,339**	**7,998,468**	**1,574,654**	**417,909**	**5,503,373**	**-**	**1,248,546,743**
Accumulated Depreciation							
At 1 January 2021	225,593,785	1,535,935	1,138,404	27,388	272,934	-	228,568,446
Charge for the period	29,300,154	299,080	68,485	2,587	52,069	-	29,722,375
Disposals	(4,830,345)	-	-	-	-	-	(4,830,345)
At 31 October 2021	**250,063,594**	**1,835,015**	**1,206,889**	**29,975**	**325,003**	**-**	**253,460,476**
Charge for the period	9,502,351	100,789	23,205	11,191	52,931	-	9,690,467
At 31 December 2021	**259,565,945**	**1,935,804**	**1,230,094**	**41,166**	**377,934**	**-**	**263,150,943**
Charge for the period	36,971,020	332,407	87,069	66,652	869,589	-	38,326,737
Disposal **	(5,856,277)	-	-	-	-	-	(5,856,277)
At 31 October 2022	**290,680,688**	**2,268,211**	**1,317,163**	**107,818**	**1,247,523**	**-**	**295,621,403**
Net Book Amount							
At 31 October 2022	**942,371,651**	**5,730,257**	**257,491**	**310,091**	**4,255,850**	**-**	**952,925,340**
At 31 December 2021	834,832,069	6,062,664	210,116	376,743	5,125,439	48,335,440	894,942,471

* During the year 2021, the lease liabilities have been repaid in full as part of the refinance arrangement and the corresponding right of use assets have been transferred to vessels, plant and equipment as disclosed in the Group's special purpose consolidated financial statements for the year ended 31 December 2021.

** This relates to the disposal of the Realm 1 vessel during 2022. A loss was realized on disposal of $23,201,128. The asset was not impaired on a value-in-use basis as at 31 December 2021.

6 Trade receivables

	(Unaudited) 31 October 2022	(Audited) 31 December 2021
	USD	USD
Trade receivables	**128,546,437**	90,648,166
Less: expected credit losses	**(20,932,053)**	(10,000,000)
	107,614,384	80,648,166

The average credit period is 45 days. Trade receivables are unsecured and interest-free and the increase in the balance during the period pertains mainly to part of revenue generated from certain customers during the period which are due for collection subsequent to the reporting date.

The increase in the expected credit loss is due to provisions for delay in collections of customer balances. The movement in the provision for expected credit losses is as follows:

	(Unaudited) 31 October 2022	(Audited) 31 December 2021
	USD	USD
At 1 January	**10,000,000**	5,357,639
Charge during the year	**16,730,771**	4,919,651
Write-offs	**(5,798,718)**	(277,290)
	20,932,053	10,000,000

7 Advances, prepayments and other receivables

	(Unaudited) 31 October 2022	(Audited) 31 December 2021
	USD	USD
Advances	**830,725**	8,453,949
Prepayments	**2,296,156**	2,486,658
Deposits	**361,773**	2,509,074
Due from related party	**-**	2,502,267
	3,488,654	15,951,948

The other classes within advances, deposits and prepayments do not contain impaired assets.

8 Cash and bank balances

	(Unaudited) 31 October 2022	(Audited) 31 December 2021
	USD	USD
Cash on hand	354,749	641,721
Cash at banks	47,465,236	47,345,576
	47,819,985	47,987,297

	(Unaudited) 31 October 2022	(Audited) 31 December 2021
	USD	USD
Margin deposits	2,675,718	7,495,783

9 Bank borrowings

	(Unaudited) 31 October 2022	(Audited) 31 December 2021
	USD	USD
Non-current liabilities		
Bank borrowings	-	447,578,134
Current liabilities		
Bank borrowings	-	52,866,638
	-	500,444,772

During the period, bank borrowings and outstanding interest thereon amounting to USD 545,103,906 was fully repaid including the closure fees, of which USD 538,138,740 related to the principle outstanding as of the transaction date.

9 Bank borrowings (continued)

The details of the movement are as follows:

	New Syndicate facility	Old Syndicate facility	ECA facility	National Bank of Fujairah	Total
	USD	USD	USD	USD	USD
At 1 January 2021	-	280,418,926	91,628,487	26,209,898	398,257,311
Accrued interest	-	14,070,768	2,363,935	1,199,535	17,634,238
Repayments during the period	-	(25,758,450)	(14,791,454)	(5,404,476)	(45,954,380)
Transaction costs	-	2,424,145	206,858	-	2,631,003
At 31 October 2021	**-**	**271,155,389**	**79,407,826**	**22,004,957**	**372,568,172**
Accrued interest	-	2,407,192	121,367	415,467	2,944,026
Repayment of old syndicate facility	-	(273,617,594)	-	(22,420,424)	(296,038,018)
Drawn	430,000,000	-	-	-	430,000,000
Transaction costs	(9,125,792)	55,013	41,371	-	(9,029,408)
At 31 December 2021	**420,874,208**	**-**	**79,570,564**	**-**	**500,444,772**
Drawn	70,000,000	-	-	-	70,000,000
Repayments during the period	(50,277,400)	-	(10,290,875)	-	(60,568,275)
Transaction costs	9,125,792	-	687,789	-	9,813,581
Accrued interest	20,382,753	-	696,398	-	21,079,151
Closure fees	4,334,677	-	-	-	4,334,677
Re-payment by shareholder	(474,440,030)	-	(70,663,876)		(545,103,906)
At 31 October 2022	**-**	**-**	**-**	-	-

Repayments during the period as shown in the table above is comprised of the following which are separately shown in the cash flow statement:

	(Unaudited) 31 October 2022	(Unaudited) 31 October 2021
	USD	USD
Payment	**(42,119,613)**	(28,320,142)
Interest paid	**(18,448,662)**	(17,634,238)
	(60,568,275)	(45,954,380)

10 Trade and other payables

	(Unaudited) 31 October 2022 USD	(Audited) 31 December 2021 USD
Trade payables	**36,804,083**	44,354,633
VAT payable	**3,204,462**	1,556,054
Accruals and other payables	**37,668,838**	21,191,134
	77,677,383	67,101,821

The average credit period for trade payables is 60 days. No interest is charged on the trade payables.

11 Related party transactions and balances

Related parties comprise shareholders and directors of the Group, key management personnel and business entities in which they have the ability to control or exercise significant influence in financial and operating decisions. The Group maintains no significant balance with these related parties except for balances with the shareholder set out below.

Key management personnel include the previous owner, managing director and chief operating officer. The compensation to key management personnel for the period is shown below:

	(Unaudited) For the ten-month period ended 31 October	
	2022 USD	2021 USD
Salaries	**2,053,424**	1,726,140
Employees' end of service benefits	**1,320,668**	14,800

Details of the related parties with whom the Group has significant transactions are as follows:

Name of related party	**Nature of balance / transaction**	**(Unaudited) 31 October 2022 USD**	(Audited) 31 December 2021 USD
Awal Marine Services EST. W.L.L	Due from balances	-	2,502,267

Name of related party	**Nature of balance / transaction**	**(Unaudited) 31 October 2022 USD**	(Unaudited) 31 October 2021 USD
Awal Marine Services EST. W.L.L	Revenue	4,109,069	6,110,548

The joint operation with Awal Marine Services ended during the year and the assets (vessels and barges) were acquired by ZMI Holdings. The results of this operation were previously proportionately consolidated.

12 Revenues

	(Unaudited) For the ten-month period ended 31 October	
	2022 **USD**	2021 USD
Operating lease income		
From owned barges	**250,713,378**	174,610,023
From owned vessels	**65,494,504**	60,929,509
From chartered barges	**10,445,104**	14,211,314
From chartered vessels	**1,818,368**	1,047,259
Total operating lease income	**328,471,354**	250,798,105
Other operating revenue	**19,567,503**	13,345,940
Total revenue	**348,038,857**	264,144,045

13 Finance cost

	(Unaudited) For the ten-month period ended 31 October	
	2022 **USD**	2021 USD
Interest on loan	**21,079,151**	17,634,238
Transaction costs	**9,813,581**	2,631,003
Loan closure fees	**4,334,677**	-
Other finance costs	**76,300**	1,367,330
	35,303,709	21,632,571

14 Merger reserve and Additional contribution

14a Merger reserve

The Merger reserve comprises balances which have arisen out of capital reorganisations and common control transactions. Within the Merger reserve there are amounts which represent a non-cash reserve arising from the capital reorganisation carried out during the year 2021. As at 31 October 2022 the total merger reserve amounted to USD 2,110,000 (2021: USD 2,110,000)

14b Additional contribution

Amounts for the repayment of the borrowings of USD 545,103,906 was injected into the entity by the shareholder in advance of the business combination. This is reflected as an additional contribution in this interim condensed consolidated financial information.

15 Inventories

	(Unaudited) 31 October 2022 USD	(Audited) 31 December 2021 USD
Spare parts, fuels and consumables	**16,320,806**	9,525,089
	16,320,806	9,525,089

The increase in inventories is due to additional inventory held on the five new barges acquired in the current period.

ZMI Holdings

Special purpose consolidated financial statements for the years ended 31 December 2021 and 2020

ZMI Holdings

Special purpose consolidated financial statements for the years ended 31 December 2021 and 2020

Independent auditor's report to the Board of Directors of ZMI Holdings

Report on the audit of the special purpose consolidated financial statements

Our opinion

In our opinion, the special purpose consolidated financial statements present fairly, in all material respects, the consolidated financial position of ZMI Holdings (the "Company") and its subsidiaries (the "Group") as at 31 December 2021 and 2020 and its consolidated statement of financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards (IFRS).

What we have audited

The Group's special purpose consolidated financial statements comprise:

- the special purpose consolidated statement of financial position as at 31 December 2021 and 2020;
- the special purpose consolidated statement of comprehensive income for the years then ended;
- the special purpose consolidated statement of changes in equity for the years then ended;
- the special purpose consolidated statement of cash flows for the years then ended; and
- the notes to the special purpose consolidated financial statements, which include significant accounting policies and other explanatory information.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the special purpose consolidated financial statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code) and the ethical requirements that are relevant to our audit of the special purpose consolidated financial statements in the United Arab Emirates. We have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

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Independent auditor's report to the Board of Directors of ZMI Holdings (continued)

Report on the audit of the special purpose consolidated financial statements (continued)

Emphasis of matter – basis of accounting and restriction on distribution and use

As set out in Note 1, these special purpose consolidated financial statements have been prepared for the shareholder of the Company solely for the purpose of inclusion in the offering memorandum of Abu Dhabi Marine Business and Services Company P.J.S.C. in connection with the proposed initial public offering of its shares on the Abu Dhabi Stock Exchange. As a result, the special purpose consolidated financial statements may not be suitable for another purpose.

Our opinion is not modified in respect of this matter.

