

**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

## 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.

## 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)

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#### 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.

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#### 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.



## 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;

## 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)

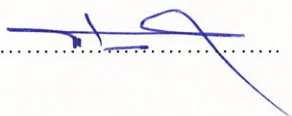
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#### Report on other legal and regulatory requirements (continued)

- (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

# Abu Dhabi Marine Business and Services Company P.J.S.C.

## 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)
<b>Gross profit</b>		<b>832,189</b>	<b>796,609</b>
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
<b>Operating profit</b>		<b>220,433</b>	<b>624,195</b>
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)
<b>Profit for the year</b>		<b>201,267</b>	<b>614,379</b>
<b>Other comprehensive loss</b>			
<i>Items that will not be subsequently reclassified to profit or loss</i>			
Re-measurement loss on employee defined benefit obligation	22	(5,609)	(19,534)
<b>Total comprehensive income for the year</b>		<b><u>195,658</u></b>	<b><u>594,845</u></b>
<b>Basic and diluted earnings per share</b>	21	<b><u>0.20</u></b>	<b><u>0.61</u></b>

The attached notes on pages 10 to 50 form part of these consolidated financial statements.



# Abu Dhabi Marine Business and Services Company P.J.S.C.

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2021

	Notes	2021 AED '000	2020 AED '000
<b>ASSETS</b>			
<b>Non-current assets</b>			
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
<b>Total non-current assets</b>		<b>6,732,801</b>	<b>4,214,155</b>
<b>Current assets</b>			
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
<b>Total current assets</b>		<b>3,135,990</b>	<b>2,699,625</b>
<b>TOTAL ASSETS</b>		<b>9,868,791</b>	<b>6,913,780</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
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
<b>Total equity</b>		<b>5,615,543</b>	<b>5,419,885</b>
<b>Non-current liabilities</b>			
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
<b>Total non-current liabilities</b>		<b>2,705,971</b>	<b>291,016</b>
<b>Current liabilities</b>			
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
<b>Total current liabilities</b>		<b>1,547,277</b>	<b>1,202,879</b>
<b>TOTAL LIABILITIES</b>		<b>4,253,248</b>	<b>1,493,895</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>9,868,791</b>	<b>6,913,780</b>

H.E. Dr. Sultan Ahmed Al Jaber  
Chairman of the Board

Abdulkareem Almessabi  
Chief Executive Officer

Rahoof Kaleel Rahman  
Chief Financial Officer -Acting

The attached notes on pages 10 to 50 form part of these consolidated financial statements.



# Abu Dhabi Marine Business and Services Company P.J.S.C.

## 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	<u>1,000,000</u>	<u>263,194</u>	<u>-</u>	<u>-</u>	<u>2,843,826</u>	<u>1,312,865</u>	<u>5,419,885</u>
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	<u>1,000,000</u>	<u>283,321</u>	<u>-</u>	<u>-</u>	<u>3,019,357</u>	<u>1,312,865</u>	<u>5,615,543</u>

The attached notes on pages 10 to 50 form part of these consolidated financial statements.

# Abu Dhabi Marine Business and Services Company P.J.S.C.

## CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2021

	Notes	2021 AED'000	2020 AED'000
<b>OPERATING ACTIVITIES</b>			
Profit for the year		201,267	614,379
<i>Adjustments for:</i>			
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
<i>Working capital adjustments:</i>			
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)
<b>Cash generated from operating activities</b>		<b>1,828,995</b>	<b>204,703</b>
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)
<b>Net cash generated from operating activities</b>		<b>1,846,568</b>	<b>208,697</b>
<b>INVESTING ACTIVITIES</b>			
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
<b>Net cash used in investing activities</b>		<b>(3,000,123)</b>	<b>(1,214,335)</b>

The attached notes on pages 10 to 50 form part of these consolidated financial statements.

