# ADNOC Logistics & Services plc

CONSOLIDATED FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REPORT
FOR THE YEAR ENDED 31 DECEMBER 2024

# CONSOLIDATED FINANCIAL STATEMENTS
As at and for the year ended 31 December 2024

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**Directors' Report**
**For the year ended 31 December 2024**

The Directors have the pleasure of submitting their report, together with the audited consolidated financial statements of ADNOC Logistics & Services plc for the year ended 31 December 2024**.**

**Principal activities**

The Company and its subsidiaries set out in Note 2.2 (collectively referred to as the "Group") are engaged in the business of providing onshore and offshore logistics and transportation services to energy production facilities including material handling, manpower and equipment supply, provision of storage facilities and related services, provision of office space and the supply of chemicals, catering and other onshore and offshore oil and gas field services; the operation and maintenance of supply bases supporting those activities; EPC services related to dredging, land reclamation and marine construction; freight and charter services for the transportation of oil, gas and related petroleum produces on ocean going vessels owned or hired from third parties; petroleum ports operations services, and oil spill and hazardous and noxious substances response services.

**Results and appropriation of profits**

Revenue for the year was USD 3,549,330 thousand (2023: USD 2,755,152 thousand) and the profit for the year was USD 756,170 thousand (2023: USD 620,159 thousand).

Retained earnings as at 31 December 2024 were USD 899,438 thousand (2023: USD 410,793 thousand).

In the meeting of the Board of Directors on 11 February 2025, it was proposed that a final cash dividend of USD 136,500 thousand is paid in quarter two of 2025.

**Statement of disclosure to auditors**

The Directors of ADNOC Logistics & Services plc certify that as far as they are aware, there is no relevant audit information of which the Group's auditor is unaware, and that they have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the Group's auditor is aware of that information.

**External auditors**

A resolution to reappoint PricewaterhouseCoopers Limited Partnership (ADGM Branch) auditors for the ensuing year will be put to the shareholders at the Annual General Meeting.

**On behalf of the Board of Directors**

**Chairman**

# Independent auditor's report to the shareholders of ADNOC Logistics & Services Plc

## 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 ADNOC Logistics & Services plc (the "Company") and its subsidiaries (together the "Group") as at 31 December 2024, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards.

**What we have audited**

The Group's consolidated financial statements comprise:

- the consolidated statement of financial position as at 31 December 2024;
- the consolidated statement of comprehensive income for the year then ended;
- 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 comprising material accounting policy information and other explanatory information.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the applicable requirements of Abu Dhabi Accountability Authority ("ADAA") Chairman's Resolution No 88 of 2021 Regarding financial statements Audit Standards for the Subject Entities. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the consolidated financial statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Independence**

We are independent of the Group in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code) and the ethical requirements that are relevant to our audit of the financial statements in the Abu Dhabi Global Market ("ADGM") together with applicable ethical and independence requirements of United Arab Emirates that are relevant to our audit of the consolidated financial statements in the United Arab Emirates. We have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

# Independent auditor's report to the shareholders of ADNOC Logistics & Services Plc (continued)

## Report on the audit of the consolidated financial statements (continued)

### Our audit approach

**Overview**

| | |
|---|---|
| Key Audit Matters | • Carrying value of property, plant and equipment |

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the consolidated financial statements. In particular, we considered where management made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the Group operates.

### Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

# Independent auditor's report to the shareholders of ADNOC Logistics & Services Plc (continued)

## Report on the audit of the consolidated financial statements (continued)

### Key audit matters (continued)

| Key audit matter | How our audit addressed the Key audit matter |
|---|---|
| **Carrying value of property, plant and equipment**<br><br>*Refer to notes 3, 3.1 and 11 to the consolidated financial statements for disclosures of related accounting policies and balances*<br><br>The carrying value of the Group's property, plant and equipment as at 31 December 2024 was USD 4.5 billion, of which USD 3.8 billion relates to vessels and marine equipment. This category of property, plant and equipment represents 55% of the Group's total assets, thereby accounting for and a material portion of the consolidated statement of financial position.<br><br>The useful lives of the vessels and consideration of impairment triggers involves management judgement and is reviewed annually.<br><br>We focused on this area because of the significance of the vessels and marine equipment to the consolidated financial statements and judgement applied by management in estimating the useful lives and assessing any potential impairment triggers. | Our audit procedures in this area included the following among others:<br><br>• assessed, on a sample basis, the reasonableness of management's estimate of useful lives of vessels based on our knowledge and experience of the industry and by comparing to similar entities;<br><br>• reviewed the Group's assessment of possible internal and external indicators of impairment in relation to the vessels by reference to the IFRS Accounting Standards impairment criteria; and<br><br>• evaluated the adequacy of the disclosures in the consolidated financial statements, including disclosures of key assumptions and judgements. |

# Independent auditor's report to the shareholders of ADNOC Logistics & Services Plc (continued)

## Report on the audit of the consolidated financial statements (continued)

### Other information

The directors are responsible for the other information. The other information comprises the Directors' Report (but does not include the consolidated financial statements and our auditor's report thereon), which we obtained prior to the date of this auditor's report, and the Group's Annual Report, which is expected to be made available to us after that date.

Our opinion on the consolidated financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the Group's Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

### 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 IFRS Accounting Standards and their preparation in compliance with the applicable provisions of the ADGM Companies Regulations 2020, as amended, the ADGM Companies Regulations (International Accounting Standards) Rules 2015, 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 .

# Independent auditor's report to the shareholders of ADNOC Logistics & Services Plc (continued)

## Report on the audit of the consolidated financial statements (continued)

### Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the applicable requirements of ADAA Chairman's Resolution No 88 of 2021 Regarding financial statements Audit Standards for the Subject Entities will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs and the applicable requirements of ADAA Chairman's Resolution No 88 of 2021 Regarding financial statements Audit Standards for the Subject Entities, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- 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.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes 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.

# Independent auditor's report to the shareholders of ADNOC Logistics & Services Plc (continued)

## Report on the audit of the consolidated financial statements (continued)

### Auditor's responsibilities for the audit of the consolidated financial statements (continued)

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

### Report on other legal and regulatory requirements

As required by the Abu Dhabi Global Market ("ADGM") Companies Regulations 2020, as amended, and the ADGM Companies Regulations (International Accounting Standards) Rules 2015, we report that:

(i) the consolidated financial statements have been prepared, in all material respects, in accordance with the applicable requirements of the ADGM Companies Regulations 2020, as amended, and the ADGM Companies Regulations (International Accounting Standards) Rules 2015; and

(ii) the information given in the Directors' report is consistent with the consolidated financial statements of the Group.

Further, as required by the ADAA Chairman's Resolution no 88 of 2021 Regarding financial statements Audit Standards for the Subject Entities, we report, in connection with our audit of the consolidated financial statements for the year ended 31 December 2024, that nothing has come to our attention that causes us to believe that the Company has not complied, in all material respects, with any of the provisions of the following laws, regulations and circulars as applicable, which would materially affect its activities or the financial statements as at 31 December 2024:

(i) its Articles of Association which would materially affect its activities or its financial position as at 31 December 2024; and

(ii) applicable provisions of the relevant laws, resolutions and circulars that have an impact on the Subject Entity's consolidated financial statements.

For and on behalf of PricewaterhouseCoopers Limited Partnership (ADGM Branch)
Nizar Jichi

.............................................
11 February 2025

# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 December 2024

| | Notes | *2024* *USD'000* | *2023* *USD'000* |
|---|---|---|---|
| Revenues | 4 | **3,549,330** | 2,755,152 |
| Direct costs | 5 | **(2,608,784)** | (2,003,225) |
| **Gross profit** | | **940,546** | 751,927 |
| General and administrative expenses | 6 | **(141,522)** | (146,436) |
| Reversal of (provision for) expected credit losses | 17 & 24 | **2,649** | (2,672) |
| Other expenses | | **(4,310)** | - |
| Other income | 7 | **19,896** | 10,865 |
| **Operating profit** | | **817,259** | 613,684 |
| Share of profit from a joint venture | 15 | **14,198** | 14,071 |
| Finance income | 9 | **15,594** | 9,785 |
| Finance costs | 10 | **(18,034)** | (15,098) |
| **Profit before tax for the year** | | **829,017** | 622,442 |
| Deferred tax credit | 30 | **868** | 1,123 |
| Deferred tax expense | 30 | **(1,123)** | - |
| Current tax expense | 30 | **(72,592)** | (3,406) |
| **Profit for the year** | | **756,170** | 620,159 |
| **Other comprehensive income** | | | |
| *Items that will not be subsequently reclassified to profit or loss* | | | |
| Re-measurement (loss) gain on employee defined benefit obligation | 22 | **(1,025)** | 612 |
| **Total comprehensive income for the year** | | **755,145** | 620,771 |
| **Basic and diluted earnings per share** | 21 | **0.10** | 0.08 |

The attached notes on pages 13 to 68 form part of these consolidated financial statements.