Responsibilities of management and those charged with governance for the special purpose consolidated financial statements

Management of the Company is responsible for the preparation and fair presentation of the special purpose consolidated financial statements in accordance with International Financial Reporting Standards and for such internal control as management determines is necessary to enable the preparation of the special purpose consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the special purpose consolidated financial statements, management of the Company is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's responsibilities for the audit of the special purpose consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the special purpose consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these special purpose consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the special purpose consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

Independent auditor's report to the Board of Directors of ZMI Holdings (continued)

Report on the audit of the special purpose consolidated financial statements (continued)

Auditor's responsibilities for the audit of the special purpose consolidated financial statements (continued)

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the special purpose consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the special purpose consolidated financial statements, including the disclosures, and whether the special purpose consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

PricewaterhouseCoopers

11 APR 2023

....

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Abu Dhabi, United Arab Emirates

ZMI Holdings

Special purpose consolidated statement of financial position
As at 31 December

	Note	2021 USD	2020 USD
ASSETS			
Non-current assets			
Vessels, plant and equipment	5	894,942,471	752,294,926
Right of use assets	15	-	127,366,898
		894,942,471	879,661,824
Current assets			
Inventories	9	9,525,089	9,939,060
Trade receivables	6	80,648,166	69,000,457
Other receivables	7	15,951,948	15,895,196
Margin deposits	8b	7,495,783	5,907,682
Cash and cash equivalents	8a	47,987,297	19,154,491
		161,608,283	119,896,886
Total assets		1,056,550,754	999,558,710
EQUITY AND LIABILITIES			
EQUITY			
Share capital	16a	50,000	50,000
Merger reserve	16b	2,110,000	2,030,000
Retained earnings		484,638,120	393,916,350
Total equity		486,798,120	395,996,350
LIABILITIES			
Non-current liabilities			
Bank borrowings	10	447,578,134	301,264,786
Barge supplier obligations	11	-	24,870,000
Employees' end of service benefits	12	2,206,041	1,934,573
Lease liabilities	15	-	29,792,704
		449,784,175	357,862,063
Current liabilities			
Bank borrowings	10	52,866,638	126,262,802
Barge supplier obligation	11	-	7,440,000
Trade and other payables	13	67,101,821	76,600,212
Lease liabilities	15	-	24,485,965
Due to shareholder	14	-	10,911,318
		119,968,459	245,700,297
Total liabilities		569,752,634	603,562,360
Total equity and liabilities		1,056,550,754	999,558,710

These consolidated financial statements were authorized and approved for issuance on ……11 APR 2023…… and signed on its behalf by:

Ali El Ali
Managing Director

Tareq Ghanim
Financial Controller

The notes on pages 8 to 59 are an integral part of these special purpose consolidated financial statements

ZMI Holdings

Special purpose consolidated statement of comprehensive income
For the years ended 31 December

	Note	2021 USD	2020 USD
Revenue	17	316,972,854	282,852,221
Direct costs	18	(174,841,680)	(171,616,211)
Gross profit		142,131,174	111,236,010
General and administrative expenses	19	(26,786,574)	(23,387,393)
Provision for impairment of trade receivables	3.1b.i	(5,903,581)	(648,916)
Written off capital work in progress		-	(2,759,139)
Other income		4,382,632	3,130,364
Operating profit for the year		113,823,651	87,570,926
Finance cost	21	(22,801,881)	(26,093,600)
Profit before tax for the year		91,021,770	61,477,326
Income tax		(300,000)	(619,022)
Profit for the year		90,721,770	60,858,304
Other comprehensive income		-	-
Total comprehensive income		90,721,770	60,858,304

The notes on pages 8 to 59 are an integral part of these special purpose consolidated financial statements

ZMI Holdings

Special purpose consolidated statement of changes in equity
For the years ended 31 December

	Share capital USD	Additional contribution USD	Retained earnings USD	Total USD
At 1 January 2020	50,000	2,030,000	333,058,046	335,138,046
Total comprehensive income for the year	-	-	60,858,304	60,858,304
At 31 December 2020	50,000	2,030,000	393,916,350	395,996,350
Merger reserve	-	80,000	-	80,000
Total comprehensive income for the year	-	-	90,721,770	90,721,770
At 31 December 2021	**50,000**	**2,110,000**	**484,638,120**	**486,798,120**

The notes on pages 8 to 59 are an integral part of these special purpose consolidated financial statements

ZMI Holdings

Special purpose consolidated statement of cash flows
For the years ended 31 December

	Note	2021 USD	2020 USD
Cash flows from operating activities			
Profit for the year		90,721,770	60,858,304
Adjustments for:			
Depreciation of vessels, plant and equipment	5	39,412,842	38,979,411
Depreciation of right of use of assets	15	3,319,147	3,319,112
Provision for impairment of trade receivables	3.1b.i	5,903,581	648,916
Capital work in progress write off	5	-	2,924,218
Provision for employees' end of service benefits	12	361,292	366,970
Loss on sale of assets		277,374	-
Finance cost	21	22,801,881	26,093,600
Operating cash flows before payment of employees' end of service benefits and changes in working capital		162,797,887	133,190,531
Payment of employees' end of service benefits	12	(89,824)	(205,896)
Changes in working capital:			
Inventories		413,971	(5,024,994)
Trade receivables		(17,046,117)	(4,014,664)
Other receivables		(56,752)	1,128,493
Trade and other payables		(9,498,390)	13,331,976
Net cash generated from operating activities		136,520,775	138,405,446
Cash flows from investing activities			
Purchase of vessels, plant and equipment	5	(58,874,841)	(27,621,664)
Proceeds from disposal of vessels, plant and equipment		584,831	-
Additions of right of use assets	15	-	(2,051,410)
Additions to margin deposit		(1,588,101)	(2,280,672)
Net cash used in investing activities		(59,878,111)	(31,953,746)
Cash flows from financing activities			
Bank borrowings proceeds	10, 11	430,000,000	-
Repayment of bank borrowings		(357,507,990)	(41,996,635)
Proceeds from barge supplier obligations		-	-
Repayments of barge supplier obligations		(32,310,000)	(7,440,000)
Finance cost paid	21	(21,161,087)	(23,200,872)
Finance cost paid on lease liabilities	15	(1,640,795)	(2,892,728)
Principal elements of lease payments	15	(54,278,669)	(23,556,463)
Net movement in due to shareholder	14	(10,911,318)	(414,064)
Net cash used in financing activities		(47,809,859)	(99,500,762)
Net increase in cash and cash equivalents		28,832,805	6,950,938
Cash and cash equivalents at beginning of the year		19,154,491	12,203,553
Cash and cash equivalents at end of the year	8a	47,987,297	19,154,491

The notes on pages 8 to 59 are an integral part of these special purpose consolidated financial statements

1 General information

ZMI Holdings (the "Company") was incorporated on 27 November 2020 in the Cayman Islands with Mr. Hassan El Ali (the "Owner") as its 100% shareholder. The Company was incorporated to transfer the legal ownership of the entities, set out in the next page, which were under the common control of the Owner to ZMI Holdings, in accordance with the refinancing arrangement agreed with the lenders in the prior year.

In the prior year, Zakher Marine International Combined Group (the "Combined Group") had prepared combined financial statements which included 15 subsidiaries to satisfy the lenders requirements. In accordance with the requirements of the refinancing arrangement, the lenders had required the Combined Group to present the combined financial statements for certain of the entities under the common control of the Owner. For details and disclosures on the refinancing arrangements, refer to Note 3.1(c) and 10.

In the current financial year, the Combined Group was restructured to enable the Combined Group to prepare consolidated financial statements. The new Group was established as ZMI Holdings Group (the "Group") and the parent entity is ZMI Holdings (the "Parent"). During the year 31 December 2021, eight new wholly owned entities were created and merged which contained no assets or liabilities and accordingly, the Group has twenty three entities (referred to as the "Subsidiaries") as listed on the next page (collectively referred to as the "Group"). The restructure of the Group was accounted for as a capital re-organisation of entities. These special purpose consolidated financial statements reflect the Group's results for the full year for both the acquisition period and the comparative periods, as if these entities transferred were always consolidated by the Group and the Group structure always existed, even though the transfer only occurred in December 2021. Refer to the accounting policy for 2.20 - Reorganisation and common control transactions and 16b - Merger reserve for the accounting for the re-organisation.

As a result of the restructure, the difference between the net asset value transferred, consideration and other equity items was included in Merger reserve. The Merger reserve of 2021: USD 2,110,000 (USD 2020: 2,030,000) consists of the previous share capital of the underlying subsidiaries which were merged. The change was a result of subsequent establishment of new entities with a capital of USD 80,000.

The principal activities of the Group provided through the various operating subsidiaries include:

- Charter of vessels and barges
- Provision of meals and accommodation

The legal ownership of the Subsidiaries, which were under the common control of the Owner, were transferred to ZMI Holdings on 27 December 2021.

1 General information (continued)

These special purpose consolidated financial statements are prepared by management of the Company solely for the purpose of inclusion in the offering memorandum for Abu Dhabi Marine Business and Services Company P.J.S.C. in connection with the proposed initial pubic offering of its shares on the Abu Dhabi Stock Exchange and therefore special purpose in nature.

The special purpose consolidated financial statements are composed of twenty-three subsidiaries as detailed in the table below:

Entity	**Place of incorporation**	**Effective shareholding held**
Subhiya Inc. - barge chartering	Republic of Panama	100%
Petrodrill Inc. - vessel chartering	Republic of Panama	100%
Zakher Marine International Inc.and its branches - vessel and barge chartering, other related operations	Republic of Panama	100%
Zakher Marine Saudi Company Ltd. - vessel and barge chartering, other related operations	Kingdom of Saudi Arabia	100%
Premier Marine Services W.L.L. - vessel and barge chartering, other related operations	State of Qatar	100%
QMS Holding Limited- vessel and barge chartering	British Virgin Islands	100%
QMS 2 Offshore Services Ltd and its branches - vessel and barge chartering	Saint Vincent and the Grenadines	100%

Notes to the special purpose consolidated financial statements for the years ended 31 December 2021 and 2020 (continued)

1 General information (continued)

Entity	Place of incorporation	Effective shareholding held
QMS Petroleum Services Inc and its branches.- vessel chartering	Republic of Panama	100%
MBBS Inc. and its branches - barge chartering	Republic of Panama	100%
Nadiya Inc. - barge chartering	Republic of Panama	100%
Al Shahama Inc.- barge chartering	Republic of Panama	100%
Al Bahia Inc.- barge chartering	Republic of Panama	100%
Al Maryah Inc. - barge chartering	Republic of Panama	100%
QMS China Inc. - barge chartering	Republic of Panama	100%
QMS Achiever Inc. - barge chartering	Republic of Panama	100%
QMS Gladiator Inc. - barge chartering	Republic of Panama	100%
QMS Sentinel Inc.- barge chartering	Republic of Panama	100%
Bani Yas Inc - barge chartering	Republic of Panama	100%
QMS Gloria Inc. - barge chartering	Republic of Panama	100%
QMS Amora Inc. - barge chartering	Republic of Panama	100%
Lextus Inc. - vessel chartering	Republic of Panama	
QMS Offshore Industries LLC - vessel chartering	United Arab Emirates	100%
Volo Travel and Tourism LLC - other related operations	United Arab Emirates	100%

2 Significant accounting policies

The principal accounting policies adopted by the Group in the preparation of these special purpose consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of preparation

Unreserved statement of compliance

These special purpose consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"), under the historical cost convention except for the redefined benefit obligation which is recognized at the present value of future obligations using the projected unit credit method.