# Abu Dhabi Marine Business and Services Company P.J.S.C.

## CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

For the year ended 31 December 2021

	Notes	2021 AED'000	2020 AED'000
<b>FINANCING ACTIVITIES</b>			
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	<u>(50,757)</u>	<u>(40,326)</u>
<b>Net cash generated from (used in) financing activities</b>		<b><u>2,150,066</u></b>	<b><u>(1,349,521)</u></b>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>		<b>996,511</b>	<b>(2,355,159)</b>
Cash and cash equivalents at beginning of the year		<u>356,610</u>	<u>2,711,769</u>
<b>CASH AND CASH EQUIVALENTS AT END OF THE YEAR</b>	18	<b><u>1,353,121</u></b>	<b><u>356,610</u></b>

Significant non-cash transactions excluded from the consolidated statement of cash flows are:

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.



# Abu Dhabi Marine Business and Services Company P.J.S.C.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at and for the year ended 31 December 2021

### 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:

	<i>Country of incorporation</i>	<i>Percentage holding 2021</i>	<i>2020</i>
<b>Direct subsidiaries</b>			
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%
<b>Indirect subsidiaries</b>			
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%

# Abu Dhabi Marine Business and Services Company P.J.S.C.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at and for the year ended 31 December 2021

### 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:

	<i>Country of incorporation</i>	<i>Percentage holding</i>	
		<i>2021</i>	<i>2020</i>
<b>Indirect subsidiaries (continued)</b>			
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%
Mrawah 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%	-

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at and for the year ended 31 December 2021

### 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:

	<i>Country of incorporation</i>	<i>Percentage holding</i>	
		<i>2021</i>	<i>2020</i>
<b>Indirect subsidiaries (continued)</b>			
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%	-
<b>Joint venture</b>			
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.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at and for the year ended 31 December 2021

### 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.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at and for the year ended 31 December 2021

### 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 waiver 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.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at and for the year ended 31 December 2021

### 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.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at and for the year ended 31 December 2021

### 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:

	<i>Useful life</i>
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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at and for the year ended 31 December 2021

**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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at and for the year ended 31 December 2021

**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.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at and for the year ended 31 December 2021

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:

	<i>Useful life</i>
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.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at and for the year ended 31 December 2021

### 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.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at and for the year ended 31 December 2021

### 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at and for the year ended 31 December 2021

**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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at and for the year ended 31 December 2021

**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.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at and for the year ended 31 December 2021

### 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.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at and for the year ended 31 December 2021

### 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.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at and for the year ended 31 December 2021

### 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at and for the year ended 31 December 2021

**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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at and for the year ended 31 December 2021

**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.

# Abu Dhabi Marine Business and Services Company P.J.S.C.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at and for the year ended 31 December 2021

### 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
	<u>4,373,223</u>	<u>3,730,863</u>

#### *Timing of revenue*

Goods transferred at a point of time	242,854	232,565
Services rendered over time	<u>4,130,369</u>	<u>3,498,298</u>
	<u>4,373,223</u>	<u>3,730,863</u>

### 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	<u>264,995</u>	<u>181,829</u>
	<u>3,541,034</u>	<u>2,934,254</u>

# Abu Dhabi Marine Business and Services Company P.J.S.C.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at and for the year ended 31 December 2021

### 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
	<u>306,558</u>	<u>287,751</u>

### 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)
	<u>8,251</u>	<u>61,447</u>

### 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
	<u>1,648,675</u>	<u>1,201,023</u>
<i>Analyzed as:</i>		
Direct costs	1,096,688	998,873
Pension adjustment (note 24)	333,888	-
General and administrative expenses	218,099	202,150
	<u>1,648,675</u>	<u>1,201,023</u>

### 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
	<u>6,020</u>	<u>16,308</u>



# Abu Dhabi Marine Business and Services Company P.J.S.C.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at and for the year ended 31 December 2021

### 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
	<u>29,086</u>	<u>26,049</u>

### 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
<b>2021</b>							
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	<u>247,082</u>	<u>6,576,799</u>	<u>19,797</u>	<u>190,784</u>	<u>72,488</u>	<u>365,671</u>	<u>7,472,621</u>
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	<u>197,464</u>	<u>1,054,556</u>	<u>19,402</u>	<u>100,517</u>	<u>32,134</u>	<u>-</u>	<u>1,404,073</u>
Net book value							
At 31 December 2021	<u>49,618</u>	<u>5,522,243</u>	<u>395</u>	<u>90,267</u>	<u>40,354</u>	<u>365,671</u>	<u>6,068,548</u>
<b>2020</b>							
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	<u>236,251</u>	<u>4,752,700</u>	<u>19,297</u>	<u>159,578</u>	<u>54,920</u>	<u>188,925</u>	<u>5,411,671</u>