ADNOC Logistics & Services plc

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 December 2024

| | *Notes* | *2024 USD'000* | *2023 USD'000* |
|---|---|---|---|
| **ASSETS** | | | |
| **Non-current assets** | | | |
| Property, plant and equipment | 11 | **4,543,335** | 3,806,543 |
| Right-of-use assets | 12 | **161,691** | 148,146 |
| Intangible assets | 13 | **11,078** | 11,440 |
| Investment properties | 14 | **92,501** | 95,269 |
| Investment in a joint venture | 15 | **267,775** | 76,712 |
| Goodwill | 29 | **51,368** | 51,368 |
| Advances to shipyards | 17 | **229,882** | 38,884 |
| Sub-lease receivables | 12 | **12,842** | 29,201 |
| Deferred tax asset | 30 | **-** | 1,123 |
| **Total non-current assets** | | **5,370,472** | 4,258,686 |
| **Current assets** | | | |
| Inventories | 16 | **132,687** | 120,720 |
| Trade and other receivables | 17 | **420,479** | 388,320 |
| Due from related parties | 24 | **864,410** | 742,847 |
| Sub-lease receivables | 12 | **16,359** | 19,386 |
| Cash and cash equivalents | 18 | **198,919** | 215,709 |
| **Total current assets** | | **1,632,854** | 1,486,982 |
| **TOTAL ASSETS** | | **7,003,326** | 5,745,668 |
| **EQUITY AND LIABILITIES** | | | |
| **Equity** | | | |
| Share capital | 19 | **3,995,189** | 3,995,189 |
| Retained earnings | | **899,438** | 410,793 |
| **Total equity** | | **4,894,627** | 4,405,982 |
| **Non-current liabilities** | | | |
| Shareholder loan | 24 | **550,000** | 100,000 |
| Lease liabilities | 12 | **130,171** | 145,241 |
| Dismantling liabilities | 12 | **2,009** | 1,873 |
| Due to related parties | 24 | **-** | 17,909 |
| Deferred tax liability | 30 | **34,803** | 35,671 |
| Employees' end of service benefits | 22 | **39,515** | 32,631 |
| **Total non-current liabilities** | | **756,498** | 333,325 |
| **Current liabilities** | | | |
| Trade and other payables | 23 | **956,307** | 708,927 |
| Lease liabilities | 12 | **59,130** | 44,313 |
| Income tax payable | 30 | **65,391** | - |
| Due to related parties | 24 | **271,373** | 253,121 |
| **Total current liabilities** | | **1,352,201** | 1,006,361 |
| **TOTAL LIABILITIES** | | **2,108,699** | 1,339,686 |
| **TOTAL EQUITY AND LIABILITIES** | | **7,003,326** | 5,745,668 |

| H.E Dr. Sultan Ahmed Al Jaber | Abdulkareem Almessabi | Nicholas Gleeson |
|---|---|---|
| Chairman of the Board | Chief Executive Officer | Chief Financial Officer |

The attached notes on pages 13 to 68 form part of these consolidated financial statements.

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2024

| | *Share capital USD'000* | *General reserve USD'000* | *Retained earnings USD'000* | *Shareholder contribution USD'000* | *Total USD'000* |
|---|---|---|---|---|---|
| Balance as at 1 January 2023 | 272,294 | 103,226 | 1,067,285 | 357,485 | 1,800,290 |
| Shareholder contribution converted to share capital | 357,485 | - | - | (357,485) | - |
| Equitisation of loan from shareholder | - | - | - | 1,900,000 | 1,900,000 |
| Shareholder loan converted to share capital | 1,900,000 | - | - | (1,900,000) | - |
| Remaining consideration payable on acquisition of ZMI assumed by the shareholder | - | - | - | 149,920 | 149,920 |
| Impact of share capital issued on capital reorganisation | 1,465,410 | (103,226) | (1,212,264) | (149,920) | - |
| Dividend paid (note 19) | - | - | (64,999) | - | (64,999) |
| Profit for the year | - | - | 620,159 | - | 620,159 |
| Actuarial gain on defined benefit obligation (note 22) | - | - | 612 | - | 612 |
| **Balance as at 31 December 2023** | **3,995,189** | **-** | **410,793** | **-** | **4,405,982** |
| | | | | | |
| Balance as at 1 January 2024 | 3,995,189 | - | 410,793 | - | 4,405,982 |
| Dividend paid (note 19) | - | - | (266,500) | - | (266,500) |
| Profit for the year | - | - | 756,170 | - | 756,170 |
| Actuarial loss on defined benefit obligation (note 22) | - | - | (1,025) | - | (1,025) |
| **Balance as at 31 December 2024** | **3,995,189** | **-** | **899,438** | **-** | **4,894,627** |

The attached notes on pages 13 to 68 form part of these consolidated financial statements.

## CONSOLIDATED STATEMENT OF CASH FLOWS
For the year ended 31 December 2024

| | Notes | **2024** **USD'000** | 2023 USD'000 |
|---|---|---|---|
| **OPERATING ACTIVITIES** | | | |
| Profit for the year | | **756,170** | 620,159 |
| *Adjustments for:* | | | |
| Deferred tax credit | 30 | **(868)** | (1,123) |
| Deferred tax expense | 30 | **1,123** | - |
| Current tax expense | 30 | **72,592** | 3,406 |
| Profit before tax | | **829,017** | 622,442 |
| *Adjustments for:* | | | |
| Depreciation on property, plant and equipment | 11 | **266,207** | 216,558 |
| Depreciation on investment properties | 14 | **5,259** | 5,165 |
| Depreciation on right-of-use assets | 12 | **39,062** | 19,650 |
| Profit on initial recognition of sub-lease receivables | 12 | **-** | (4,211) |
| Provision for dismantling expenses | 12 | **136** | 146 |
| Provision for slow moving and obsolete inventories | 16 | **692** | 758 |
| Amortisation of intangible assets | 13 | **6,811** | 7,153 |
| Gain on disposal of property, plant and equipment | 7 | **(1,677)** | (1,955) |
| Reversal of expected credit losses on trade receivables | 17 | **(4,112)** | (1,616) |
| Provision for expected credit losses on on due from related parties | 24 | **1,463** | 4,288 |
| Provision for employees' end of service benefits | 22 | **7,222** | 5,814 |
| Share of profit from a joint venture | 15 | **(14,198)** | (14,071) |
| Finance income | 9 | **(15,594)** | (9,785) |
| Finance costs | 10 | **18,034** | 15,098 |
| | | **1,138,322** | 865,434 |
| *Working capital adjustments:* | | | |
| Inventories | | **(12,659)** | (15,908) |
| Trade and other receivables | | **(28,047)** | (103,895) |
| Due from related parties | | **(123,026)** | (281,181) |
| Trade and other payables | | **102,083** | 245,227 |
| Pension liabilities paid | | **(18,952)** | (18,952) |
| Due to related parties | | **161** | 119,400 |
| | | **1,057,882** | 810,125 |
| Employees' end of service benefits paid | 22 | **(2,996)** | (4,311) |
| Interest portion of sub-leases | 12 | **1,795** | 2,107 |
| Principal portion of sub-leases | 12 | **19,386** | 16,025 |
| Tax paid | | **(7,201)** | (569) |
| Interest paid | | **(1)** | (729) |
| **Net cash generated from operating activities** | | **1,068,865** | 822,648 |

The attached notes on pages 13 to 68 form part of these consolidated financial statements.

## CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)
For the year ended 31 December 2024

| | Notes | ***2024*** ***USD'000*** | *2023* *USD'000* |
|---|---|---|---|
| **INVESTING ACTIVITIES** | | | |
| Purchase of property, plant and equipment | | **(810,851)** | (774,015) |
| Proceeds from disposals of property, plant and equipment | | **2,753** | 3,733 |
| Investment in a joint venture | 15 | **(176,865)** | - |
| Advances paid to shipyards | 17 | **(229,882)** | - |
| Interest received | | **13,799** | 7,678 |
| **Net cash used in investing activities** | | **(1,201,046)** | (762,604) |
| **FINANCING ACTIVITIES** | | | |
| Proceeds from shareholder loan | 24 | **450,000** | 100,000 |
| Interest paid on shareholder loan | | **(5,418)** | (1,589) |
| Upfront fee paid on shareholder loan | 24 | **-** | (3,700) |
| Dividends paid | 19 | **(266,500)** | (64,999) |
| Interest portion on lease liabilities | | **(9,831)** | (7,893) |
| Principal portion of lease liabilities | | **(52,860)** | (31,087) |
| **Net cash generated from (used in) financing activities** | | **115,391** | (9,268) |
| **NET (DECREASE) / INCREASE IN CASH EQUIVALENTS** | | **(16,790)** | 50,776 |
| Cash and cash equivalents at beginning of the year | | **215,709** | 164,933 |
| **CASH AND CASH EQUIVALENTS AT END OF THE YEAR** | 18 | **198,919** | 215,709 |
| **Significant non-cash transactions excluded from the consolidated statement of cash flows are:** | | | |
| Additions to right-of-use assets | 12 | **52,607** | 100,588 |
| Additions to sub-lease receivables | 12 | **-** | 41,016 |
| Additions to lease liabilities | 12 | **52,607** | 141,604 |
| Shareholder loan converted to share capital | | **-** | 2,257,485 |
| Remaining consideration payable on acquisition of ZMI assumed by the shareholder and converted to share capital | | **-** | 149,920 |
| Total comprehensive income for the period 1 January to 31 March 2023 converted to share capital | | **-** | 144,929 |

The attached notes on pages 13 to 68 form part of these consolidated financial statements.

## 1 GENERAL INFORMATION

ADNOC Logistics & Services plc (the "Company") was incorporated on 19 April 2023 as a public company limited by shares, with registration number 000009847, pursuant to the Abu Dhabi Global Market ("ADGM") (Amendment No. 1) Regulations 2020. The Company has been established for the purpose of serving as a holding company for the Abu Dhabi Marine Business and Services Company P.J.S.C. Group.

In 2023, the shareholders approved the listing of the Company's shares on the Abu Dhabi Securities Exchange, whereby 19% of its shares were offered in an Initial Public Offering ("IPO"). As of the reporting date, ADNOC held 81% of the issued share capital of the Group, while the remaining 19% is held by the general public.

The Company is controlled by the ultimate parent Company Abu Dhabi National Oil Company ("ADNOC"). ADNOC is wholly owned by the Emirate of Abu Dhabi.

In 2023, a capital reorganisation took effect, which resulted in ADNOC Logistics & Services plc becoming the parent entity of the previous Abu Dhabi Marine Business and Services Company P.J.S.C. Group. The consolidated ADNOC Logistics & Services plc therefore represents a continuation of the business of the Group. Refer to Note 31 for details on the capital reorganisation of the Group.

The Company and its subsidiaries set out in Note 2.2 (collectively referred to as the "Group") are engaged in the business of providing onshore and offshore logistics and transportation services to energy production facilities including material handling, manpower and equipment supply, provision of storage facilities and related services, provision of office space and the supply of chemicals, catering and other onshore and offshore oil and gas field services; the operation and maintenance of supply bases supporting those activities; EPC services related to dredging, land reclamation and marine construction; freight and charter services for the transportation of oil, gas and related petroleum produces on ocean going vessels owned or hired from third parties; petroleum ports operations services, and oil spill and hazardous and noxious substances response services.

The registered office of the Company is Level 28, 28, Al Sarab Tower, Abu Dhabi Global Market Square, Al Maryah Island, Abu Dhabi, United Arab Emirates.

The consolidated financial statements of the Group were approved and authorised for issue by the Board of Directors and signed on their behalf on 11 February 2025.