These are the first set of special purpose consolidated financial statements for this restructured Group under International Financial Reporting Standards ("IFRS"). As described in note 1, this is accounted for a capital reorganisation under IFRS and as such even though this may be the first set of financial statements the requirements of IFRS 1 - First Time Adoption of IFRS (IFRS 1") do not apply as the group had prepared combined IFRS financial statements. If the requirements of IFRS 1, applied there would be no material impact.

These special purpose consolidated financial statements include financial statements:

- As at and for the years ended 31 December 2021 and 2020.

Consolidation

The Subsidiaries and the special purpose consolidated financial statements have the same calendar year and use consistent accounting policies for each year presented. All intra-group balances, transactions, income and expenses, and profits and losses resulting from intra-group transactions are eliminated. Companies linked to one another by consolidation are integrated through the aggregation of accounts, in accordance with rules identical to those for full consolidation.

The preparation of the special purpose consolidated financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies.

The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the special purpose consolidated financial statements have been disclosed in Note 4.

2 Significant accounting policies (continued)

2.1 Basis of preparation (continued)

a) New and amended standards adopted by the Group:

The following standards and amendments have been applied by the Group for the first time for the financial year beginning on 1 January 2021:

- *Definition of Materiality – amendments to IAS 1 and IAS 8 (issued on October 31, 2018 and effective for annual periods beginning on or after January 1, 2021).*
- *Definition of a Business – amendments to IFRS 3 (issued on October 22, 2018 and effective for acquisitions from the beginning of annual reporting period that starts on or after January 1, 2021).*
- *Interest Rate Benchmark Reform – amendments to IFRS 9, IAS 39 and IFRS 7 (issued on September 26 2019 and effective for annual periods beginning on or after January 1, 2021).*
- Revised *Conceptual Framework* for *Financial Reporting* (issued on 29 March 2018 and effective for annual periods beginning on or after January 1, 2021).

The amendments listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

In August 2020, the IASB issued Interest Rate Benchmark Reform - Phase 2, which amends IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16. The amendments complement those issued in September 2019 (endorsed in January 2020) and focus on the effects on financial statements when a company replaces a previous interest rate benchmark with an alternative benchmark rate as a result of Interbank Offered Rates (IBOR) reform. The Phase 2 amendments are effective for the Group's fiscal year commencing 1 January 2021, and were adopted as of that date. Comparative amounts have not been restated, and there was no impact on the current period opening reserves amounts on adoption. As of 31 December 2021, applicable interest rate benchmarks in the Group’s agreements have not been replaced. As a result, the adoption of the Phase 2 amendments had no impact on the special purpose consolidated financial statements for the year ended 31 December 2021. Management will continue to monitor relevant developments and will evaluate the impact of the Phase 2 amendments on the special purpose consolidated financial statements as IBOR reform progresses.

b) New standards and interpretations not yet adopted by the Group:

Certain new accounting standards and interpretations have been published that are not mandatory for the 31 December 2021 reporting period and have not been early adopted by the Group. These standards, amendments or interpretations are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

2 Significant accounting policies (continued)

2.1 Basis of preparation (continued)

b) New standards and interpretations not yet adopted by the Group: (continued)

Title	**Key requirements**	**Effective date**	**Impact**
IFRS 17 *Insurance Contracts*	There is a modification of the general measurement model called the 'variable fee approach' for certain contracts written by life insurers where policyholders share in the returns from underlying items. When applying the variable fee approach, the entity's share of the fair value changes of the underlying items is included in the CSM. The results of insurers using this model are therefore likely to be less volatile than under the general model. The new rules will affect the financial statements and key performance indicators of all entities that issue insurance contracts or investment contracts with discretionary participation features. Targeted amendments made in July 2020 aimed to ease the implementation of the standard by reducing implementation costs and making it easier for entities to explain the results from applying IFRS 17 to investors and others. The amendments also deferred the application date of IFRS 17 to 1 January 2023.	1 January 2023 (deferred from 1 January 2021)	The amendment does not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

2 Significant accounting policies (continued)

2.1 Basis of preparation (continued)

b) New standards and interpretations not yet adopted by the Group: (continued)

Title	**Key requirements**	**Effective date**	**Impact**
Property, Plant and Equipment: Proceeds before intended use - Amendments to IAS 16	The amendment to IAS 16 *Property, Plant and Equipment* (PP&E) prohibits an entity from deducting from the cost of an item of PP&E any proceeds received from selling items produced while the entity is preparing the asset for its intended use. It also clarifies that an entity is 'testing whether the asset is functioning properly' when it assesses the technical and physical performance of the asset. The financial performance of the asset is not relevant to this assessment. Entities must disclose separately the amounts of proceeds and costs relating to items produced that are not an output of the entity's ordinary activities.	1 January 2022	The Group does not have any proceeds from properties before their intended use. Therefore, the amendment does not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.
Reference to the Conceptual Framework – Amendments to IFRS 3	Minor amendments were made to IFRS 3 *Business Combinations* to update the references to the *Conceptual Framework for Financial Reporting* and add an exception for the recognition of liabilities and contingent liabilities within the scope of IAS 37 *Provisions, Contingent Liabilities and Contingent Assets* and Interpretation 21 *Levies*. The amendments also confirm that contingent assets should not be recognized at the acquisition date.	1 January 2022	The Group did not acquire any businesses during the year, therefore, the amendment does not have any impact on the amounts recognised in the current and prior periods. The Group will consider the guidance in future if such case occurs.

2 Significant accounting policies (continued)

2.1 Basis of preparation (continued)

b) New standards and interpretations not yet adopted by the Group: (continued)

Title	Key requirements	Effective date	Impact
Onerous Contracts – Cost of Fulfilling a Contract Amendments to IAS 37	The amendment to IAS 37 clarifies that the direct costs of fulfilling a contract include both the incremental costs of fulfilling the contract and an allocation of other costs directly related to fulfilling contracts. Before recognizes a separate provision for an onerous contract, the entity recognizes any impairment loss that has occurred on assets used in fulfilling the contract.	1 January 2022	The Group does not have any onerous contracts, therefore, the amendment does not have any impact on the amounts recognised in the current or prior periods. The Group will consider the guidance in future if such case occurs.

2 Significant accounting policies (continued)

2.1 Basis of preparation (continued)

b) New standards and interpretations not yet adopted by the Group: (continued)

Title	Key requirements	Effective date	Impact
Annual Improvements to IFRS Standards 2018-2020	The following improvements were finalised in May 2020: • IFRS 9 *Financial Instruments* – clarifies which fees should be included in the 10% test for derecognition of financial liabilities. • IFRS 16 *Leases* – amendment of illustrative example 13 to remove the illustration of payments from the lessor relating to leasehold improvements, to remove any confusion about the treatment of lease incentives. • IFRS 1 *First-time Adoption of International Financial Reporting Standards* – allows entities that have measured their assets and liabilities at carrying amounts recorded in their parent's books to also measure any cumulative translation differences using the amounts reported by the parent. This amendment will also apply to associates and joint ventures that have taken the same IFRS 1 exemption. • IAS 41 *Agriculture* – removal of the requirement for entities to exclude cash flows for taxation when measuring fair value under IAS 41. This amendment is intended to align with the requirement in the standard to discount cash flows on a post-tax basis.	1 January 2022	The amendment does not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

2 Significant accounting policies (continued)

2.2 Basis of consolidation

(a) Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date when control ceases. Losses applicable to the non-controlling interests in a subsidiary are attributed to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Upon loss of control, the Group derecognises the assets and liabilities of the subsidiary, any non-controlling interests and other components of equity related to the subsidiary. Any surplus or deficit arising on loss of control is recognised in the special purpose consolidated statement of comprehensive income. If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that the control is lost.

The Group applies the acquisition method to account for business combinations.

The consideration transferred for the acquisition of a subsidiary is the fair value of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets.

Acquisition-related costs are expensed as incurred.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through the special purpose consolidated statement of comprehensive income.

Any contingent consideration to be transferred by the Group are recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with IFRS 9 either in profit or loss. Contingent consideration that is classified as equity is not remeasured, and its subsequent settlement is accounted for within equity.

If the total of consideration transferred, non-controlling interest recognised and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the special purpose consolidated statement of comprehensive income.

2 Significant accounting policies (continued)

2.2 Basis of consolidation (continued)

(a) Subsidiaries (continued)

Inter-group transactions, balances, income and expenses on transactions between Subsidiaries are eliminated. Profits and losses resulting from inter-group transactions that are recognised in assets are also eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Subsidiaries.

(b) Changes in ownership interests in subsidiaries without change of control

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions – that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals of non-controlling interests are also recorded in equity.

(c) Disposal of subsidiaries

When the Group ceases to have control any retained interest in the entity is re-measured to its fair value at the date when control is lost, with the change in carrying amount recognised in the special purpose consolidated statement of comprehensive income. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in the special purpose consolidated statements of comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to the special purpose consolidated statement of comprehensive income.

2.3 Vessels, plant and equipment

Vessels, plant and equipment are measured at cost, which includes capitalised borrowing costs, less accumulated depreciation and accumulated impairment losses (if any). The cost of vessels, plant and equipment includes acquisition cost together with any incidental expenses of acquisition. Subsequent expenditure incurred on vessels is capitalised where the expenditure gives rise to future economic benefits in excess of the originally assessed standard of performance of the existing assets.

Depreciation is recognized less estimated residual values in the special purpose consolidated statement of comprehensive income on a straight-line basis over the estimated useful lives of each part of an item of property and equipment.

2 Significant accounting policies (continued)

2.3 Vessels, plant and equipment (continued)

The estimates of useful lives for the current and comparative years are as follows:

Barges	40 years
Vessels	20 years
Buildings	20 years
Motor vehicles	5 years
Office equipment	5 years
Furniture and fixtures	5 years

Major dry docking is capitalised when incurred and is depreciated over the period until the next dry docking, which is normally 5 years. The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis.

The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the special purpose consolidated statement of comprehensive income.

The depreciation charge for the year is allocated between direct operating costs and other operating expenses, depending on the usage of the respective assets.

2.4 Capital work in progress

Assets in the course of construction are capitalised and carried at cost as capital work-in-progress. The asset under construction is transferred to the appropriate category in vessels, plant and equipment when available for use. All costs directly attributable to bringing the asset to the location and condition necessary for it to be used in the manner intended by management are included in the construction cost. No depreciation is charged on such assets until available for use.

2.5 Impairment of non-financial assets

Assets that are subject to depreciation or amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

Non-financial assets that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

Assets that are subject to depreciation or amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

2 Significant accounting policies (continued)

2.5 Impairment of non-financial assets (continued)

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

2.6 Leases under IFRS 16 'leases'

The Group as a lessee

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments, less any lease incentives receivable,
- variable lease payment that are based on an index or a rate, initially measured using the index or rate as at the commencement date,
- amounts expected to be payable by the Group under residual value guarantees,
- the exercise price of a purchase option if the Group is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the Group exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right of use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the Group:

- where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received.
- uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by the Group, which does not have recent third-party financing, and
- makes adjustments specific to the lease, country, currency and security.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

2 Significant accounting policies (continued)

2.6 Leases under IFRS 16 'leases' (continued)

Right of use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability,
- any lease payments made at or before the commencement date less any lease incentives received,
- any initial direct costs, and
- restoration costs.