# Abu Dhabi Marine Business and Services Company P.J.S.C.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at and for the year ended 31 December 2021

### 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
<b>2020</b>							
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	<u>194,889</u>	<u>1,286,465</u>	<u>19,297</u>	<u>86,209</u>	<u>40,917</u>	<u>-</u>	<u>1,627,777</u>
Net book value							
At 31 December 2020	<u>41,362</u>	<u>3,466,235</u>	<u>-</u>	<u>73,369</u>	<u>14,003</u>	<u>188,925</u>	<u>3,783,894</u>

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)	<u>4,300</u>	<u>7,658</u>
	<u>350,178</u>	<u>271,547</u>

### 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	<u>108,481</u>	<u>25,867</u>	<u>134,348</u>
As at 1 January 2020	122,052	4,523	126,575
Depreciation expense	(6,795)	(2,470)	(9,265)
As at 31 December 2020	<u>115,257</u>	<u>2,053</u>	<u>117,310</u>
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	<u>114,662</u>	<u>26,245</u>	<u>140,907</u>

# Abu Dhabi Marine Business and Services Company P.J.S.C.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at and for the year ended 31 December 2021

### 12 RIGHT-OF-USE ASSETS & LEASE LIABILITIES (continued)

#### A. In respect of head-lease: (continued)

<i>AED'000</i>	<i>Land lease liability</i>	<i>Vessels lease liability</i>	<i>Total</i>
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	<u>118,323</u>	<u>2,096</u>	<u>120,419</u>

#### B. In respect of sub-lease:

<i>AED'000</i>	<i>Land sub-lease receivables</i>	<i>Vessels sub-lease receivables</i>	<i>Total</i>
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	<u>48,410</u>	<u>47,982</u>	<u>96,392</u>
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	<u>50,325</u>	<u>53,535</u>	<u>103,860</u>

<i>AED'000</i>	<i>Land sub-lease liability</i>	<i>Vessel sub-lease liability</i>	<i>Total</i>
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	<u>9,455</u>	<u>37,217</u>	<u>46,672</u>
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	<u>9,830</u>	<u>48,710</u>	<u>58,540</u>

# Abu Dhabi Marine Business and Services Company P.J.S.C.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at and for the year ended 31 December 2021

### 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	<u>73,204</u>	<u>78,716</u>
	<u>96,392</u>	<u>103,860</u>

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	<u>6,292</u>	<u>9,559</u>	<u>15,851</u>	<u>9,559</u>	-
Total related party balances	20,508	26,849	47,357	26,849	-
Third parties	<u>2,680</u>	<u>46,355</u>	<u>49,035</u>	<u>9,822</u>	<u>36,533</u>
Total	<u>23,188</u>	<u>73,204</u>	<u>96,392</u>	<u>36,671</u>	<u>36,533</u>

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	<u>966</u>	<u>830</u>	<u>1,796</u>	<u>830</u>	-
Total related party balances	20,090	29,681	49,771	29,681	-
Third parties	<u>5,054</u>	<u>49,035</u>	<u>54,089</u>	<u>9,779</u>	<u>39,256</u>
Total	<u>25,144</u>	<u>78,716</u>	<u>103,860</u>	<u>39,460</u>	<u>39,256</u>

# Abu Dhabi Marine Business and Services Company P.J.S.C.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at and for the year ended 31 December 2021

### 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	<u>46,672</u>	<u>58,540</u>
	<u>187,579</u>	<u>178,959</u>
Current portion	34,710	27,236
Non-current portion	<u>152,869</u>	<u>151,723</u>
	<u>187,579</u>	<u>178,959</u>

Lease liabilities as of 31 December can be further analysed as follows:

	Current portion	Non- current portion	Total	Non- current 1-5 year	Non- current 5 year & above
31 December 2021					
ADNOC HQ	4,329	119,788	124,117	22,666	97,122
Total related party balances	<u>4,329</u>	<u>119,788</u>	<u>124,117</u>	<u>22,666</u>	<u>97,122</u>
Third parties	<u>30,381</u>	<u>33,081</u>	<u>63,462</u>	<u>33,081</u>	-
Total	<u>34,710</u>	<u>152,869</u>	<u>187,579</u>	<u>55,747</u>	<u>97,122</u>
31 December 2020					
ADNOC HQ	4,035	124,117	128,152	19,506	104,611
Total related party balances	<u>4,035</u>	<u>124,117</u>	<u>128,152</u>	<u>19,506</u>	<u>104,611</u>
Third parties	<u>23,201</u>	<u>27,606</u>	<u>50,807</u>	<u>27,606</u>	-
Total	<u>27,236</u>	<u>151,723</u>	<u>178,959</u>	<u>47,112</u>	<u>104,611</u>

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)	<u>22,296</u>	<u>22,296</u>

# Abu Dhabi Marine Business and Services Company P.J.S.C.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at and for the year ended 31 December 2021

### 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	<u>331</u>	<u>308</u>
As at 31 December	<u>4,861</u>	<u>4,530</u>

### 13 INTANGIBLE ASSETS

	2021 AED'000	2020 AED'000
<b>Computer software</b>		
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	<u>(37,537)</u>	<u>(7,955)</u>
At 31 December	<u>82,229</u>	<u>72,039</u>
Accumulated amortization:		
At 1 January	18,619	21,184
Charge for the year	14,618	2,666
Adjustments and Write -offs	21,557	-
Disposals	<u>(37,537)</u>	<u>(5,231)</u>
At 31 December	<u>17,257</u>	<u>18,619</u>
Net book value		
At 31 December	<u>64,972</u>	<u>53,420</u>

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)	<u>14,064</u>	<u>9,856</u>
At 31 December	<u>362,229</u>	<u>348,165</u>
Accumulated depreciation:		
At 1 January	242,196	237,041
Charge for the year	<u>8,874</u>	<u>5,155</u>
At 31 December	<u>251,070</u>	<u>242,196</u>
Net book value	<u>111,159</u>	<u>105,969</u>



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at and for the year ended 31 December 2021

**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		Country of incorporation	Principal activity
	2021	2020		
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	<u>3,900</u>	<u>(75)</u>
As at 31 December	<u><u>271,184</u></u>	<u><u>74,846</u></u>

The assets, liabilities and results of the joint venture are summarised below:

	2021 AED'000	2020 AED'000
<b>Statement of financial position</b>		
Total assets	691,527	174,518
Total liabilities	<u>(149,159)</u>	<u>(24,826)</u>
Net assets	<u><u>542,368</u></u>	<u><u>149,692</u></u>

# Abu Dhabi Marine Business and Services Company P.J.S.C.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at and for the year ended 31 December 2021

### 15 INVESTMENT IN A JOINT VENTURE (continued)

	2021 AED'000	2020 AED'000
<b>Statement of comprehensive income</b>		
Revenue	18,209	-
Expenses	(10,409)	(150)
Total comprehensive income/ (loss)	<u>7,800</u>	<u>(150)</u>

### 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	<u>1,488</u>	<u>1,488</u>
	225,445	170,480
Less: provision for slow-moving and obsolete inventories	<u>(13,541)</u>	<u>(13,541)</u>
	<u>211,904</u>	<u>156,939</u>

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	<u>13,541</u>	<u>13,541</u>

### 17 TRADE AND OTHER RECEIVABLES

	2021 AED'000	2020 AED'000
Trade receivables	99,451	38,879
Provision for expected credit losses	<u>(10,076)</u>	<u>(7,898)</u>
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	<u>38,051</u>	<u>120,713</u>
	<u>304,204</u>	<u>288,067</u>

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

	2021 AED'000	2020 AED'000
At 1 January	7,898	18,647
Write off during the year	-	(2,561)
Charge / (write back) during the year	<u>2,178</u>	<u>(8,188)</u>
At 31 December	<u>10,076</u>	<u>7,898</u>