## 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 IFRS Accounting Standards and interpretations issued by the IFRS Interpretations Committee (IFRS IC) applicable to companies reporting under IFRS Accounting Standards as issued by the International Accounting Standard Board (IASB).

**Functional and presentation currency**

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). Because the Company is incorporated under the ADGM, the financial information is required to be presented in USD.

**Basis of measurement**

The consolidated financial statements have been presented in United States Dollars (USD), which is the presentation currency of the Group as well as of the ultimate holding Company. All values are rounded to the nearest thousand (USD'000), except where otherwise indicated.

## 2 BASIS OF PREPARATION AND ACCOUNTING POLICIES (continued)

## 2.2 BASIS OF CONSOLIDATION

The consolidated financial statements include the financial statements of the Company and its subsidiaries listed below:

| | *Country of incorporation* | *Percentage holding* | |
|---|---|---|---|
| | | ***31 December 2024*** | *31 December 2023* |
| ***Direct subsidiaries*** | | | |
| Abu Dhabi Marine Business and Services Company P.J.S.C | UAE | **100%** | 100% |
| ***Indirect subsidiaries*** | | | |
| Abu Dhabi Marine Operations and Services Company LLC | UAE | **100%** | 100% |
| Abu Dhabi Marine Assets Company LLC | UAE | **100%** | 100% |
| Abu Dhabi Marine International Holdings RSC Limited | UAE | **100%** | 100% |
| Zinc Holdco RSC Ltd | UAE | **100%** | 100% |
| Al Gafai Marine Services Company LLC | UAE | **100%** | 100% |
| Sirdal National Marine Services Company LLC | UAE | **100%** | 100% |
| National Gas Carriers Company | Liberia | **100%** | 100% |
| Abu Dhabi National Shipping Company BVI | British Virgin Islands | **100%** | 100% |
| Abu Dhabi Marine International Chartering Holdings RSC Limited | UAE | **100%** | 100% |
| Abu Dhabi Marine International Operations Holdings RSC Limited | UAE | **100%** | 100% |
| Umm Al Lulu Marine Services – Sole Proprietorship LLC | UAE | **100%** | 100% |
| Janana Marine Services – Sole Proprietorship LLC | UAE | **100%** | 100% |
| Al Bazem Marine Services – Sole Proprietorship LLC | UAE | **100%** | 100% |
| Al Samha Marine Services – Sole Proprietorship LLC | UAE | **100%** | 100% |
| Al Sader Marine Services – Sole Proprietorship LLC | UAE | **100%** | 100% |
| Al Reem I 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 I Shipping Company Inc | Liberia | **100%** | 100% |
| Yamilah III Shipping Company Inc | Liberia | **100%** | 100% |
| Butinah Shipping Company Inc | Liberia | **100%** | 100% |
| Ras Ghumays I Shipping Company Inc | Liberia | **100%** | 100% |
| Yas Shipping Company Inc | Liberia | **100%** | 100% |
| Al Karama Shipping Company Inc | Liberia | **100%** | 100% |
| HoldCo 1 Inc | Liberia | **100%** | 100% |
| HoldCo 2 Inc | Liberia | **100%** | 100% |
| Al Khtam Inc | Liberia | **100%** | 100% |
| Al Ruwais Inc | Liberia | **100%** | 100% |
| Tarif Inc | Liberia | **100%** | 100% |
| Al Bateen Inc | Liberia | **100%** | 100% |
| Al Falah Inc | Liberia | **100%** | 100% |
| Al Khaznah Inc | Liberia | **100%** | 100% |
| Shahamah Inc | Liberia | **100%** | 100% |
| Ghasha Inc | Liberia | **100%** | 100% |
| Ish Inc | Liberia | **100%** | 100% |
| Umm Al Ashtan Limited | Liberia | **100%** | 100% |
| Al Hamra Limited | Liberia | **100%** | 100% |
| Mraweh Limited | Liberia | **100%** | 100% |
| Hafeet Inc | Liberia | **100%** | 100% |
| Habshan Inc | Liberia | **100%** | 100% |
| Al Bahya Inc | Liberia | **100%** | 100% |

## 2 BASIS OF PREPARATION AND ACCOUNTING POLICIES (continued)

### 2.2 BASIS OF CONSOLIDATION (continued)

The consolidated financial statements include the financial statements of the Company and its subsidiaries listed below:

| | *Country of incorporation* | *Percentage holding* | |
|---|---|---|---|
| | | ***31 December 2024*** | *31 December 2023* |
| ***Indirect subsidiaries*** (continued) | | | |
| 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% |
| Barakah 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 16 Inc | Liberia | **100%** | 100% |
| Newco 18 Inc | Liberia | **100%** | 100% |
| Newco 19 Inc | Liberia | **100%** | 100% |
| Newco 20 Inc | Liberia | **100%** | 100% |
| Newco 21 Inc | Liberia | **100%** | 100% |
| Newco 22 Inc | Liberia | **100%** | 100% |
| Newco 23 Inc | Liberia | **100%** | 100% |
| Newco 24 Inc | Liberia | **100%** | 100% |
| Newco 25 Inc | Liberia | **100%** | 100% |
| Newco 26 Inc | Liberia | **100%** | 100% |
| Newco 27 Inc | Liberia | **100%** | 100% |
| Newco 28 Inc | Liberia | **100%** | 100% |
| Newco 29 Inc | Liberia | **100%** | 100% |
| Newco 30 Inc | Liberia | **100%** | 100% |
| Newco 31 Inc | Liberia | **100%** | 100% |
| Newco 32 Inc | Liberia | **100%** | 100% |
| Newco 33 Inc | Liberia | **100%** | 100% |
| Newco 34 Inc | Liberia | **100%** | 100% |
| Newco 35 Inc | Liberia | **100%** | 100% |
| ZMI Holdings | Cayman Islands | **100%** | 100% |
| Zakher Marine International Inc | Panama | **100%** | 100% |
| Zakher Marine International Inc. – Abu Dhabi Branch | UAE | **100%** | 100% |
| QMS Holding Limited | British Virgin Islands | **100%** | 100% |
| QMS 2 Offshore Services Ltd | Saint Vincent & Grenadines | **100%** | 100% |
| QMS 2 Offshore Services Ltd. – Abu Dhabi Branch | UAE | **100%** | 100% |
| QMS Petroleum Services Inc | Panama | **100%** | 100% |
| MBBS Inc | Panama | **100%** | 100% |
| Al Shahama Inc | Panama | **100%** | 100% |
| Al Bahia Inc | Panama | **100%** | 100% |
| Al Maryah Inc | Panama | **100%** | 100% |
| QMS China Inc | Panama | **100%** | 100% |
| QMS Achiever Inc | Panama | **100%** | 100% |
| QMS Gladiator Inc | Panama | **100%** | 100% |
| Petrodrill Inc | Panama | **100%** | 100% |
| Subhiya Inc | Panama | **100%** | 100% |
| QMS Gloria Inc | Panama | **100%** | 100% |
| Bani Yas Inc | Panama | **100%** | 100% |

## 2 BASIS OF PREPARATION AND ACCOUNTING POLICIES (continued)

### 2.2 BASIS OF CONSOLIDATION (continued)

The consolidated financial statements include the financial statements of the Company and its subsidiaries listed below:

| | *Country of incorporation* | *Percentage holding* | |
|---|---|---|---|
| | | ***31 December 2024*** | *31 December 2023* |
| ***Indirect subsidiaries*** (continued) | | | |
| Nadiya Inc | Panama | **100%** | 100% |
| Zakher Marine Saudi Company Limited | KSA | **100%** | 100% |
| Premier Marine Services W.L.L | Qatar | **100%** | 100% |
| Volo Travel and Tourism (Sole Proprietorship) L.L.C | UAE | **100%** | 100% |
| Lextus Inc | Panama | **100%** | 100% |
| QMS Offshore Industries L.L.C | UAE | **100%** | 100% |
| QMS Neptune Inc | Panama | **100%** | 100% |
| QMS Aquarius Inc | Panama | **100%** | 100% |
| QMS Leo Inc | Panama | **100%** | 100% |
| QMS Amora Inc | Panama | **100%** | 100% |
| QMS Sentinel Inc | Panama | **100%** | 100% |
| QMS Nouf Inc | Panama | **100%** | 100% |
| QMS Amouage Inc | Panama | **100%** | 100% |
| QMS Kinoa Inc | Panama | **100%** | 100% |
| QMS Pandan Inc | Panama | **100%** | 100% |
| QMS Pili Inc | Panama | **100%** | 100% |
| QMS Pesto Inc | Panama | **100%** | 100% |
| Pluto One Inc | Panama | **100%** | 100% |
| Pluto Two Inc | Panama | **100%** | 100% |
| QMS Turquoise Inc | Panama | **100%** | 100% |
| QMS Zirconium Inc | Panama | **100%** | - |
| QMS Al Khatem Inc | Panama | **100%** | - |
| QMS Al Muzn | Panama | **100%** | - |
| Newco 36 Inc | Liberia | **100%** | - |
| Newco 37 Inc | Liberia | **100%** | - |
| Newco 38 Inc | Liberia | **100%** | - |
| Newco 39 Inc | Liberia | **100%** | - |
| Newco 40 Inc | Liberia | **100%** | - |
| Newco 41 Inc | Liberia | **100%** | - |
| Newco 42 Inc | Liberia | **100%** | - |
| Newco 43 Inc | Liberia | **100%** | - |
| Newco 44 Inc | Liberia | **100%** | - |
| Newco 45 Inc | Liberia | **100%** | - |
| Hyper Holdco RSC Limited | UAE | **100%** | - |
| Hyper Issuerco SPV RSV Limited | UAE | **100%** | - |
| ALS International Ship Chartering Limited | UAE | **100%** | - |
| Compass Holdco RSC Limited | UAE | **100%** | - |
| ***Joint venture*** | | | |
| AW Shipping Limited | UAE | **50%** | 50% |

The financial statements of the subsidiaries and these consolidated financial statements have the same calendar year and use consistent accounting policies for each year presented. All intra-group balances, transactions, income and expenses, and profits and losses resulting from intra-group transactions are eliminated. Companies linked to one another by consolidation are integrated through the aggregation of accounts, in accordance with rules identical to those for full consolidation.