Right of use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets. If the Group is reasonably certain to exercise a purchase option, the right of use asset is depreciated over the underlying asset's useful life. Depreciation is considered for 40 years as per the vessels and barges leasing contract.

Payments associated with short-term leases and all leases of low-value assets are recognised on a straight-line basis as an expense in the special purpose consolidated statement of comprehensive income. Short-term leases are leases with a lease term of 12 months or less.

The existing current and non-current lease liabilities of the Group have been fully repaid in accordance with the terms of the refinance arrangement.

Short-term leases and leases of low-value assets

The Group elects not to recognise right of use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The Group recognise the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

Extension and termination options

Extension and termination options are included in vessels, property and equipment leases. In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

Leases - where the Group is the lessor

Rental income from operating leases is recognised based on daily rates over the term of the relevant lease, except where another systematic basis is more representative of the time pattern in which the economic benefits from the leased assets are derived.

2 Significant accounting policies (continued)

2.7 Inventories

Inventory comprise of consumables and small value spare parts used for routine maintenance. Inventories are stated at the lower of cost and net realisable value. Cost is determined on the weighted average basis and includes purchase price, freight and other expenses incurred in bringing the inventories to their present location and condition. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses. Inventories contain spare parts which are used on vessels and barges.

2.8 Trade receivables

Trade receivables are amounts due from customers for services performed in the ordinary course of business. If collection is expected in one year or less they are classified as current assets. If not, they are presented as non-current assets. Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less allowance for ECL.

2.9 Cash and cash equivalents

For the purpose of the special purpose consolidated statement of cash flows, cash and cash equivalents include cash in hand and at banks with original maturities of three months or less, net of margin deposits and outstanding bank overdrafts, if any.

2.10 Value added tax

Output value added tax related to sales is payable to tax authorities on the earlier of (a) collection of receivables from customers or (b) delivery of goods or services to customers. Input VAT is generally recoverable against output VAT upon receipt of the VAT invoice. The tax authorities permit the settlement of VAT on a net basis. VAT related to sales and purchases is recognised in the special purpose consolidated statement of financial position on a net basis. Where provision has been made for the ECL of receivables, the impairment loss is recorded for the gross amount of the debtor, including VAT.

2.11 Financial instruments

Financial assets and liabilities are recognised in the special purpose consolidated statement of financial position when the Group becomes a part of the contractual provision of the instruments.

2 Significant accounting policies (continued)

2.11 Financial instruments (continued)

2.11.1 Financial assets

(i) Classification

The Group classifies its financial assets as those measured at amortised cost. The classification depends on the business model of the Group for managing the financial assets and the contractual terms of the cash flows. Management determines the classification of its financial assets at initial recognition.

(ii) Recognition and subsequent measurement

At initial recognition, the Group measures a financial asset at its fair value plus transaction costs that are directly attributable to the acquisition of the financial asset.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

Subsequent measurement of financial assets depends on the business model of the Group for managing the asset and the cash flow characteristics of the assets. Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost.

Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other operating expenses. Impairment losses are presented as separate line item in the special purpose consolidated statement of comprehensive income.

For impairment of financial assets refer 2.11.4.

(iii) Derecognition of financial assets

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised where:

- the Group's rights to receive cash flows from the asset have expired; or
- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and
- either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

2 Significant accounting policies (continued)

2.11 Financial instruments (continued)

2.11.2 Financial liabilities

The Group determines the classification of its financial liabilities at initial recognition. Financial liabilities are recognised initially at fair value and in the case of loans and borrowings, at fair value of the consideration received less directly attributable transaction costs and subsequently carried at amortised cost using the effective interest method.

The Group's financial liabilities include amounts for interest bearing bank borrowings, trade payables, lease liabilities, barge supplier obligations and due to shareholder.

(i) Subsequent measurement

The measurement of financial liabilities depends on their classification as bank borrowings:
After initial recognition, bank borrowings are subsequently measured at amortised cost using the effective interest rate method. Gains and losses are recognised in the special purpose consolidated statement of comprehensive income when the financial liabilities are derecognised as well as through the amortisation process.

(ii) Derecognition

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the special purpose consolidated statement of comprehensive income.

2.11.3 Offsetting financial instrument

Financial assets and financial liabilities are offset and the net amount reported in the special purpose consolidated statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

2.11.4 Impairment of financial assets

The Group assesses on a forward looking basis the expected credit losses associated with its financial assets carried at amortized cost.

The Group applies the simplified approach for trade receivables as permitted by IFRS 9, which requires expected lifetime losses to be recognised from the initial recognition of the related financial assets. The amount of loss is charged to the special purpose consolidated statement of comprehensive income.

2 Significant accounting policies (continued)

2.11 Financial instruments (continued)

2.11.4 Impairment of financial assets (continued)

For accounts receivable, the Group applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables, see Note 3.1 for further details.

2.12 Trade and other payables

Trade and other payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade payables are classified as current liabilities if the payments' due date is within one year or less. If not, they will be classified as non-current liabilities. Trade and other payables are recognised initially at fair value and subsequently measured at amortized cost using the effective interest method.

2.13 Employee benefits

The Group has liabilities for end of service benefits that are not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. These obligations are therefore measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period, using the projected unit credit method. Consideration is given to expected future wage and salary levels.

Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the end of the reporting period of high-quality corporate bonds with terms and currencies that match, as closely as possible, the estimated future cash outflows. Remeasurements as a result of experience adjustments and changes in actuarial assumptions are recognised in the special purpose consolidated statement of comprehensive income.

Pension contributions are made in respect of UAE national employees to the Abu Dhabi Retirement Pensions and Benefits Fund in accordance with Law No. (2) of 2000 for Civil Retirement Pensions and Benefits.

2.14 Provisions

Provisions are recognised when the Group has an obligation (legal or constructive) arising from a past event, and the costs to settle the obligation are both probable and able to be reliably measured.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

2 Significant accounting policies (continued)

2.15 Taxation

Income tax

The income tax expense or credit for the period is the tax payable on the current period's taxable income, based on the applicable income tax rate for each jurisdiction, adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses. The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Group and its subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and considers whether it is probable that a taxation authority will accept an uncertain tax treatment. The Group measures its tax balances either based on the most likely amount or the expected value, depending on which method provides a better prediction of the resolution of the uncertainty.

2.16 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding discounts, rebates, customer returns and other sales taxes or duty. The following specific recognition criteria must also be met before revenue is recognised:

The Group recognises revenue from contracts with customers based on a five-step model as set out in IFRS 15:

1. Identify the contract(s) with a customer: A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria for every contract that must be met.

2. Identify the performance obligations in the contract: A performance obligation is a promise in a contract with a customer to transfer a good or service to the customer.

3. Determine the transaction price: The transaction price is the amount of consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

4. Allocate the transaction price to the performance obligations in the contract: For a contract that has more than one performance obligation, the Group will allocate the transaction price to each performance obligation in an amount that depicts the amount of consideration to which the Group expects to be entitled in exchange for satisfying each performance obligation.

5. Recognise revenue when (or as) the entity satisfies a performance obligation at a point in time or over time.

2 Significant accounting policies (continued)

2.16 Revenue (continued)

Revenue is measured based on the consideration to which the Group expects to be entitled in contract with a customer and excludes amounts collected on behalf of third parties. The Group recognises revenue when it transfers control of a product or service to a customer.

Operating lease revenue

Operating lease revenue from owned and chartered barges and vessels which is charged on a daily rate and recognised based on the number of days barges and vessels are used over the lease term. When the Group provides incentives to its customers, the cost of the incentives is recognised over the lease term, on a straight-line basis, as a reduction of rental income. See note 2.6 for further information.

Revenue from charter of vessels and barges represents charter fees billed to the customers on a time basis and the invoice value of supplies delivered to the customers during the year. These are stated net of rebates and allowances.

Other operating revenue

Other operating revenue derived provision of meals, visa and medical sales recognised at a point in time.

Mobilization of vessels and barges

The Group provides mobilization services of vessels and barges. These activities do not constitute delivery of a separate service to the customers but are necessary to fulfill the previous services mentioned. Accordingly, mobilization revenue and mobilization cost are recognized as contract liabilities and contract assets, respectively, and are amortized over the term of the respective contracts with customers for drilling services.

2.17 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost using the effective interest rate method.

Difference between the proceeds (net of transaction costs) and the redemption value is recognised in the special purpose consolidated statement of comprehensive income over the period of the borrowings using the effective interest method.

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

Borrowing costs (including finance costs on lease liabilities) that are directly attributable to the acquisition or construction of a qualifying asset are capitalised (net of interest income on temporary investment of borrowings) as part of the cost of the asset until the asset is commissioned for use. Borrowing costs in respect of completed and suspended projects or not attributable to qualifying assets are expensed in the period in which they are incurred.

2 Significant accounting policies (continued)

2.17 Borrowings

Borrowing costs are recognised in the special purpose consolidated statement of comprehensive income in the period in which they are incurred. Fees paid on the establishment of borrowing facilities are recognised as transaction costs of the borrowing to the extent that it is probable that some or all of the facility will be drawn down.

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate (“EIR”) applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

2.18 Withholding tax

The Group has to withhold Withholding Tax (“WHT”) at a rate of 5% on cash transfers done from source in the Kingdom of Saudi Arabia and State of Qatar. Accordingly, as the WHT is not a tax based on the accounting profit, accordingly, it is not considered as an income tax.

2.19 Foreign currency translation

(a) Functional and presentation currency

For the purpose of these special purpose consolidated financial statements, United States Dollars (“USD”) is the functional and presentation currency of the Group.

Transactions in currencies other than USD (foreign currencies) are recorded at the exchange rate prevailing at the date of the transaction. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated. Exchange differences are recognised in profit or loss in the period in which they arise.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the special purpose consolidated statement of comprehensive income.

2 Significant accounting policies (continued)

2.20 Reorganization and common control transactions - Merger Reserve

Reorganization and common control transactions are transactions in which all of the combining entities are controlled by the same party or parties before and after the transaction and that control is not transitory.

Reorganisation are transactions whereby the group is restructured and there are no changes in shareholders or shareholding other than changing the structure to facilitate a transaction. Such transactions are accounted for in the financial statements as if the entity was always structured in this manner and merged together using the predecessor values. Any difference between the net asset values transferred and any consideration should be accounted for in the merger reserve.

Transactions where the current structure purchases new entities not part of the reorganization are using the predecessor values.

The predecessor values method requires the special purpose consolidated financial statements to be prepared using predecessor book values without any step up to fair value.

2.21 Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenue and incur expenses, including revenue and expenses that relate to transactions with any of the Group's other components. All operating segments' operating results are reviewed regularly by the Group's Chief Operating Decision Maker ("CODM") to make decisions about resources to be allocated to the segment and to assess its performance, and for which discrete financial information is available. The CODM assesses the financial performance and position of the geographical segments and makes strategic decisions based on a measure of revenue and costs. The Board of Directors has been identified as being the CODM in accordance with the requirements of IFRS 8 'operating segments'.