# Abu Dhabi Marine Business and Services Company P.J.S.C.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at and for the year ended 31 December 2021

### 17 TRADE AND OTHER RECEIVABLES (continued)

Below is the information about credit risk exposure on the Group's trade receivables:

	<i>Total AED' 000</i>	<i>Not past due AED' 000</i>	<i>Past due</i>				
			<i>&lt; 30 days AED' 000</i>	<i>30 - 60 days AED' 000</i>	<i>61 - 90 days AED' 000</i>	<i>91 - 120 days AED' 000</i>	<i>&gt; 120 days AED' 000</i>
<b>Provision matrix</b>		4%	6%	10%	14%	17%	35%
<i>Gross trade receivable</i>							
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
<i>Provision for expected credit losses</i>							
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
<i>Net trade receivable</i>							
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

	<i>2021 AED'000</i>	<i>2020 AED'000</i>
Cash in hand	4,076	5,547
Cash at banks	<u>1,349,045</u>	<u>351,063</u>
	<u><b>1,353,121</b></u>	<u><b>356,610</b></u>

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

	<i>2021 AED'000</i>	<i>2020 AED'000</i>
<i>Authorised, issued and fully paid</i>		
1,000,000,000 ordinary shares of AED 1 each	<u><b>1,000,000</b></u>	<u><b>1,000,000</b></u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at and for the year ended 31 December 2021

**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)	<u>201,267</u>	<u>614,379</u>
Weighted average number of shares	<u>1,000,000,000</u>	<u>1,000,000,000</u>
Earnings per share (AED)	<u>0.20</u>	<u>0.61</u>

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
<i>Remeasurement losses:</i>		
Actuarial losses arising from experience	<u>5,609</u>	<u>19,534</u>
At 31 December	<u>149,453</u>	<u>134,763</u>

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at and for the year ended 31 December 2021

**22 EMPLOYEES' END OF SERVICE BENEFITS (continued)**

The principal assumptions used for the purpose of the actuarial valuations were as follows:

	<i>2021</i>	<i>2020</i>
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:

	<i>2021</i> <i>AED'000</i>	<i>2020</i> <i>AED'000</i>
<i>Service cost:</i>		
Current service cost (note 8)	17,349	19,440
Net interest expense (note 10)	<u>2,199</u>	<u>15,554</u>
Components of provision for employees' end of service benefit recognised in profit or loss	<u><b>19,548</b></u>	<u><b>34,994</b></u>

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:

	<i>2021</i> <i>AED'000</i>	<i>2020</i> <i>AED'000</i>
Actuarial loss arising from the experience adjustments	<u><b>5,609</b></u>	<u><b>19,534</b></u>

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at and for the year ended 31 December 2021

22 EMPLOYEES' END OF SERVICE BENEFITS (continued)

	<i>Increase / decrease in percentage point</i>	<i>Increase (decrease) in provision for employees' end of service benefit</i>
<b>2021</b>		<b>AED'000</b>
Discount rate	+1% -1%	(10,582) 12,183
Expected salary growth	+1% -1%	12,352 (10,909)
<b>2020</b>		
Discount rate	+1% -1%	(9,613) 11,151
Expected salary growth	+1% -1%	11,198 (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

	<b>2021 AED'000</b>	<b>2020 AED'000</b>
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	<u>10,481</u>	<u>7,023</u>
	<u><b>844,585</b></u>	<u><b>872,455</b></u>

Trade accounts payable are interest free and are normally settled within 30 days from the date of receipt of the invoice.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at and for the year ended 31 December 2021

**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
<b><i>Goods sold and services provided to associated companies</i></b>		
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
	<u>2,916,666</u>	<u>2,313,996</u>
<b><i>Good and services received from associated companies</i></b>		
ADNOC (Holding Company)	79,388	24,327
ADNOC Distribution	12,472	14,372
ADNOC Refining	629	2,194
	<u>92,489</u>	<u>40,893</u>
	2021 AED'000	2020 AED'000
<b><i>Interest on shareholder loan</i></b>		
ADNOC (Holding Company)	<u>15,852</u>	<u>-</u>

# Abu Dhabi Marine Business and Services Company P.J.S.C.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at and for the year ended 31 December 2021

### 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
<i>Due from related parties:</i>		
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
	<u>1,245,388</u>	<u>1,906,410</u>
Less: provision for expected credit losses	<u>(1,815)</u>	<u>(33,545)</u>
	<u>1,243,573</u>	<u>1,872,865</u>

\* 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	<u>(9,113)</u>	<u>(36,590)</u>
Balance at 31 December	<u>1,815</u>	<u>33,545</u>

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.