The preparation of the consolidated financial statements in conformity with IFRS Accounting Standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies.

## 2 BASIS OF PREPARATION AND ACCOUNTING POLICIES (continued)

### 2.2 BASIS OF CONSOLIDATION (continued)

The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are material to the consolidated financial statements have been disclosed in Note 3.1.

**Subsidiaries**

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date when control ceases. Upon loss of control, the Group derecognises the assets and liabilities of the subsidiary, any non-controlling interests and other components of equity related to the subsidiary. Any surplus or deficit arising on loss of control is recognised in the consolidated statement of comprehensive income. If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that the control is lost.

The Group applies the acquisition method to account for business combinations.

The consideration transferred for the acquisition of a subsidiary is the fair value of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets.

Acquisition-related costs are expensed as incurred.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date through the profit or loss.

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with IFRS 9 in the consolidated statement of comprehensive income. Contingent consideration that is classified as equity is not re-measured, and its subsequent settlement is accounted for within equity.

If the total of consideration transferred, non-controlling interest recognised and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the consolidated statement of comprehensive income as a bargain purchase.

Inter-group transactions, balances, income and expenses on transactions between subsidiaries are eliminated. Profits and losses resulting from inter-group transactions that are recognised in assets are also eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

**Changes in ownership interests in subsidiaries without change of control**

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions – that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals of non-controlling interests are also recorded in equity.

## 2 BASIS OF PREPARATION AND ACCOUNTING POLICIES (continued)

### 2.2 BASIS OF CONSOLIDATION (continued)

**Disposal of subsidiaries**

When the Group ceases to have control any retained interest in the entity is re-measured to its fair value at the date when control is lost, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in the consolidated statements of comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to the profit or loss.

**Capital reorganisation**
**Business combination under common control**

A business combination involving entities or businesses under common control is a business combination in which all the combining entities or businesses are ultimately controlled by the same party or parties both before and after the combination and that control is not transitory.

Transactions giving rise to the transfer of interests in entities, which are under the common control of the Shareholders, are accounted for using the predecessor value method without restatement of comparative information. The assets and liabilities acquired are recognised at the carrying amounts recognised previously in the books of the transferor entity. The components of equity of the acquired entities are added to the same components within Group equity. Any difference between the consideration paid and capital of the acquiree is recognised directly in equity.

Transactions involving newly established entities that do not qualify as business combinations are accounted for as capital reorganisations. In its consolidated financial statements, the acquirer incorporates the assets and liabilities of the existing entity at their pre-combination carrying amounts without fair value uplift. The pre-combination book values reflect the carrying values in the books of the existing entity. The acquirer's consolidated financial statements include the acquired entity's full-year results (including comparatives), even though the business combination might have occurred part of the way through the year, or they incorporate the results from the date when the entity joined the group, where such a date is later.

### 2.3 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

#### 2.3.1 New and amended IFRS Accounting Standards applied with no material effect on the consolidated financial statements

The accounting policies adopted in the preparation of the consolidated financial information are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2023, and the notes thereto, except for the adoption of certain new and revised standards, that became effective in the current period, as set out below:

***Non-current liabilities with covenants – Amendments to IAS 1 (effective 1 January 2024)*** *IAS 1 Presentation of Financial Statements* in 2020 clarified that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the entity's expectations or events after the reporting date (e.g., the receipt of a waiver or a breach of covenant). The amendments also clarified what IAS 1 means when it refers to the 'settlement' of a liability.

The new amendments clarify that covenants of loan arrangements will not affect classification of a liability as current or non-current at the reporting date if the entity must only comply with the covenants after the reporting date. However, if the entity must comply with a covenant either before or at the reporting date, this will affect the classification as current or non-current, even if the covenant is only tested for compliance after the reporting date.

## 2 BASIS OF PREPARATION AND ACCOUNTING POLICIES (continued)

## 2.3 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (continued)

### 2.3.1 New and amended IFRS Accounting Standards applied with no material effect on the consolidated financial statements (continued)

***Non-current liabilities with covenants – Amendments to IAS 1 (effective 1 January 2024)*** *(continued)*
The amendments require disclosures if an entity classifies a liability as non-current and that liability is subject to covenants that the entity must comply with within 12 months of the reporting date. The amendments must be applied retrospectively in accordance with the normal requirements in *IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors*

***Lease liability in sale and leaseback – amendments to IFRS 16 (effective 1 January 2024)*** The IASB finalised narrow-scope amendments to the requirements for sale and leaseback transactions in *IFRS 16 Leases* which explain how an entity accounts for a sale and leaseback after the date of the transaction.

The amendments specify that, in measuring the lease liability subsequent to the sale and leaseback, the seller-lessee determines 'lease payments' and 'revised lease payments' in a way that does not result in the seller-lessee recognizing any amount of the gain or loss that relates to the right of use that it retains. This could particularly impact sale and leaseback transactions where the lease payments include variable payments that do not depend on an index or a rate.

***Supplier finance arrangements – Amendments to IAS 7 and IFRS 7 (effective 1 January 2024)*** The IASB has issued new disclosure requirements about supplier financing arrangements ('SFAs'), after feedback to an IFRS Interpretations Committee agenda decision highlighted that the information required by *IAS 7 Statement of Cash Flows* and *IFRS 7 Financial Instruments: Disclosures* falls short of meeting user information needs.

The objective of the new disclosures is to provide information about SFAs that enables investors to assess the effects on an entity's liabilities, cash flows and the exposure to liquidity risk. The new disclosures include information about the following:

The terms and conditions of SFAs
1. The carrying amounts of financial liabilities that are part of SFAs and the line items in which those liabilities are presented.
2. The carrying amount of the financial liabilities in (b) for which suppliers have already received payment from the finance providers.
3. The range of payment due dates for both the financial liabilities that are part of SFAs, and comparable trade payables that are not part of such arrangements.
4. Non-cash changes in the carrying amounts of financial liabilities in (b).
5. Access to SFA facilities and concentration of liquidity risk with finance providers.

The IASB has provided transitional relief by not requiring comparative information in the first year, and also not requiring disclosure of specified opening balances. Further, the required disclosures are only applicable for annual periods during the first year of application. Therefore, the earliest that the new disclosures will have to be provided is in annual financial reports for December 2024 year-ends, unless an entity has a financial year of less than 12 months.

Other than the above, there are no other material IFRS Accounting Standards or amendments that were effective for the first time for the financial year beginning on or after 1 January 2024.

The application of these amendments to IFRS Accounting Standards has not had any material impact on the amounts reported for the current period but may affect the accounting for the Group's future transactions or arrangements.

**2 BASIS OF PREPARATION AND ACCOUNTING POLICIES** (continued)

**2.3 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES** (continued)

**2.3.2 New and revised IFRS Accounting Standards in issue but not yet effective and not early adopted**

The Group has not early adopted new and revised IFRS Accounting Standards that have been issued but are not yet effective.

***Sale or contribution of assets between an investor and its associate or joint venture – Amendments to IFRS 10 and IAS 28 (effective date not finalised)*** The IASB has made limited scope amendments to *IFRS 10 Consolidated financial statements* and *IAS 28 Investments in associates and joint ventures.* The amendments clarify the accounting treatment for sales or contribution of assets between an investor and its associates or joint ventures. They confirm that the accounting treatment depends on whether the non-monetary assets sold or contributed to an associate or joint venture constitute a 'business' (as defined in *IFRS 3 Business Combinations*).

***Amendments to IAS 21 - Lack of Exchangeability (effective 1 January 2025)*** The IASB amended IAS 21 to add requirements to help entities to determine whether a currency is exchangeable into another currency, and the spot exchange rate to use when it is not. Prior to these amendments, IAS 21 set out the exchange rate to use when exchangeability is temporarily lacking, but not what to do when lack of exchangeability is not temporary.

***Amendments to the Classification and Measurement of Financial Instruments – Amendments to IFRS 9 and IFRS 7 (effective 1 January 2026)*** The IASB issued targeted amendments to IFRS 9 Financial Instruments and IFRS 7 Financial Instruments: Disclosures to respond to recent questions arising in practice, and to include new requirements not only for financial institutions but also for corporate entities. These amendments:

(a) clarify the date of recognition and derecognition of some financial assets and liabilities, with a new exception for some financial liabilities settled through an electronic cash transfer system;
(b) clarify and add further guidance for assessing whether a financial asset meets the solely payments of principal and interest (SPPI) criterion;
(c) add new disclosures for certain instruments with contractual terms that can change cash flows (such as some financial instruments with features linked to the achievement of environment, social and governance targets); and
(d) update the disclosures for equity instruments designated at fair value through other comprehensive income (FVOCI).

The amendments in (b) are most relevant to financial institutions, but the amendments in (a), (c) and (d) are relevant to all entities.

***IFRS 18, 'Presentation and Disclosure in Financial Statements' (effective 1 January 2027)*** This is the new standard on presentation and disclosure in financial statements, which replaces IAS 1, with a focus on updates to the statement of profit or loss. The key new concepts introduced in IFRS 18 relate to:

- the structure of the statement of profit or loss with defined subtotals;
- requirement to determine the most useful structure summary for presenting expenses in the statement of profit or loss;
- required disclosures in a single note within the financial statements for certain profit or loss performance measures that are reported outside an entity's financial statements (that is, management-defined performance measures); and
- enhanced principles on aggregation and disaggregation which apply to the primary financial statements and notes in general.

**2 BASIS OF PREPARATION AND ACCOUNTING POLICIES** (continued)

**2.3 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES** (continued)

**2.3.2 New and revised IFRS Accounting Standards in issue but not yet effective and not early adopted** (continued)

***IFRS 19, 'Subsidiaries without Public Accountability: Disclosures' (effective 1 January 2027).*** This new standard works alongside other IFRS Accounting Standards. An eligible subsidiary applies the requirements in other IFRS Accounting Standards except for the disclosure requirements; and it applies instead the reduced disclosure requirements in IFRS 19. IFRS 19's reduced disclosure requirements balance the information needs of the users of eligible subsidiaries' financial statements with cost savings for preparers. IFRS 19 is a voluntary standard for eligible subsidiaries. A subsidiary is eligible if it does not have public accountability, and it has an ultimate or intermediate parent that produces consolidated financial statements available for public use that comply with IFRS Accounting Standards.