Segment results reported to the Group's CODM represent revenue and cost of revenue and include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

For management purposes, the Group is organized into three operating segments based on the geographical location, all of which are referred to as "business units':

- United Arab Emirates
- Saudi Arabia
- Qatar

All these operating segments earn revenue from charter of vessels and barges, sale of oil products to customers and from other operating revenue such as provision of meals and accommodation and mobilization of vessels and barges. The accounting policies of the operating segments are the same as the Group's accounting policies.

2 Significant accounting policies (continued)

2.21 Segment reporting (continued)

	United Arab Emirates USD	Saudi Arabia USD	Qatar USD	Total USD
31 December 2021				
Revenue	178,035,152	85,901,413	53,036,289	316,972,854
Direct costs (excluding depreciation)	(75,576,642)	(36,777,221)	(20,366,165)	(132,720,028)
General and administrative expenses (excluding depreciation)	(13,026,502)	(8,499,567)	(4,650,168)	(26,176,237)
Depreciation included in direct costs and general and administrative expenses	(23,895,652)	(11,651,172)	(7,185,165)	(42,731,989)
Provision for impairment loss on trade receivables	(3,325,876)	(879,233)	(1,698,472)	(5,903,581)
Other income, net	4,320,030	62,602	-	4,382,632
Finance cost, net	(12,721,884)	(6,340,062)	(3,739,935)	(22,801,881)
Profit before tax for the year	**53,808,626**	**21,816,760**	**15,396,384**	**91,021,770**
31 December 2020				
Revenue	211,785,408	45,429,733	25,637,080	282,852,221
Direct costs (excluding depreciation)	(93,307,182)	(21,572,409)	(14,947,983)	(129,827,574)
General and administrative expenses (excluding depreciation)	(16,051,201)	(4,858,887)	(1,967,419)	(22,877,507)
Depreciation included in direct costs and general and administrative expenses	(32,143,122)	(5,874,982)	(4,280,419)	(42,298,523)
Written off capital work in progress	(2,759,139)	-	-	(2,759,139)
Provision for impairment loss on trade receivables	(554,112)	-	(94,804)	(648,916)
Other income, net	2,721,825	44,229	364,310	3,130,364
Finance cost, net	(19,629,415)	(4,132,255)	(2,331,930)	(26,093,600)
Profit before tax for the year	**50,063,062**	**9,035,429**	**2,378,835**	**61,477,326**

3 Financial risk management

3.1 Financial risk factors

The activities of the Group exposes it to a variety of financial risks: market risk (including foreign exchange risk, price risk and cash flow and fair value interest rate risk), credit risk and liquidity risk. The overall risk management programme of the Group seeks to minimise potential adverse effects of these risks on their financial performance.

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. Further quantitative disclosures are included throughout these special purpose consolidated financial statements.

The Board of Directors have overall responsibility for the establishment and oversight of the Group's risk management framework. The Board of Directors are responsible for developing and monitoring the Group's risk management policies.

The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Group's Board of Directors oversees how management monitors compliance with the Group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Group.

(a) Market risk

(i) Foreign exchange risk

Foreign exchange risk is limited as the transactions of the Group are principally in United States Dollars (USD). All other currencies in which the Group operates are pegged to the US Dollar and therefore no significant currency risk exists.

(ii) Price risk

Price risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to the individual instrument or its issuer or factors affecting all instruments traded in the market.

The Group has no significant exposure to commodity price risk or equity securities price risk.

3 Financial risk management (continued)

3.1 Financial risk factors (continued)

(a) Market risk

(iii) Cash flow and fair value interest rate risks

Interest rate risk arises from the possibility that changes in interest rates will affect the finance income or finance cost of the Group. The Group is exposed to interest rate risk on its deposits, loan from/to related parties that carry fixed interest rate.

The sensitivity analyses below have been determined based on the exposure to variable interest rates mainly arising from bank loans and overdrafts and financing obligations (excluding barge supplier obligation that carries a fixed rate), assuming the amount of liability/asset outstanding at the end of the reporting period was outstanding for the whole year.

	Effect on Income USD
2021	
+100 increase in basis point	5,004,448
-100 decrease in basis point	(5,004,448)
2020	
+100 increase in basis point	4,275,276
-100 decrease in basis point	(4,275,276)

IBOR transition (Interest rate benchmark reforms)

The Group is primarily exposed to US LIBOR which is subject to the interest rate benchmark reform.

The Group is actively preparing for the LIBOR transition to the new Risk Free Rate (RFR) rates, which includes representatives from Finance, Legal, Treasury and other relevant business units, where effective 31 December 2021, LIBOR will no longer be used to price new loans. Since the 3-months US LIBOR cessation date is June 2023, and the LIBOR applicable interest rate benchmarks in the Group agreements have not been replaced, the resulting change in the LIBOR reform as at 31 December 2021 did not have an impact on the special purpose consolidated financial statements.

3 Financial risk management (continued)

3.1 Financial risk factors (continued)

(a) Market risk (continued)

(iii) Cash flow and fair value interest rate risks (continued)

Management will continue to monitor the relevant developments and will evaluate the impact on the IBOR amendments on the special purpose consolidated financial statements.

	Carrying value At 31 December 2021		Of which Have yet to transition to an alternative benchmark interest rate as at 31 December 2021	
	Assets USD	Liabilities USD	Assets USD	Liabilities USD
Non-derivative assets and liabilities exposed to USD LIBOR measured at amortised cost				
Cash and cash equivalents	47,987,297	-	-	-
Trade receivables	80,648,166	-	-	-
Other receivables	2,509,074	-	-	-
Bank borrowings	-	500,444,772	-	500,444,772
Trade and other payables	-	67,101,821	-	-

(b) Credit risk

The Group is exposed to credit risk, which is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to meet an obligation.

The Group is exposed to credit risk on the following financial instruments:

Category	**Class**	**Amount USD**	**Impairment model**
Financial assets at amortised cost	Trade receivables	90,648,166	Simplified
	Cash and cash equivalents	47,987,297	General model
	Other financial assets	2,509,074	General model

Risk management
Credit risk arises from cash and cash equivalents and deposits with banks and financial institutions, as well as credit exposures to customers, including outstanding receivables and committed transactions.

3 Financial risk management (continued)

3.1 Financial risk factors (continued)

(b) Credit risk (continued)

(i) Trade receivables

The board receives regular reporting from the credit department who manage the performance of the trade receivables.

The credit department has set out policies and procedures for managing credit risk on the trade receivables.

- The Group structures the levels of credit risk it undertakes by placing limits on the amount of credit risk accepted in relation to a customer. Limits on the level of credit risk are approved regularly by management. Such limits are monitored on a revolving basis and are subject to an annual, or more frequent, review.
- On granting of credit, an assessment is performed of the credit worthiness of the debtor and the ability to pay.
- Where appropriate, guarantees and collateral is held against such receivables.
- After granting the credit, the credit department, on a monthly basis, reviews the aging analysis and follows up on all outstanding payments.
- Management of the credit department determines the appropriate receivables that should be handed over for collection, the amount of provision that should be recorded in these receivables and amounts that should be written off. The board approves the procedures for managing credit risk, the amount of provision to be recognized and amounts to be written off.
- Constant evaluation of days outstanding and following up on the balances over due.
- Write offs are monitored and approved by the Managing Director.

As at 31 December 2021, USD 56,169,649 (2020: USD 59,836,148) which represents 83% (2020: 80%) of the total trade receivables, is due from the ten major customers of the Group (2020: ten major customers). Management believes that this concentration of credit risk is mitigated as the customers have an established track record of regular and timely payments. Management constantly monitors the payments to be able to take action early if the credit risk increases.

The expected loss rates are based on the roll rates of receivables over a period of 36 months before 31 December 2021, 31 December 2020 respectively and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Group has identified the GDP of the United Arab Emirates, which represents the main market in which the Group sells its goods and services, and accordingly adjusts the historical loss rates based on expected changes in this factor.

3 Financial risk management (continued)

3.1 Financial risk factors (continued)

(b) Credit risk (continued)

(i) Trade receivables (continued)

On that basis, the impairment loss as at 31 December 2021 and 2020 was determined as follows for trade receivables:

31 December 2021	Current	46–90 days	90–365 days	Over 365 days	Total
	USD	USD	USD	USD	USD
Gross carrying amount - trade receivables	64,783,677	6,446,680	10,722,530	8,695,279	90,648,166
Expected loss rate	2%	10%	35%	50%	-
Less: Loss allowance	1,295,674	644,668	3,752,886	4,306,772	10,000,000
Net trade receivables	63,488,003	5,802,012	6,969,644	4,388,507	80,648,166
31 December 2020					
Gross carrying amount - trade receivables	46,577,785	7,895,146	7,694,756	12,190,409	74,358,096
Expected loss rate	1%	1%	18%	30%	
Less: Loss allowance	232,889	78,951	1,385,056	3,660,743	5,357,639
Net trade receivables	46,344,896	7,816,195	6,309,700	8,529,666	69,000,457

	2021	2020
	USD	USD
Trade receivables from governmental customers	29,297,747	35,190,233
Trade receivables from non-governmental customers	51,350,419	33,810,224

3 Financial risk management (continued)

3.1 Financial risk factors (continued)

(b) *Credit risk* (continued)

(i) Trade receivables (continued)

Sensitivity analysis

The most significant forward looking macroeconomic assumption affecting the ECL allowance. Set out below are the changes to the ECL as at 31 December that would result from reasonably possible changes in the GDP parameters from the actual assumptions used in the Group's economic variable assumption:

	Change	2021 USD	2020 USD
	+1%	906,482	743,581
GDP	No change	10,000,000	5,357,639
	-1%	(906,482)	(743,581)

The movement on the provision for expected credit losses during the year is as follows:

	2021 USD	2020 USD
At 1 January	5,357,639	4,708,723
Charge for the year*	5,903,581	648,916
Write off	(1,261,220)	-
At 31 December	10,000,000	5,357,639

* The provision increased significantly due to the change in receivable profile between government and non-government. This change in customer profile resulted in an impact on the assumptions used in the model and increased the ECL.

Trade receivables are written off where there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery. Where loans or receivables have been written off, the Group continues to engage in enforcement activity to attempt to recover the receivable due. Where recoveries are made, these are recognised in the special purpose consolidated statement of comprehensive income.

3 Financial risk management (continued)

3.1 Financial risk factors (continued)

(b) Credit risk (continued)

(ii) Cash and cash equivalents and margin deposits

Cash and cash equivalents represent low credit risk as the policy of the Group is to place cash and cash equivalents with reputable banks and financial institution where the treasury department has the following policies and procedures:

- All bank accounts, deposits are held with reputable financial institutions with an appropriate credit rating acceptable to the group.
- Loans are evaluated by the board and approved based on the business purpose and risk acceptable. These are monitored by the board and assessed for impairment as required. Any impairments and write offs are also approved by the board.
- Where appropriate the board sets limits on exposures to credit risk.