# Abu Dhabi Marine Business and Services Company P.J.S.C.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at and for the year ended 31 December 2021

### 24 RELATED PARTY BALANCES AND TRANSACTIONS (continued)

As at 31 December 2021, the ageing of unimpaired receivables from related parties is as follows:

	Total AED '000	Not past due AED '000	Past due						
			0 - 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
<b>Gross receivables from related parties</b>									
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
<b>Provision for expected credit losses</b>									
31 December 2021	1,815	-	-	-	-	-	-	1,111	704
31 December 2020	33,545	-	-	-	-	-	-	3,819	29,726
<b>Net receivable from related parties</b>									
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
<b>Due to related parties:</b>		
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)
	<u>863,270</u>	<u>303,188</u>

These balances are classified and presented in the statement of financial position as below:

Current portion	667,982	303,188
Non-current portion	<u>195,288</u>	-
	<u>863,270</u>	<u>303,188</u>

#### 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at and for the year ended 31 December 2021

**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:

	<i>2021</i> <i>AED'000</i>	<i>2020</i> <i>AED'000</i>
Bank balances	<u>1,349,049</u>	<u>351,063</u>

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.

	<i>2021</i> <i>AED'000</i>	<i>2020</i> <i>AED'000</i>
<b>Key management compensation</b>		
Short-term benefits	<u>3,937</u>	<u>3,301</u>

**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.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at and for the year ended 31 December 2021

### 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 AED'000	2020 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.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at and for the year ended 31 December 2021

### 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.

	<i>On demand</i> <i>AED '000</i>	<i>Less than 3 months</i> <i>AED '000</i>	<i>3 to 12 months</i> <i>AED '000</i>	<i>1 to 5 years</i> <i>AED '000</i>	<i>&gt; 5 years</i> <i>AED '000</i>	<i>Total</i> <i>AED '000</i>
<i>31 December 2021</i>						
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
<b>Total</b>	<b>-</b>	<b>1,453,066</b>	<b>93,426</b>	<b>292,566</b>	<b>137,166</b>	<b>1,976,224</b>
<i>31 December 2020</i>						
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
<b>Total</b>	<b>-</b>	<b>1,188,380</b>	<b>16,963</b>	<b>91,078</b>	<b>149,636</b>	<b>1,446,057</b>

#### 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.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at and for the year ended 31 December 2021

### 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)
<b>Gross profit (loss)</b>	<b>348,371</b>	<b>524,573</b>	<b>(40,755)</b>	<b>832,189</b>
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
<b>Operating profit (loss)</b>	<b>244,375</b>	<b>331,081</b>	<b>(355,023)</b>	<b>220,433</b>
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)
<b>Net profit (loss)</b>	<b>248,250</b>	<b>325,114</b>	<b>(372,097)</b>	<b>201,267</b>

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)
<b>Gross profit (loss)</b>	<b>277,603</b>	<b>553,731</b>	<b>(34,725)</b>	<b>796,609</b>
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
<b>Operating profit</b>	<b>171,185</b>	<b>372,398</b>	<b>80,612</b>	<b>624,195</b>
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)
<b>Net profit</b>	<b>171,006</b>	<b>371,222</b>	<b>72,151</b>	<b>614,379</b>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at and for the year ended 31 December 2021

**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:

	<i>Shipping</i>	<i>Services</i>	<i>Total</i>
<b>31-Dec-21</b>			
Property, plant & equipment	4,602,380	1,466,168	6,068,548
Investment properties	-	111,159	111,159
<b>31-Dec-20</b>			
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.