The Group is currently assessing the impact of these standards amendments on the future consolidated financial statements of the Group, and intends to adopt it, if applicable, when it becomes effective.

**3 MATERIAL 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.

**3 MATERIAL ACCOUNTING POLICIES** (continued)

**IFRS 15 Revenue from Contracts with Customers** (continued)

The Group recognises revenue from the following major sources:

*Freight/ Voyage charters:*
Revenue in relation to freight/ voyage charters is recognised over time since the customer simultaneously receives and consumes the benefits of the Group's performance in providing integrated transportation services.

*Vessel time charters:*
Time charters contain a lease component (i.e., hire of the vessel) and service components (i.e., operation of the vessel and maintenance service etc.). Revenue from hire of vessel is recognised over the lease term and revenue from services is recognised over time. The transaction price is allocated to each performance obligation using an expected cost-plus margin approach.

*Vessel bareboat charters:*
Bareboat charters contain only a lease component (i.e., hire of the vessel) and does not contain service components (i.e., operation of the vessel and maintenance service etc.). Revenue from hire of vessel is recognised over the lease term.

*Sale of goods:*
Revenue from the sale of goods is recognised when control of the goods has transferred, being when the goods have been delivered to the customers. Revenue from sale of goods is recognised at a point of time. Sale of goods primarily include sale of drilling chemicals, bunkers, petrol and water.

*Rendering of services:*
The Group provides port services, base operation services and oil field services to customers. Revenue is recognised over time since customers simultaneously receive and consume the benefits of the Group's performance in providing services under contractual terms.

*Rental income:*
The Group's policy for recognition of revenue from operating leases is described in the accounting policy on leasing below.

*EPC (Engineering, procurement and construction contract revenue):*
Revenue from EPC contracts is recognised in the consolidated statement of comprehensive income when the outcome of the contract can be reliably estimated. The measurement of contract revenue is affected by a variety of uncertainties (including cost estimation and surveys of work performed) that depend on the outcome of future events.

Contract revenue is recognised over time in the consolidated statement of comprehensive income based on the stage of completion of the contracts. The stage of completion can be measured by various methods. The management uses one of the following methods that measure reliably the actual work performed on the contract, depending on the nature of the contract:

- surveys of work performed; or
- the proportion that costs incurred to date bear to the estimated total costs of the contract

When the outcome of a contract cannot be estimated reliably, revenue is recognised only to the extent of contract costs incurred that is probable to be recovered. Contract costs are recognised as an expense in the period in which they are incurred. The above estimates often need to be revised as events occur and uncertainties are resolved. Therefore, the amount of contract revenue recognised may increase or decrease from year to year.

**3 MATERIAL ACCOUNTING POLICIES** (continued)

**Property, plant and equipment**

Property, plant and equipment are stated at cost, net of accumulated depreciation and/or accumulated impairment losses, if any. Depreciation is calculated using the straight-line method to allocate the assets' costs to their residual values over their estimated useful lives as follows:

| | *Useful life* |
|---|---|
| Buildings, wharves and land improvements | 7 - 25 years |
| Offshore vessels | 20 - 25 years |
| Vessels - Tankers | 25 years |
| Vessels - Dry-Bulk and Containers | 25 years |
| Vessels – Gas Carriers | 25 - 40 years |
| Jack-up barges | 40 years |
| Dry docking components of vessel and marine equipment | 2 - 5 years |
| Plant | 20 years |
| Equipment and vehicles | 4 - 10 years |
| Furniture, fixtures and office equipment | 4 - 5 years |

The estimated useful lives, residual values and depreciation method are reviewed annually, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property, plant and equipment and any significant part initially recognised, is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the profit or loss as other income/(loss) when the asset is derecognised.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the depreciation period or method, as appropriate, and are treated as changes in accounting estimates.

The Group reassesses the salvage value of the vessels based on the scrap value rate on a yearly basis to ensure accurate financial reporting and compliance with IFRS accounting standards.

*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.

The costs of capital work in progress will be transferred to property, plant 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 immediately written down to their recoverable amount.

**3 MATERIAL ACCOUNTING POLICIES** (continued)

**Borrowing costs**

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

To the extent that variable rate borrowings are used to finance a qualifying asset and are hedged in an effective cash flow hedge of interest rate risk, the effective portion of the derivative is recognised in other comprehensive income and reclassified to the consolidated statement of profit or loss when the qualifying asset affects it. To the extent that fixed-rate borrowings are used to finance a qualifying asset and are hedged in an effective fair value hedge of interest rate risk, the capitalised borrowing costs reflect the hedged interest rate.

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

**Investment properties**

Investment properties, which are properties held to earn rentals and/or for capital appreciation, are initially measured at cost, including transaction costs.

Depreciation on investment properties is calculated on a straight-line basis over the estimated useful life of 20 - 25 years.

The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis.

The gains or losses arising on the disposal or retirement of investment properties is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the consolidated statement of comprehensive income in the year.

**Investment in a joint venture**

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The considerations made in determining significant influence or joint control are similar to those necessary to determine control over subsidiaries.

The Group's investments in its joint ventures are accounted for using the equity method.

Under the equity method, the investment in a joint venture is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the joint venture since the acquisition date.

The profit or loss reflects the Group's share of the results of operations of the joint venture. Any change in OCI of those investees is presented as part of the Group's OCI. In addition, when there has been a change recognised directly in the equity of the joint venture, the Group recognises its share of any changes, when applicable, in the statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the associate or joint venture are eliminated to the extent of the interest in the joint venture.

The aggregate of the Group's joint ventures and associates is shown on the face of the consolidated statement of comprehensive income outside operating profit and represents profit or loss and non-controlling interests in the subsidiaries of the joint venture.

**3 MATERIAL ACCOUNTING POLICIES** (continued)

**Investment in a joint venture** (continued)

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.

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in its joint venture. At each reporting date, the Group determines whether there is objective evidence that the investment in the joint venture is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the joint venture and its carrying value, then recognises the loss as part of "Share of profit of a joint venture", and then recognises the loss in the profit or loss.

Upon loss of significant influence over the associate or joint control over the joint venture, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

**Intangible assets**

Intangible assets acquired separately are reported at cost less accumulated amortisation and impairment losses, if any. Amortisation is charged on a straight-line basis over the assets' estimated useful lives. The estimated useful lives are reviewed at the end of each annual reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets mainly include computer systems, software and licenses with an estimated useful life of up to 4 years.

**Leases**

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

*Group as a lessee*

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

*Determining the lease term of contracts with renewal and termination options – Group as lessee*

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

*Group as a lessor*

The Group subleases certain assets including land and vessels under head leases with lease terms exceeding 12 months at commencement. The Group has classified the subleases as finance leases or operating leases by reference to the right-of-use asset arising from the head lease. The lease value is capitalised using discounted cash flows and a corresponding lease liability is recognised.

**3 MATERIAL ACCOUNTING POLICIES** (continued)

**Leases** (continued)

*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 re-measurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are subject to impairment. Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term which is as follows:

| | *Useful life* |
|---|---|
| Land – Main Mussafah base | 19 years |
| Land – ZMI Mussafah base | 30 years |
| Land – KIZAD | 25 years |
| Vessels | 1.5-5 years |

*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 re-measured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

*Vessel lease contracts*

For the vessel lease contracts fulfilling the capitalization criteria defined by IFRS 16, the lease term corresponds to the duration of the contracts signed except in cases where the Group is reasonably certain of exercising the renewal options contractually foreseen. Vessel lease contracts concluded by the Group do not include guaranteed value clauses for leased assets.

*Real-estate lease contracts*

Based on its analysis, the Group has identified lease contracts according to IFRS 16 concerning surface areas rented in its base in Mussafah and lease contracts on office and other buildings.

The lease term corresponds to the non-cancellable period which is estimated to be the term until the Group's sublease contracts are effective. The discount rate used to calculate the lease liabilities is determined, for each asset, according to the incremental borrowing rate at the commencement date. The incremental borrowing rate is the rate that the lessee would pay to borrow the required funds to purchase the asset over a similar term, with a similar security and in a similar economic environment. This rate is achieved by the addition of the interest rate prevalent in the market (EIBOR) or interest rate on government bonds and the credit spread, as the case may be. The coupon on government bonds is specific to the location, currency, period and maturity. The definition of the spread curve is based upon reference points, each point consisting of asset financing on assets.

**3 MATERIAL ACCOUNTING POLICIES** (continued)

**Leases** (continued)

*Types of non-capitalized lease contracts*

The Group uses the two exemptions foreseen by the standard allowing for non-recognition in the statement of financial position: short-term lease contracts and lease contracts for which the underlying assets have a low value.

*iii) Short-term leases and leases of low-value assets*

The Group applies the short-term lease recognition exemption to its short-term leases of property and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). Within the Group, short term property leases mainly relate to leases of:

- Land at operation sites with a reciprocal notice-period equal to or less than 12 months. There are no penalties associated with non-renewal in these leases;
- Office and warehouse space lease with a notice-period equal to or less than 12 months. There are no renewal rights that extend the lease beyond 12 months;
- Accommodations for expatriates with a notice period equal to or less than 12 months. There are no renewal rights that extend the lease beyond 12 months.

It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered of low value. Lease payments on short- term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

**Inventories**

Inventories are stated at the lower of cost and net realisable value and are held for consumption in the vessels. Inventories consist of bunkers, lubes, raw materials, finished goods and spare parts. Cost of lubes, raw materials, finished goods and spare parts are determined using the weighted average method. Cost of fuel is determined based on the last purchase price. Net realisable value is based on estimated selling price less any further costs expected to be incurred on disposal.

**Impairment of non-financial assets**

At each reporting date, the Group reviews the carrying amounts of its non-financial assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in the consolidated statement of comprehensive income.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in the consolidated statement of comprehensive income.

**3 MATERIAL 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 the consolidated statement of comprehensive income when the asset is derecognised, modified or impaired.

The Group's financial assets at amortised cost primarily includes trade and other receivables, cash and cash equivalents, sublease receivables and due from related parties.