For measuring credit risk and grading financial instruments by the amount of credit risk, the Group applies an approach based on risk grades estimated by an external international rating agency (Moody's) as disclosed in the table below:

	2021 USD	2020 USD
Bank rating		
A+	9,036,311	13,094,966
A	41,380,708	5,979,677
B+	4,424,340	5,106,423
	54,841,359	24,181,066

While cash and cash equivalents are also subject to the impairment requirements of IFRS 9, the identified impairment loss was immaterial.

(iii) Other financial assets

Other financial assets include and deposits, do not have a material expected credit loss, and the loss allowance considered during the year was limited to 12 months expected losses, As such, no loss allowance was made for such financial assets at 31 December 2021 and 2020.

(c) Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses risking damage to the Group's reputation.

3 Financial risk management (continued)

3.1 Financial risk factors (continued)

(c) Liquidity risk (continued)

In 2021 and 2020, the Group had significant financial obligations in the form of a syndicate loan, lease liabilities and barge supplier obligations with various lenders. Please refer to note 10 which sets out the detailed terms, conditions and amounts owing on the various facilities.

During December 2021, the Group signed and successfully executed a refinancing agreement with lead arrangers Mashreq Bank and Goldman Sachs for a new consolidated syndicated facility. Under the terms of this agreement, the syndicate loan, lease liabilities and barge supplier obligations of an amount of USD 385,883,130 were fully repaid, with a new syndicate facility to the value of USD 430,000,000. The new syndicate loan consists of several banks such as Abu Dhabi Islamic Bank (ADIB), Abu Dhabi Commercial Bank (ADCB), National Bank of Fujairah (NBF), Ajman Bank, Arab Bank, Dubai Islamic Bank (DIB), Mashreq Bank, First Arab Bank (FAB), Commercial Bank of Dubai (CBD), and Arab Banking Corporation (ABC). The refinancing resulted in an extinguishment of the previous facilities and the new facility was recognised to the new syndicate of Banks. Details of the facility are set out in Note 10.

By consolidating the debt this resulted in an extension to repayment terms, lower cost of funds and higher credit limit.

In managing liquidity risk, the Group maintains cash and cash equivalents and ensures there is an adequate amount of committed credit facilities.

Management aims to maintain flexibility in funding by keeping committed credit lines available, including through related parties. The maturity profile of the Group’s financial instruments is monitored by management to ensure adequate liquidity is maintained.

3 Financial risk management (continued)

3.1 Financial risk factors (continued)

(c) Liquidity risk (continued)

The table below summarises the maturity profile of the Group's financial liabilities as at 31 December 2021 and 2020 based on contractual undiscounted payments:

	Less than one year USD	**1-3 years USD**	**3-5 years USD**	**More than 5 years USD**	**Total USD**
31 December 2021					
Bank borrowings	63,849,323	237,766,581	239,565,512	-	541,181,686
Trade and other payables	67,101,821	-	-	-	67,101,821
Total	**130,951,144**	**237,766,581**	**239,565,512**	**-**	**608,283,507**
31 December 2020					
Bank borrowings	149,463,674	260,080,406	39,181,600	29,225,060	477,950,740
Barge supplier obligations	7,440,000	7,440,000	17,430,000	-	32,310,000
Trade and other payables	76,600,212	-	-	-	76,600,212
Lease liabilities	24,485,965	27,413,972	2,378,732	-	54,278,669
Due to shareholder	10,911,318	-	-	-	10,911,318
Total	**268,901,169**	**294,934,377**	**58,990,332**	**29,225,060**	**652,050,939**

3 Financial risk management (continued)

3.2 Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to the shareholder, return capital to the shareholder, issue new shares or sell assets to reduce debts.

The Group has complied with the financial covenants required during each of the reporting periods (Note 10).

No changes were made in the objectives, policies or processes during the years ended 31 December 2021 and 2020.

Consistent with others in the industry, the Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings less cash and cash equivalents. Total capital is calculated as 'equity' as shown in the statement of financial position plus net debt.

The gearing ratio as at 31 December is as follows:

	2021 USD	2020 USD
Total borrowings and financing obligations	500,444,772	459,837,588
Lease liability	-	54,278,669
Less: cash and bank balances	(47,987,297)	(19,154,491)
Net debt	452,457,475	494,961,766
Total equity	486,798,120	395,996,350
Total capital	939,255,595	890,958,116
Gearing ratio	48%	56%

3.3 Fair value estimation

The Group measures financial instruments such as financial assets at fair value through other comprehensive income at fair value at each consolidated statement of financial position date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

3 Financial risk management (continued)

3.3 Fair value estimation (continued)

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

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

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The initial fair value of the liability portion of the financial obligation was determined using a market interest rate for an equivalent non-convertible loan at the issue date. The liability is subsequently recognised on an amortised cost basis until extinguished on conversion or maturity of the financial obligation.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All financial instruments for which fair value is recognised or disclosed are categorised within the fair value hierarchy, based on the lowest level input that is significant to the fair value measurement as a whole, as follows:

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

If the inputs used to measure the fair value of an asset or liability falls into different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest input level that is significant to the entire measurement. The Group recognizes transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred. There were no transfers among the levels during the year.

The fair values of the Group’s financial assets and financial liabilities carried at amortised cost at the end of reporting period approximate their carrying values.

4 Critical accounting estimates and judgment

The Group makes estimates and assumptions that affect the amounts recognised in the special purpose consolidated financial statements and the carrying amounts of assets and liabilities within the next financial year. Estimates and judgments 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. Management also makes certain judgements, apart from those involving estimations, in the process of applying the accounting policies. The resulting accounting estimates will, by definition, seldom equal the related actual results. The major estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are as follows:

(a) Useful lives and residual value of vessels, property and equipment

The estimation of the useful lives and residual value of items of vessels, property and equipment is a matter of judgment based on the experience with similar assets. The future economic benefits embodied in the assets are consumed principally through use. However, other factors, such as technical or commercial obsolescence and wear and tear, often result in the diminution of the economic benefits embodied in the assets. Management assesses the remaining useful lives in accordance with the current technical conditions of the assets and estimated period during which the assets are expected to earn benefits for the Group. The following primary factors are considered: (a) the expected usage of the assets; (b) the expected physical wear and tear, which depends on operational factors and maintenance programme; and (c) the technical or commercial obsolescence arising from changes in market conditions. Management determines the residual value of vessels and barges to be immaterial considering the useful life of these assets is between 20 and 40 years. Accordingly, at the end of their useful life, any residual value will be immaterial.

A 10% increase or decrease in the estimated useful lives from management's estimates would result in an increase or decrease in depreciation for the year ended 31 December 2021 of USD 3,941,284 (2020: USD 3,897,941).

(b) Provision for impairment of trade receivables

The Group applies the IFRS 9 simplified approach to measure expected credit losses which uses a lifetime expected loss allowance for trade receivables.

The Group uses a provision matrix to calculate ECLs for trade receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (e.g., by geography, product type, customer type and rating etc.).

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

4 Critical accounting estimates and judgment (continued)

(b) Provision for impairment of trade receivables (continued)

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.

At the reporting date, gross trade receivables were USD 90,648,166 (2020: USD 74,358,096) and the provision for expected credit losses was USD 10,000,000 (2020: USD 5,357,639). Any difference between the amounts actually collected in future periods and the amounts expected to be received will be recognised in the special purpose consolidated statement of comprehensive income.

The loss allowance for trade receivables is based on assumptions about risk of default and expected loss rates. Management uses judgment in making these assumptions and selecting the inputs to the impairment calculation which are applied to the exposure at default to arrive at the expected credit losses at the reporting date. Management base their assumptions on the historical data of the Group, existing market conditions as well as forward looking estimates.

A 1% increase or decrease in PD estimates at 31 December 2021 would result in an increase or decrease in total expected credit loss allowance of USD 1,905,423 (31 December 2020: USD 1,279,345). A 1% increase or decrease in LGD estimates at 31 December 2021 would result in an increase or decrease in total expected credit loss allowance of USD 900,000 (31 December 2020: USD 1,279,345).

(c) Impairment of property and equipment

Management, in accordance with the accounting policy stated in 2.5, tests assets or CGUs for impairment whenever impairment indicators exist. Among others, the events or changes in circumstances which could indicate that an asset or CGU may be impaired mainly include the following:

- A significant decrease in the market prices of services rendered by the Group;
- A significant change in the extent or manner in which an asset is being used or in its physical condition including a significant decrease in current and projected future cash inflows; and
- A current-period operating loss combined with a history and forecast of operating or cash flow losses.

Management determines the recoverable amount of the assets based on value-in-use calculations. These calculations require the use of estimates in relation to the future cash flows and use of an appropriate discount rate applicable to the circumstances of the Group.

Future events could cause the estimates used in these value-in-use calculations to change adversely with a consequent effect on the future results of the Group. Management has performed a sensitivity analysis around the estimates. There are no estimates to which a reasonably possible change may cause the carrying value to exceed the recoverable value of the assets resulting in an impairment loss in future periods.

5 Vessels, plant and equipment

	Barges * USD	Vessels USD	Buildings USD	Motor vehicles USD	Furniture & fixtures and office equipment USD	Capital work in progress ** USD	Total USD
Cost:							
At 1 January 2020	572,055,092	370,164,605	7,998,468	1,378,949	305,500	4,263,312	956,165,926
Additions	27,621,664	-	-	-	-	-	27,621,664
Transfers	1,339,094	-	-	-	-	(1,339,094)	-
Write off	-	-	-	-	-	(2,924,218)	(2,924,218)
At 31 December 2020	601,015,850	370,164,605	7,998,468	1,378,949	305,500	-	980,863,372
Additions	-	4,862,358	-	61,261	5,615,782	48,335,440	58,874,841
Transfers ***	124,047,751	-	-	-	-	-	124,047,751
Disposals	-	(5,692,550)	-	-	-	-	(5,692,550)
At 31 December 2021	725,063,601	369,334,413	7,998,468	1,440,210	5,921,282	48,335,440	1,158,093,414
Accumulated depreciation:							
At 1 January 2020	40,416,615	146,707,645	1,135,125	1,031,912	297,738	-	189,589,035
Charge for the year	15,025,396	23,444,129	400,810	106,492	2,584	-	38,979,411
At 31 December 2020	55,442,012	170,151,773	1,535,935	1,138,404	300,322	-	228,568,446
Charge for the year	15,025,396	23,777,109	399,869	91,690	118,778	-	39,412,842
Disposals	-	(4,830,345)	-	-	-	-	(4,830,345)
At 31 December 2021	70,467,4085	189,098,537	1,935,804	1,230,094	419,100	-	263,150,943
Net book value:							
At 31 December 2021	**654,596,193**	**180,235,876**	**6,062,664**	**210,116**	**5,502,182**	**48,335,440**	**894,942,471**
At 31 December 2020	**545,573,838**	**200,012,832**	**6,462,533**	**240,545**	**5,178**	**-**	**752,294,926**

5 Vessels, plant and equipment (continued)

* Some of the assets in this category are being used as collateral against credit facilities obtained from banks (Note 10).

** During the year, ZMI has purchased 4 barges: QMS Subhiya, QMS Gloria, Conquest and Al Oula for a total of USD 48.3 million. The assets are still under mobilization as at 31 December 2021.

*** During the year, as part of the refinancing activity, ZMI has settled lease liabilities of USD 30.7 million relating to 4 barges: QMS Al Shahama II, QMS Al Bahia, QMS Al Maryah and QMS Omar. The assets have therefore been transferred from right of use assets to fixed assets at a total cost of USD 133 million and total accumulated depreciation of USD 8.7 million at the date of transfer.

The allocation of depreciation during the year was as follows:

	2021 USD	2020 USD
Direct costs (Note 18)	38,802,505	38,469,525
General and administrative expenses (Note 19)	610,337	509,886
	39,412,842	38,979,411

6 Trade receivables

	2021 USD	2020 USD
Trade receivables	90,648,166	74,358,096
Less: expected credit losses (Note 3.1b.i)	(10,000,000)	(5,357,639)
	80,648,166	69,000,457

The average credit period is 45 days. Trade receivables are unsecured and interest-free.

7 Other receivables

	2021 USD	2020 USD
Advances	8,453,949	8,310,584
Prepayments	2,486,658	1,783,790
Deposits	2,509,074	2,595,437
Other receivables	2,502,267	3,205,385
	15,951,948	15,895,196

The other classes within advances, deposits and prepayments do not contain impaired assets.

8a Cash and cash equivalents

	2021 USD	2020 USD
Cash on hand	641,721	881,107
Cash at banks	47,345,576	18,273,384
	47,987,297	19,154,491

In the special purpose combined financial statements referred to in Note 1, the cash and cash equivalents was presented net of bank overdrafts in Note 8 and included margin deposits mentioned below in Note 8b. In the special purpose consolidated financial statements these have been presented separately.

8b Margin deposits

	2021 USD	2020 USD
Margin deposits *	7,495,783	5,907,682

* Margin deposits represent cash margins paid against performance bank guarantees. The Group has a bank guarantee to operate with customers. Banks are liable to pay cash amounts to customers in case ZMI Holdings does not meet contract requirements. In 2021, there were no cases where ZMI Holdings did not meet requirements and the cash margin was subsequently transferred back to the bank account.

9 Inventories

	2021 USD	2020 USD
Spare parts	9,525,089	9,939,060
Less: provision for slow-moving inventories	-	-
	9,525,089	9,939,060

Movement in inventories is as follows:

	2021 USD	2020 USD
Opening balance	9,939,060	4,914,065
Purchases	7,257,386	8,238,130
Consumptions	(7,671,357)	(3,213,135)
Stock in hand	9,525,089	9,939,060

Notes to the special purpose consolidated financial statements for the years ended 31 December 2021 and 2020 (continued)

10 Bank borrowings

	2021 USD	2020 USD
Non-current liabilities		
Bank loans	447,578,134	301,264,786
Current liabilities		
Bank loans	52,866,638	96,992,525
Bank overdraft *	-	29,270,277
	52,866,638	126,262,802
	500,444,772	427,527,588

* During the year 2021, the bank overdraft amounting to USD 29,270,277 was fully repaid as part of the refinancing arrangement. The bank overdraft had a 1 year revolving facility amounting to USD 30,000,000 renewable at the bank's sole discretion on similar terms and conditions to the Syndicate Facility and shares the same security pool with the Syndicate Facility.

The details of the bank loans are as follows:

	Old syndicate facility * USD	**ECA facility ** USD**	**National Bank of Fujairah *** USD**	**Total USD**
For the year 2020				
Non-current portion				
Non-current portion of term loans	200,531,591	79,575,263	21,157,933	301,264,787
Current portion				
Current portion of term loans	79,887,335	12,053,224	5,051,965	96,992,524
	280,418,926	91,628,487	26,209,898	398,257,311

10 Bank borrowings (continued)

* The syndicate facility had a seven-year maturity period and interest rate of 3.4% + 3 months LIBOR including a balloon payment. The syndicate facility is secured by a charge over 40 vessels and barges in favor of the bank and the net book value of secured assets as at 31 December 2020 amounted to USD 457,464,965. The leading bank of the syndicate facility is Abu Dhabi Islamic Bank (ADIB). During the year 2021, the facility has been fully repaid as part of the refinancing arrangement (2020: USD 22,406,209), resulting in a balance of USD Nil as at 31 December 2021 (2020: USD 280,418,926).

Under the terms of the borrowings, the Group is required to maintain debt service coverage (the Group's aggregate interest/profit charges for the last twelve months and the Group's principal repayments for the last twelve months) not lower than 1.25x, interest coverage (the Group's aggregate interest/profit charges for the last twelve months) shall not be lower than 5x, and net debt to LTM EBITDA shall not exceed 5.0x during the first 2 years from the effective date, 3.5x during the 3rd year, 3.0x during the 4th year and 2.5x in the 5th year and onwards. The Group has complied with the financial covenants required during the reporting period as applicable.

** In the year 2017, an ECA backed term loan facility (“ECA Facility 1”) amounting to USD 40,232,500 was obtained for the acquisition of a barge with an interest rate of 2.7% + 3 months LIBOR. This term loan facility has a ten-year maturity period and is secured by a charge over the barge. 95% of the face value of the facility is guaranteed by the Chinese Export Credit Agency (Sinosure). During the year, the Group has made repayments of USD 4,026,902 (2020: USD 3,700,467), resulting in a balance of USD 22,123,265 (2020: USD 26,139,765).

In the year 2018, the Group obtained an ECA backed term loan facility (“ECA Facility 2”) amounting to USD 41,230,000 for the acquisition of a barge with interest 2.7% + 3 months LIBOR. This facility has the same credit terms as ECA Facility 1. This term loan facility has a ten-year maturity period and is secured by a charge over the barge. This facility was also cross collateralized with both ECA Facility 1 and 3. During the current year, the Group has made repayments of 4,123,000 (2020: USD 2,843,348), resulting in a balance of USD 28,359,066 (2020 USD 32,983,349).

In the year 2018, the Group obtained an ECA backed term loan facility (“ECA Facility 3”) amounting to USD 41,562,500 for the acquisition of a barge. This facility has the same credit terms as ECA Facility 1 and 2. This term loan facility has a ten-year maturity period and is secured by a charge over the barge. This facility was also cross collateralized with both ECA Facility 1 and 2. During the current year, the Group has made repayments of USD 4,156,250 (2020: USD 3,117,188), resulting in a balance of USD 29,088,233 (2020 USD 32,505,373).

10 Bank borrowings (continued)

*** In the year 2019, another term loan facility was obtained from a local bank amounting to USD 30,000,000 for the acquisition of a barge with interest 2.7% + 3 months LIBOR. This term loan facility has a five-year maturity period and is secured by a charge over the barge. During 2021, the Group has made repayments of USD 3,789,474 and USD 22,240,424 was repaid as part of the refinancing arrangement (2020: USD 2,526,944), resulting in a balance of USD Nil (2020: USD 26,209,898).

	New syndicate facility*	Old syndicate facility	ECA facility	National Bank of Fujairah	Total
1 January 2020	-	302,825,135	101,289,490	-	404,114,625
Drawn	-	-	-	30,000,000	30,000,000
Interest accrued	-	13,887,142	4,537,703	1,297,989	19,722,834
Repayment	-	(36,293,351)	(14,198,706)	(5,088,091)	(55,580,148)
31 December 2020	-	280,418,926	91,628,487	26,209,898	398,257,311
Interest accrued	-	10,787,058	2,485,302	1,615,002	14,887,362
Payment	-	(17,918,465)	(14,791,454)	(5,404,476)	(38,114,395)
Repayment of old syndicate loan	-	(273,617,594)	-	(22,420,424)	(296,038,018)
Drawn	430,000,000	-	-	-	430,000,000
Transaction cost	(9,125,792)	330,075	248,229	-	(8,547,488)
31 December 2021	**420,874,208**	**-**	**79,570,564**	**-**	**500,444,772**

* In 2021, the Group signed a refinancing agreement with Mashreq Bank and Goldman Sachs. Under the terms of this agreement, the syndicate loan, lease liabilities and barge supplier obligations were fully repaid, with a new syndicate facility from Mashreq Bank and Goldman Sachs with new requirements. The new syndicate loan consists of several banks such as Abu Dhabi Islamic Bank (ADIB), Abu Dhabi Commercial Bank (ADCB), National Bank of Fujairah (NBF), Ajman Bank, Arab Bank, Dubai Islamic Bank (DIB), Mashreq Bank, First Arab Bank (FAB), Commercial Bank of Dubai (CBD), and Arab Banking Corporation (ABC). Interest rate is 2.9% + 3 months LIBOR. In accordance with the terms of the syndicate facility, the Group must repay USD 254 million in quarterly installments starting from 31 March 2022 maturing on 31 December 2027. The remaining amount of USD 176 million must be fully repaid with interest in January 2023.

10 Bank borrowings (continued)

Under the terms of the borrowing agreement, the Group is required to maintain finance service cover of not less than 1.2:1.0, interest cover ratio of not less than 5.0:1.0, senior net leverage not greater than 4.5:1.0 for the period from 1 January 2022 to 31 December 2022, and security cover covenants starting in the first quarter of the year 2022 shall not be greater than 65% for the period from 1 January 2022 to 31 December 2022.

The syndicate facility is secured by a charge over 45 vessels and barges in favor of the bank, and the net book value of secured assets as at 31 December 2021 amounted to USD 614,251,639.

For the year 2021

	Syndicate facility USD	**ECA facility** USD	**Total** USD
Non-current portion			
Non-current portion of term loans	378,540,874	69,037,260	447,578,134
Current portion			
Current portion of term loans	42,333,334	10,533,304	52,866,638
	420,874,208	**79,570,564**	**500,444,772**

11 Barge supplier obligations

	2021 USD	2020 USD
Non-current portion of the barge supplier obligations	-	24,870,000
Current portion of the barge supplier obligations	-	7,440,000
	-	32,310,000

In 2018, the Group entered into agreements with a ship-building company in China for the purchase of 2 barges for a total of USD 52.6 million at a 5% annual interest rate and repayments over 48 months. During 2021, these obligations have been repaid in full as part of the refinance arrangement.

12 Employees' end of service benefits

The movement in the provision for employees' end of service benefit is as follows:

	2021 USD	2020 USD
At 1 January	1,934,573	1,773,499
Charge for the year (Note 20)	361,292	366,970
Payments made during the year	(89,824)	(205,896)
At 31 December	2,206,041	1,934,573

13 Trade and other payables

	2021 USD	2020 USD
Trade payables	44,354,633	70,673,055
VAT payable	1,556,054	724,853
Accruals and other payables	21,191,134	5,202,304
	67,101,821	76,600,212

The average credit period for trade payables is 60 days. No interest is charged on the trade payables.

14 Related party transactions and balances

Related parties comprise shareholders and directors of the Group, key management personnel and business entities in which they have the ability to control or exercise significant influence in financial and operating decisions. The Group maintains no significant balance with these related parties except for balances with the shareholder set out below.