*Impairment of financial assets*

The Group recognises a loss allowance for expected credit losses ("ECL") on trade receivables and due from related parties. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

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

The Group considers a financial asset in default when it is 180 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

**3 MATERIAL 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 profit or loss.

Financial assets and liabilities are offset and the net amount reported in the consolidated statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

**Financial liabilities**

The Group determines the classification of its financial liabilities at initial recognition.

Financial liabilities are recognised initially at fair value and in the case of borrowings, at fair value of the consideration received less directly attributable transaction costs and subsequently carried at amortised cost using the effective interest method.

The Group's financial liabilities include shareholder loan, due to related parties, trade and other payables and lease liabilities.

**Cash and cash equivalents**

Cash and cash equivalents comprise cash in hand and at banks, current accounts and bank deposits with original maturities of three months or less.

**Provisions**

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

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation at the end of the reporting period, using a rate that reflects current market assessments of the time value of money and the risks specific to the obligation. When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received, and the amount of receivable can be measured reliably.

**3 MATERIAL ACCOUNTING POLICIES** (continued)

**Provisions** (continued)

Provisions for decommissioning and restoration costs, which arise principally in connection with lease of land and facilities, is estimated at current prices and in accordance with local conditions and requirements and an equivalent amount is included in the respective class of asset in property, plant and equipment and right-of-use asset. The present value is calculated using amounts discounted over the lease period. The liability is recognised (together with a corresponding amount as part of the related property, plant and equipment or right-of-use assets) once an obligation crystallizes in the period when a reasonable estimate can be made. The effects of changes resulting from revisions to the timing or the amount of the original estimate of the provision are reflected on a prospective basis, generally by adjustment to the carrying amount of the related property, plant and equipment and right-of-use asset. However, where there is no related asset, or the change reduces the carrying amount to nil, the effect, or the amount in excess of the reduction in the related asset to nil, is recognised in the profit or loss.

**Taxation**

The income tax expense or credit for the period is the tax payable on the current period's taxable income, based on the applicable income tax rate for each jurisdiction, adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses. The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Group and its subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and considers whether it is probable that a taxation authority will accept an uncertain tax treatment. The Group measures its tax balances either based on the most likely amount or the expected value, depending on which method provides a better prediction of the resolution of the uncertainty. Current tax is recognised in the consolidated statement of comprehensive income except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

Tax comprises an estimate of current and deferred income tax as well as adjustments to previous years taxes. Income tax is a tax on taxable profits, and consists of corporation tax, withholding tax of dividends, etc. In addition, tax comprises tonnage tax. Tonnage tax is classified as tax when creditable in, or paid in lieu of, income tax. Tax is recognised in the consolidated statement of comprehensive income to the extent that it arises from items recognised in the consolidated statement of comprehensive income, including tax on gains on intra-group transactions that have been eliminated in the consolidation. Deferred tax is calculated on temporary differences between the carrying amounts and tax bases of assets and liabilities. Deferred tax is not recognised for differences on the initial recognition of assets or liabilities, where at the time of the transaction neither accounting nor taxable profit/loss is affected, unless the differences arise in a business combination. In addition, no deferred tax is recognised for undistributed earnings in subsidiaries, joint ventures and associates when ADNOC Logistics & Services plc controls the timing of dividends. No taxable dividends are currently expected. A deferred tax asset is recognised to the extent that it is probable that it can be utilised within a foreseeable future.

On 9 December 2022 UAE Federal Decree-Law no 47 of 2022 was published setting in place a general corporate income tax for the first time. The profit threshold of AED 375,000 (USD 102,110) at which the 9% tax will apply was set in place by Cabinet Decision No 116 of 2022 which was published on 16 January 2023 and at this point the tax law was considered enacted for accounting purposes.

*Income taxes*
As disclosed in note 30, the UAE Corporate Income Tax Law is now enacted. The Group has recognized current taxes in the consolidated statement of comprehensive income and the movement in the deferred tax balances as at 31 December 2024 in the consolidated statement of financial position.

**3 MATERIAL ACCOUNTING POLICIES** (continued)

**Taxation** (continued)

*Current income tax*

Income taxes have been provided for in the consolidated financial statements in accordance with legislation enacted by the end of the year. The income tax charge comprises current tax and is recognised in consolidated statement of comprehensive income for the year, except if it is recognised in other comprehensive income or directly in equity because it relates to transactions that are also recognised, in the same or a different period, in other comprehensive income or directly in equity.

Taxable profits or losses are based on estimates if the consolidated financial statements are authorised prior to filing relevant tax returns. Taxes other than on income are recorded within operating expenses.

*Deferred tax*

Deferred income tax is provided using the balance sheet liability method for tax loss carry forwards and temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. In accordance with the initial recognition exemption, deferred taxes are not recorded for temporary differences on initial recognition of an asset or a liability in a transaction other than a business combination if the transaction, when initially recorded, affects neither accounting nor taxable profit and at the time of the transaction, does not give rise to equal taxable and deductible temporary differences.

Deferred tax liabilities are not recorded for temporary differences on initial recognition of goodwill, and subsequently for goodwill which is not deductible for tax purposes. Deferred taxes are recorded on temporary differences arising after initial recognition of goodwill, including those arising on initial introduction of the tax law in the UAE. Deferred tax balances are measured at tax rates enacted or substantively enacted at the end of the reporting period, which are expected to apply to the period when the temporary differences will reverse or the tax loss carry forwards will be utilised.

Deferred tax assets for deductible temporary differences and tax loss carry forwards are recorded only to the extent that it is probable that the temporary difference will reverse in the future and there is sufficient future taxable profit available against which the deductions can be utilised.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

The Group controls the reversal of temporary differences relating to taxes chargeable on dividends from subsidiaries and joint ventures or on gains upon their disposal. The Group does not recognise deferred tax liabilities on such temporary differences except to the extent that management expects the temporary differences to reverse in the foreseeable future.

**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 Group 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 the consolidated statement of comprehensive income in subsequent periods.

**3 MATERIAL ACCOUNTING POLICIES** (continued)

**Employees' end of service benefits** (continued)

Interest is calculated by applying the discount rate to the defined benefit liability. The rate used to discount the end of service benefit obligation is determined by reference to market yields at the consolidated statement of financial position date on high quality corporate bonds. The current and non-current portions of the provision relating to employees' end of service benefits are separately disclosed in the consolidated statement of financial position.

The Group recognises the following changes in the employees' end of service benefits in the processing and marketing fees:

- Service costs comprising current service costs
- Interest expense

With respect to UAE national employees, contributions are made to Abu Dhabi Retirement Pensions and Benefits Fund, calculated in accordance with the Fund's regulations. With respect to GCC national employees, the contributions are made to the pension funds or agencies of their respective countries.

The provision relating to annual leave, leave passage and pension contribution is considered as a current liability, while that relating to end of service benefits is disclosed as a non-current liability.

**Foreign currencies**

Transactions in foreign currencies are recorded at the rate on the date of the transactions. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the reporting date. All differences are taken to the 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.

**3 MATERIAL ACCOUNTING POLICIES** (continued)

**Fair value measurement** (continued)

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the consolidated financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

**Contingencies**

Contingent liabilities are not recognised in the consolidated financial statements. They are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote.

Contingent assets are not recognised in the consolidated financial statements but disclosed when an inflow of economic benefits is probable.

**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.

## 3 MATERIAL ACCOUNTING POLICIES (continued)

**Earnings per share**

The Group presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares, which comprise convertible notes and share options granted to employees, if any.

**Segment reporting**

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components, whose operating results are reviewed regularly by the Group's top Management (being the chief operating decision maker) to make decisions about resources allocated to each segment and assess its performance, and for which discrete financial information is available. The CODM assesses the financial performance and position of the operating segments and makes strategic decisions based on a measure of revenue and costs. Refer to Note 28 for further details.

## 3.1 MATERIAL ACCOUNTING JUDGMENTS AND ESTIMATES

While applying the accounting policies as stated in note 3, the 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 relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period of the revision in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

*Measurement of ECL*
The Group uses a provision matrix to calculate ECLs for trade receivables and due from related parties 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 immaterial based on ADNOC's rating by Fitch as at 31 December 2024. 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 in accordance with IFRS 9 requirements. The Group utilizes provisioning of 33.3% and 100% against balances overdue above 365 days and 730 days respectively in accordance with the Group accounting policies.

*Historical analysis of aging data:*

Aging data from December 2019 to December 2024 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 analysing the recovery / collections of defaulted balances.

**3 MATERIAL ACCOUNTING POLICIES** (continued)

**3.1 MATERIAL ACCOUNTING JUDGMENTS AND ESTIMATES** (continued)

*Measurement of ECL* (continued)

*Forward-looking macroeconomic factors:*

IFRS 9 requires a forward-looking macroeconomic adjustment applied to the historical loss rate. To incorporate this element, the Group has identified the UAE's GDP of 5.1% (2023: 3.9%) to be the most relevant factor and accordingly adjusts the historical loss rate based on expected changes in this factor.

The provision for expected credit losses on trade receivables has been calculated using a simplified approach, requiring the computation of lifetime expected credit losses. Refer to Note 17 for details.

At the consolidated statement of financial position date, gross trade receivables were USD 169,384 thousand (2023: USD 109,249 thousand), and the provision for expected credit losses was USD 3,154 thousand (2023: USD 7,302 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 USD 867,549 thousand (2023: USD 747,335 thousand), and the provision for expected credit loss was USD 3,139 thousand (2023: USD 4,488 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.

*Determining the lease term of contracts with renewal and termination options – Group as lessee*

The Group has several lease contracts that include extension and termination options. The Group applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise (or not to exercise) the option to renew or to terminate (e.g., construction of significant leasehold improvements or significant customisation to the leased asset). On this basis the management has determined their best estimate of the lease term for each lease. The lease period determined will be reassessed at each reporting period.

## 3 MATERIAL ACCOUNTING POLICIES (continued)

### 3.1 MATERIAL 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.

*Deferred income tax asset recognition*

The recognised deferred tax assets represent income taxes recoverable through future deductions from taxable profits and are recorded in the consolidated statement of financial position. Deferred income tax assets are recorded to the extent that realisation of the related tax benefit is probable. This includes an assessment of the taxable temporary differences expected to reverse in the future and the availability of sufficient future taxable profit against which the deductions can be utilised. The future taxable profits and the amount of tax benefits that are probable in the future are based on the medium-term business plan prepared by management and extrapolated results thereafter. The business plan is based on management expectations that are believed to be reasonable under the circumstances.