Key management personnel include the Owner, managing director and chief operating officer. The compensation to key management personnel for the year is shown below:

	2021 USD	2020 USD
Salaries	2,071,368	2,050,946
Bonus and other benefits	-	81,688
Employees' end of service benefits	659,526	641,765

Details of the related parties with whom the Group has significant transactions and balances are as follows:

Name of related party	**Nature of balance / transaction**	**2021 USD**	**2020 USD**
Awal Marine services EST. W.L.L (joint ventures)	Trade and other receivables	2,502,267	2,522,967
	Revenue	7,332,657	4,019,056

<u>Due to shareholder</u>

Name of related party	**Nature of relationship**
Mr. Hassan El Ali	Ultimate controlling party

14 Related party transactions and balances (continued)

Movement on the balance due to shareholder is as follows:

	2021 USD	2020 USD
Payable to ultimate shareholder *		
Opening balance	10,991,318	11,325,382
Received	-	-
Repaid	(10,991,318)	(414,064)
Closing balance	-	10,911,318

* The Group had an interest free loan, payable on demand from the ultimate shareholder for the purpose of funding operations. During the year ended 31 December 2021, this amount has been fully repaid and the outstanding balance is USD Nil.

15 Leases

(i) Amounts recognised in the special purpose consolidated statement of financial position

Right of use of assets	2021 USD	2020 USD
At 1 January	127,366,898	128,634,600
Adoption of new IFRS 16	-	-
Addition during the year	-	2,051,410
Depreciation charge for the year (Note 18)	(3,319,147)	(3,319,112)
Transfers to vessels, plant and equipment (Note 5) *	(124,047,751)	-
At 31 December	-	127,366,898

Lease liabilities	USD
At 1 January 2020	77,835,132
Finance cost	2,892,728
Repayments	(26,449,191)
At 31 December 2020	54,278,669
Finance cost	1,640,795
Repayments	(25,180,271)
Repayments against the new syndicate facility *	(30,739,193)
At 31 December 2021	-

* During the year 2021, the lease liabilities have been repaid in full as part of the refinance arrangement and the corresponding right of use assets have been transferred to vessels, plant and equipment.

15 Leases (continued)

(i) Amounts recognised in the special purpose consolidated statement of financial position (continued)

Lease liabilities are allocated in the special purpose consolidated statement of financial position as follows:

	2021 USD	2020 USD
Non-current	-	29,792,704
Current	-	24,485,965
	-	54,278,669

(ii) Amounts recognised in the special purpose consolidated statement of comprehensive income

The special purpose consolidated statement of special purpose comprehensive income shows the following amounts relating to leases:

	2021 USD	2020 USD
Depreciation charge of right of use assets (Note 18)	3,319,147	3,319,112
Finance cost - lease liabilities (Note 21)	1,640,795	2,892,728
*Short-term leases (Note 18)	20,617,580	28,288,911

*Short-term leases are related to the operating leases recognised in the direct costs.

The special purpose consolidated statement of cash flows shows the following movement relating to leases:

	2021 USD	2020 USD
Principal elements of lease payments	23,539,476	23,556,463
Finance cost on lease liabilities (Note 21)	1,640,795	2,892,728

Note 17 discloses the operating lease revenue from the Group’s activities as the lessor.

16 Capital and reserves

16a Share Capital

Share capital comprises 50,000 (2020: 50,000) authorized and issued shares of USD 1 each (2020: USD 1).

16b Merger reserve

The Merger reserve comprises of balances which have arisen out of capital reorganizations and common control transactions. Within the merger reserve there are amounts which represents a non-cash reserve arising from the capital reorganisation carried out during the year, as set out in Note 1 to these special purpose consolidated financial statements. During the year ended 31 December 2021, new entities have been merged with a capital value of 80,000. As at 31 December, the total merger reserve amounted to USD 2,110,000 (2020: USD 2,030,000).

17 Revenue

	2021 USD	2020 USD
Operating lease income		
From owned barges	209,532,027	171,928,909
From owned vessels	73,115,411	64,709,407
From chartered barges	17,053,577	19,412,465
From chartered vessels	1,256,711	5,395,958
Total operating lease income	**300,957,726**	**261,446,739**
Other operating revenue	16,015,128	21,405,482
Total revenue recognised at a point in time	**16,015,128**	**21,405,482**
	316,972,854	**282,852,221**

18 Direct costs

	2021 USD	2020 USD
Staff costs	49,056,837	48,520,051
Depreciation of vessels, plant and equipment (Note 5)	38,802,505	38,469,525
Maintenance	17,878,042	14,535,086
Catering and food provision costs	13,265,557	9,032,025
Rent expense for chartered barges and vessels	10,686,750	15,420,699
Rental equipment	9,930,830	12,868,212
Outsource manpower cost	7,607,386	7,954,958
Telecommunications	3,769,951	4,183,320
Depreciation of right of use assets (Note 15)	3,319,147	3,319,112
Insurance	2,901,593	3,292,617
Inspection and certification costs	2,682,947	2,358,379
Covid related expenses	1,986,217	868,469
Oil products	1,439,207	1,141,782
Other cost	11,514,711	9,651,976
	174,841,680	171,616,211

19 General and administrative expenses

	2021 USD	2020 USD
Staff costs	17,520,805	15,736,274
Withholding tax	3,048,126	1,372,556
Legal and professional expenses	1,265,285	1,566,244
Depreciation of vessels, plant and equipment (Note 5)	610,337	509,886
Short term rent	523,486	705,218
Other expenses	3,818,535	3,497,215
	26,786,574	23,387,393

20 Staff costs

	2021 USD	2020 USD
Salaries and wages	66,216,350	63,889,355
Provision for employees' end of service benefits (Note 12)	361,292	366,970
	66,577,642	64,256,325

The allocation of staff costs during the year was as follows:

	2021 USD	2020 USD
Direct costs (Note 18)	49,056,837	48,520,051
General and administrative expenses (Note 19)	17,520,805	15,736,274
	66,577,642	64,256,325

21 Finance cost

	2021 USD	2020 USD
Finance cost	21,161,086	23,200,872
Interest on lease liabilities (Note 15)	1,640,795	2,892,728
	22,801,881	26,093,600

22 Financial instruments

The accounting policies for financial instruments have been applied to the line items below:

	2021 USD	2020 USD
Financial assets at amortised cost		
Trade receivables	80,648,166	69,000,457
Other receivables (excluding prepayments)	13,465,290	14,111,406
Cash in hand and at banks	55,483,080	25,062,173
	149,596,536	108,174,036
Financial liabilities at amortised cost		
Bank borrowings	500,444,772	427,527,588
Barge supplier obligations	-	32,310,000
Trade and other payables	67,101,821	76,600,212
Lease liabilities	-	54,278,669
Due to shareholder	-	10,911,318
	567,546,593	601,627,787

Prepayments amounting to USD 2,486,658 (2020: USD 1,783,790) have been excluded from other receivables.

23 Commitments and contingent liabilities

	2021 USD	2020 USD
Letters of guarantee	28,035,056	26,858,329

As at 31 December 2021, the Group has contingent liabilities in respect of bank guarantees issued by the bank on behalf of the Group arising in the ordinary course of business from which it is anticipated that no material liabilities will arise.

24 Reconciliation of liabilities arising from financing activities

	2021 USD	2020 USD
Cash and cash equivalents	47,987,297	16,154,491
Borrowings – repayable within one year (including overdraft)	(52,866,638)	(126,262,802)
Borrowings – repayable after one year (including overdraft)	(447,578,134)	(301,264,786)
Lease liabilities – current	-	(24,485,965)
Lease liabilities – non-current	-	(29,792,704)
Barge supplier obligations – current	-	(7,440,000)
Barge supplier obligations – non-current	-	(24,870,000)
Net debt	(452,457,475)	(497,961,766)
Cash and cash equivalents	47,987,297	16,154,491
Gross debt – variable interest rates	(500,444,772)	(427,527,588)
Lease liabilities	-	(54,278,669)
Barge supplier obligations	-	(32,310,000)
Net debt	(452,457,475)	(497,961,766)

Notes to the special purpose consolidated financial statements for the years ended 31 December 2021 and 2020 (continued)

24 Reconciliation of liabilities arising from financing activities (continued)

		Liabilities from financing activities						
	Cash and cash equivalents/ bank overdraft	**Borrowings – repayable within one year**	**Lease liabilities (Current)**	**Financing obligations (Current)**	**Borrowings – repayable after one year**	**Lease liabilities (Non-current)**	**Financing obligations (Non-current)**	**Total**
	USD	USD	USD	USD	USD	USD	USD	USD
Net debt								
As at 1 January 2020	12,203,553	(99,209,631)	(23,565,607)	(7,440,000)	(370,314,592)	(54,269,525)	(32,310,000)	(574,905,802)
Interest payable	-	(23,200,872)	2,892,728	-	-	-	-	(20,308,144)
Cash flows	6,950,938	(3,852,299)	(3,813,086)	-	69,049,806	24,476,821	7,440,000	100,252,180
As at 31 December 2020	16,154,491	(126,262,802)	(24,485,965)	(7,440,000)	(301,264,786)	(29,792,704)	(24,870,000)	(494,961,766)
Interest payable	-	(21,161,086)	1,640,795	-	-	-	-	(19,520,291)
Cash flows	28,832,805	94,557,250	24,485,965	7,440,000	(146,313,348)	29,792,704	24,870,000	71,774,568
As at 31 December 2021	47,987,297	(52,866,638)	-	-	(447,578,134)	-	-	(452,457,475)

25 Impact assessment of COVID-19

The economic fallout of COVID-19 crisis is expected to be significant and is rapidly evolving at the present time. Regulators and governments across the globe have introduced fiscal and economic stimulus measures to mitigate its impact.

COVID-19 impact on measurement of ECL:

IFRS 9 framework requires the estimation of Expected Credit Loss ("ECL") based on current and forecast economic conditions. In order to assess ECL under forecast economic conditions, the Group utilise a range of economic scenarios of varying severity, and with appropriate weightings, to ensure that ECL estimates are representative of a range of possible economic outcomes.

The Group has reviewed the potential impact of COVID-19 outbreak on the inputs and assumptions for IFRS 9 ECL measurement in light of available information. Overall, the COVID-19 situation remains fluid and is rapidly evolving at this point, which makes it challenging to reliably reflect impacts on the ECL estimates. Notwithstanding this, recognising that the outbreak is expected to have an impact on the macro-economic environment beyond reasonable doubt. Sufficient provisions have been provided based on the most recent available information.

As the situation is fluid and rapidly evolving, the management is still assessing the potential impact of this outbreak on the Group, and continues to monitor the situation closely, including the potential impacts on results, supply continuity, and employees. Management has assessed that the COVID-19 outbreak will not have a material adverse impact on the future results of the Group and accordingly no impairment indicators on the non-financial assets of the Group exist as at 31 December 2021.

Liquidity management:

Global stress in the markets brought on by the COVID-19 crisis is being felt globally through lack of liquidity in foreign funding markets. In this environment, the Group has already taken measures to manage their liquidity carefully until the crisis is over. The management of the Group has been closely monitoring the cash flows and forecasts in a timely manner to maintain a reasonably healthy special purpose consolidated statement of financial position during this time and beyond.

26 Subsequent events

On 12 July 2022, the Group signed a share purchase agreement for Zinc Holdco RSC Ltd to acquire 100% of the share capital. The acquisition of ZMI Holdings was completed on 1 November 2022.

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