*Deferred tax liability*

Deferred income tax is provided using the balance sheet liability method for tax loss carry forwards and temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. In accordance with the initial recognition exemption, deferred taxes are not recorded for temporary differences on initial recognition of an asset or a liability in a transaction other than a business combination if the transaction, when initially recorded, affects neither accounting nor taxable profit and at the time of the transaction, does not give rise to equal taxable and deductible temporary differences.

Deferred tax liabilities are not recorded for temporary differences on initial recognition of goodwill, and subsequently for goodwill which is not deductible for tax purposes. Deferred taxes are recorded on temporary differences arising after initial recognition of goodwill, including those arising on initial introduction of the tax law in the UAE. Deferred tax balances are measured at tax rates enacted or substantively enacted at the end of the reporting period, which are expected to apply to the period when the temporary differences will reverse or the tax loss carry forwards will be utilised.

*Income taxes*

Tax comprises an estimate of current and deferred income tax as well as adjustments to previous years taxes. Income tax is tax on taxable profits, and consists of corporation tax, withholding tax of dividends, etc. In addition, tax comprises tonnage tax. Tonnage tax is classified as tax when creditable in, or paid in lieu of, income tax. Tax is recognised in the income statement to the extent that it arises from items recognised in the income statement, including tax on gains on intra-group transactions that have been eliminated in the consolidation.

## 4 REVENUES

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

| | Segments | ***2024 USD'000*** | *2023 USD'000* |
|---|---|---|---|
| Freight / voyage charter income | Shipping, Integrated Logistics & Services | **838,284** | 719,617 |
| Base operation services | Integrated Logistics | **547,409** | 526,792 |
| Petroleum port operations | Integrated Logistics & Services | **233,826** | 200,306 |
| Sales of bunkering fuel & water | Integrated Logistics | **243,433** | 241,362 |
| Offshore vessels charter income | Integrated Logistics & Services | **495,527** | 380,752 |
| Operating lease income | Shipping, Integrated Logistics & Services | **366,790** | 318,561 |
| Onshore services income | Integrated Logistics & Services | **130,313** | 109,256 |
| Ship management income | Shipping | **53,122** | 57,084 |
| EPC contracts income | Integrated Logistics | **619,930** | 157,146 |
| Drilling chemicals | Integrated Logistics | **20,696** | 44,276 |
| | | **3,549,330** | 2,755,152 |

| ***Timing of revenue*** | Segments | ***2024 USD'000*** | *2023 USD'000* |
|---|---|---|---|
| Goods transferred at a point in time | Integrated Logistics | **320,798** | 285,638 |
| Operating lease income | Shipping, Integrated Logistics & Services | **366,790** | 318,561 |
| Services rendered over time | Shipping, Integrated Logistics & Services | **2,861,742** | 2,150,953 |
| | | **3,549,330** | 2,755,152 |

## 5 DIRECT COSTS

| | 2024 USD'000 | 2023 USD'000 |
|---|---|---|
| Bunker and other consumption | **1,159,446** | 724,832 |
| Staff costs (note 8) | **536,067** | 472,114 |
| Freight and voyage charter costs | **416,487** | 349,197 |
| Depreciation on property, plant and equipment (note 11) | **262,056** | 213,018 |
| Other operating costs | **66,015** | 78,090 |
| Port charges | **65,714** | 73,872 |
| Repairs and maintenance | **57,184** | 66,818 |
| Depreciation on right-of-use assets (note 12) | **38,952** | 19,540 |
| Depreciation on investment properties (note 14) | **5,259** | 5,165 |
| Amortization of intangibles (note 13) | **1,604** | 579 |
| | **2,608,784** | 2,003,225 |

## 6 GENERAL AND ADMINISTRATIVE EXPENSES

| | 2024 USD'000 | 2023 USD'000 |
|---|---|---|
| Staff costs (note 8) | **71,817** | 80,724 |
| ADNOC HQ – centralized services | **29,551** | 7,792 |
| Consultancy fees | **9,139** | 12,635 |
| Amortisation of intangible assets (note 13) | **5,207** | 6,574 |
| Office rent | **3,657** | 3,400 |
| Depreciation on property, plant and equipment (note 11) | **4,151** | 3,540 |
| Audit & other assurance fees* | **1,784** | 2,030 |
| Depreciation on right-of-use assets (note 12) | **110** | 110 |
| Others* | **16,106** | 29,631 |
| | **141,522** | 146,436 |

** Audit & other assurance fees above include auditors' remuneration as follows:*

| | | |
|---|---|---|
| Audit of financial statements | **794** | 723 |
| Other assurance services | **248** | 928 |
| Non-assurance services required to be performed by the auditor according to applicable laws and regulations | **400** | 379 |
| Other non-assurance services | **400** | - |

## 7 OTHER INCOME

| | 2024 USD'000 | 2023 USD'000 |
|---|---|---|
| Profit on initial recognition of sub-lease receivables | **-** | 4,211 |
| Gain on disposal of property, plant and equipment | **1,677** | 1,955 |
| Liquidated damages income | **3,870** | - |
| Others | **14,349** | 4,699 |
| | **19,896** | 10,865 |

## 8 STAFF COSTS

| | 2024 USD'000 | 2023 USD'000 |
|---|---|---|
| Salaries & benefits (direct hire and sub-contracted) | **600,662** | 547,024 |
| Employees' end of service benefits (note 22) | **7,222** | 5,814 |
| | **607,884** | 552,838 |
| *Analyzed as:* | | |
| Direct costs (note 5) | **536,067** | 472,114 |
| General and administrative expenses (note 6) | **71,817** | 80,724 |
| | **607,884** | 552,838 |

The number of employees in the Group as at 31 December 2024 and 2023 is as follows:

| | 2024 | 2023 |
|---|---|---|
| Direct hire | **2,112** | 2,129 |
| Agency hire | **240** | 266 |
| | **2,352** | 2,395 |

Staff costs also include cost of crew on vessels. The headcount of the crew on vessels and outsourced manpower are not included within the number of employees disclosed above.

## 9 FINANCE INCOME

| | 2024 USD'000 | 2023 USD'000 |
|---|---|---|
| Interest income on sub-leases (finance leases) (note 12) | **1,795** | 2,107 |
| Interest income from ADNOC HQ (AGTS) | **5,414** | 2,931 |
| Interest income from banks | **8,385** | 4,747 |
| | **15,594** | 9,785 |

## 10 FINANCE COSTS

| | 2024 USD'000 | 2023 USD'000 |
|---|---|---|
| Interest expense on lease liabilities (note 12) | **9,831** | 7,893 |
| Interest expense on pension cost | **1,043** | 1,118 |
| Interest expense on end of service benefits (note 22) | **1,633** | 1,473 |
| Amortisation of upfront fee on shareholder loans (note 24) | **1,885** | 1,231 |
| Commitment fee on shareholder loan facilities (note 24) | **3,641** | 2,654 |
| Others | **1** | 729 |
| | **18,034** | 15,098 |

## 11 PROPERTY, PLANT AND EQUIPMENT

| | *Buildings* | *Vessels and marine equipment* | *Plant* | *Equipment and vehicles* | *Furniture, fixtures and office equipment* | *Capital work in progress* | *Total* |
|---|---|---|---|---|---|---|---|
| | *USD'000* | *USD'000* | *USD'000* | *USD'000* | *USD'000* | *USD'000* | *USD'000* |
| ***2024*** | | | | | | | |
| Cost: | | | | | | | |
| At 1 January 2024 | 129,178 | 4,106,213 | 5,391 | 70,780 | 32,021 | 204,963 | 4,548,546 |
| Additions | - | 52,094 | - | 1,935 | 1,859 | 957,127 | 1,013,015 |
| Disposals | (42) | (10,997) | (86) | (3,333) | (1,124) | - | (15,582) |
| Transfer to investment properties (note 14) | - | - | - | - | - | (2,491) | (2,491) |
| Transfer to intangible assets (note 13) | - | - | - | - | - | (6,450) | (6,450) |
| Transfer from capital work in progress | 2,825 | 526,920 | - | 27,884 | 2,525 | (560,154) | - |
| **At 31 December 2024** | **131,961** | **4,674,230** | **5,305** | **97,266** | **35,281** | **592,995** | **5,537,038** |
| | | | | | | | |
| Accumulated depreciation: | | | | | | | |
| At 1 January 2024 | 79,498 | 602,552 | 5,320 | 37,843 | 16,790 | - | 742,003 |
| Charge for the year | 5,470 | 245,814 | 18 | 9,327 | 5,578 | - | 266,207 |
| Disposals | (35) | (10,636) | (86) | (3,310) | (440) | - | (14,507) |
| **At 31 December 2024** | **84,933** | **837,730** | **5,252** | **43,860** | **21,928** | **-** | **993,703** |
| | | | | | | | |
| Net book value: | | | | | | | |
| **At 31 December 2024** | **47,028** | **3,836,500** | **53** | **53,406** | **13,353** | **592,995** | **4,543,335** |

## 11 PROPERTY, PLANT AND EQUIPMENT (continued)

| | *Buildings USD'000* | *Vessels and marine equipment USD'000* | *Plant USD'000* | *Equipment and vehicles USD'000* | *Furniture, fixtures and office equipment USD'000* | *Capital work in progress USD'000* | *Total USD'000* |
|---|---|---|---|---|---|---|---|
| ***2023*** | | | | | | | |
| Cost: | | | | | | | |
| At 1 January 2023 | 107,276 | 3,319,602 | 5,391 | 53,184 | 29,537 | 170,725 | 3,685,715 |
| Additions | - | 243,345 | - | 4,975 | 397 | 626,173 | 874,890 |
| Disposals | - | (9,503) | - | (1,123) | (30) | - | (10,656) |
| Transfer to investment properties (note 14) | - | - | - | - | - | (677) | (677) |
| Transfer to intangible assets (note 13) | - | - | - | - | - | (3,886) | (3,886) |
| Transfer from capital work in progress | 21,902 | 549,609 | - | 13,744 | 2,117 | (587,372) | - |
| Adjustments | - | 3,160 | - | - | - | - | 3,160 |
| **At 31 December 2023** | **129,178** | **4,106,213** | **5,391** | **70,780** | **32,021** | **204,963** | **4,548,546** |
| Accumulated depreciation: | | | | | | | |
| At 1 January 2023 | 75,256 | 409,475 | 5,302 | 32,044 | 12,254 | - | 534,331 |
| Charge for the year | 4,242 | 200,811 | 18 | 6,922 | 4,565 | - | 216,558 |
| Disposals | - | (7,734) | - | (1,123) | (29) | - | (8,886) |
| **At 31 December 2023** | **79,498** | **602,552** | **5,320** | **37,843** | **16,790** | **-** | **742,003** |
| Net book value: | | | | | | | |
| **At 31 December 2023** | **49,680** | **3,503,661** | **71** | **32,937** | **15,231** | **204,963** | **3,806,543** |

As at 31 December 2024, capital work in progress includes both vessels and projects under construction. During construction, projects are recorded under capital work in progress and then transferred to the respective asset classes including investment properties and intangible assets.

Capital work in progress additions include interest incurred during the construction of the vessels capitalized amounting to USD 10,491 thousand (31 December 2023: USD 2,419).

Depreciation has been allocated in the consolidated statement of comprehensive income as follows:

| | ***2024 USD'000*** | *2023 USD'000* |
|---|---|---|
| Direct costs (note 5) | **262,056** | 213,018 |
| General and administrative expenses (note 6) | **4,151** | 3,540 |
| | **266,207** | 216,558 |

## 12 RIGHT-OF-USE ASSETS, SUB-LEASE RECEIVABLES & LEASE LIABILITIES

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

### A. In respect of head-lease:

| *USD'000* | *Land right -of-use asset* | *Vessels right -of-use asset* | *Total* |
|---|---|---|---|
| As at 1 January 2024 | 51,442 | 96,704 | **148,146** |
| Additions | - | 52,607 | **52,607** |
| Depreciation expense | (2,995) | (36,067) | **(39,062)** |
| **As at 31 December 2024** | **48,447** | **113,244** | **161,691** |
| As at 1 January 2023 | 54,429 | 12,779 | 67,208 |
| Additions | - | 100,588 | 100,588 |
| Depreciation expense | (2,987) | (16,663) | (19,650) |
| As at 31 December 2023 | 51,442 | 96,704 | 148,146 |

| *USD'000* | *Land lease liability* | *Vessels lease liability* | *Total* |
|---|---|---|---|
| As at 1 January 2024 | 55,644 | 97,999 | **153,643** |
| Additions | - | 52,607 | **52,607** |
| Interest expense (note 10) | 3,749 | 5,009 | **8,758** |
| Payments | (5,496) | (39,238) | **(44,734)** |
| **As at 31 December 2024** | **53,897** | **116,377** | **170,274** |
| As at 1 January 2023 | 57,284 | 12,898 | 70,182 |
| Additions | - | 100,588 | 100,588 |
| Interest expense (note 10) | 3,799 | 2,775 | 6,574 |
| Payments | (5,439) | (18,262) | (23,701) |
| As at 31 December 2023 | 55,644 | 97,999 | 153,643 |

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

| | *Land lease* | *Vessels lease* |
|---|---|---|

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

| *USD'000* | *Land sub-lease receivables* | *Vessels sub-lease receivables* | *Total* |
|---|---|---|---|
| As at 1 January 2024 | 12,022 | 36,565 | **48,587** |
| Interest income (note 9) | 801 | 994 | **1,795** |
| Payments received | (1,443) | (19,738) | **(21,181)** |
| **As at 31 December 2024** | **11,380** | **17,821** | **29,201** |
| | | | |
| As at 1 January 2023 | 12,622 | 6,763 | 19,385 |
| Additions | - | 41,016 | 41,016 |
| Profit on initial recognition of sub-leases (note 7) | - | 4,211 | 4,211 |
| Interest income (note 9) | 843 | 1,264 | 2,107 |
| Payments received | (1,443) | (16,689) | (18,132) |
| As at 31 December 2023 | 12,022 | 36,565 | 48,587 |

| *USD'000* | *Land sub -lease liability* | *Vessels sub- lease liability* | *Total* |
|---|---|---|---|
| As at 1 January 2024 | 2,348 | 33,563 | **35,911** |
| Interest expense (note 10) | 151 | 922 | **1,073** |
| Payments | (277) | (17,680) | **(17,957)** |
| **As at 31 December 2024** | **2,222** | **16,805** | **19,027** |
| | | | |
| As at 1 January 2023 | 2,465 | 6,390 | 8,855 |
| Additions | - | 41,016 | 41,016 |
| Interest expense (note 10) | 160 | 1,159 | 1,319 |
| Payments | (277) | (15,002) | (15,279) |
| As at 31 December 2023 | 2,348 | 33,563 | 35,911 |

**12 RIGHT-OF-USE ASSETS, SUB-LEASE RECEIVABLES & LEASE LIABILITIES** (continued)

**B. In respect of sub-lease** (continued):

Sub-lease receivables are analysed in the consolidated statement of financial position as follows:

| | ***2024 USD'000*** | *2023 USD'000* |
|---|---|---|
| Current portion | **16,359** | 19,386 |
| Non-current portion | **12,842** | 29,201 |
| | **29,201** | 48,587 |

Sub-lease receivables as of 31 December can be further analysed as follows:

| ***31 December 2024*** | *Current portion* | *Non-current portion* | *Total* | *Non-current 1-5 years* | *Non-current 5 years & above* |
|---|---|---|---|---|---|
| National Gas Shipping Company Holding Ltd | 14,299 | 2,153 | 16,452 | 2,153 | - |
| ADNOC Offshore | 1,369 | - | 1,369 | - | - |
| Total related party balances | 15,668 | 2,153 | 17,821 | 2,153 | - |
| Third parties | 691 | 10,689 | 11,380 | 3,304 | 7,385 |
| Total | 16,359 | 12,842 | 29,201 | 5,457 | 7,385 |

| ***31 December 2023*** | *Current portion* | *Non-current portion* | *Total* | *Non-current 1-5 years* | *Non-current 5 years & above* |
|---|---|---|---|---|---|
| National Gas Shipping Company Holding Ltd | 16,661 | 16,452 | 33,113 | 16,452 | - |
| ADNOC Offshore | 2,083 | 1,369 | 3,452 | 1,369 | - |
| Total related party balances | 18,744 | 17,821 | 36,565 | 17,821 | - |
| Third parties | 642 | 11,380 | 12,022 | 3,721 | 7,659 |
| Total | 19,386 | 29,201 | 48,587 | 21,542 | 7,659 |

Lease liabilities as of 31 December are analysed in the consolidated statement of financial position as follows:

| | ***2024 USD'000*** | *2023 USD'000* |
|---|---|---|
| Relating to head-lease (in respect of right-of-use assets) | **170,274** | 153,643 |
| Relating to sub-lease receivables (in respect of liabilities for sub-leased assets) | **19,027** | 35,911 |
| | **189,301** | 189,554 |
| Current portion | **59,130** | 44,313 |
| Non-current portion | **130,171** | 145,241 |
| | **189,301** | 189,554 |

**12 RIGHT-OF-USE ASSETS, SUB-LEASE RECEIVABLES & LEASE LIABILITIES** (continued)

**B. In respect of sub-lease** (continued):

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

| ***31 December 2024*** | *Current portion* | *Non-current portion* | *Total* | *Non-current 1-5 years* | *Non-current 5 years & above* |
|---|---|---|---|---|---|
| ADNOC HQ | 1,517 | 28,485 | 30,002 | 3,733 | 24,752 |
| Total related party balances | 1,517 | 28,485 | 30,002 | 3,733 | 24,752 |
| Third parties | 57,613 | 101,686 | 159,299 | 79,751 | 21,935 |
| Total | **59,130** | **130,171** | **189,301** | **83,484** | **46,687** |

| ***31 December 2023*** | *Current portion* | *Non-current portion* | *Total* | *Non-current 1-5 years* | *Non-current 5 years & above* |
|---|---|---|---|---|---|
| ADNOC HQ | 1,351 | 30,002 | 31,353 | 6,561 | 23,441 |
| Total related party balances | 1,351 | 30,002 | 31,353 | 6,561 | 23,441 |
| Third parties | 42,962 | 115,239 | 158,201 | 93,069 | 22,170 |
| Total | 44,313 | 145,241 | 189,554 | 99,630 | 45,611 |

The table below indicates rental expenses resulting from lease and service contracts which are recognised in the consolidated statement of comprehensive income:

| | ***2024 USD'000*** | *2023 USD'000* |
|---|---|---|
| Short term rents (included in note 5 & 6) | **6,964** | 5,678 |

The movement in provision for dismantling liability on leased land is as follows:

| | ***2024 USD'000*** | *2023 USD'000* |
|---|---|---|
| As at 1 January | **1,873** | 1,727 |
| Accretion during the year | **136** | 146 |
| As at 31 December | **2,009** | 1,873 |

## 13 INTANGIBLE ASSETS

| | ***2024*** | *2023* |
|---|---|---|
| | ***USD'000*** | *USD'000* |
| Cost: | | |
| At 1 January | **31,756** | 27,883 |
| Transfer from property, plant and equipment (note 11) | **6,450** | 3,886 |
| Disposals | **(4)** | (13) |
| **At 31 December** | **38,202** | 31,756 |
| | | |
| Accumulated amortisation: | | |
| At 1 January | **20,316** | 13,168 |
| Charge for the year | **6,811** | 7,153 |
| Disposals | **(3)** | (5) |
| **At 31 December** | **27,124** | 20,316 |
| | | |
| Net book value: | | |
| **At 31 December** | **11,078** | 11,440 |

Intangible assets comprise the cost of acquired enterprise computer systems, software and licenses.

## 14 INVESTMENT PROPERTIES

| | ***2024*** | *2023* |
|---|---|---|
| | ***USD'000*** | *USD'000* |
| Cost: | | |
| At 1 January | **156,025** | 155,348 |
| Transfer from property, plant and equipment (note 11) | **2,491** | 677 |
| **At 31 December** | **158,516** | 156,025 |
| | | |
| Accumulated depreciation: | | |
| At 1 January | **60,756** | 55,591 |
| Charge for the year | **5,259** | 5,165 |
| **At 31 December** | **66,015** | 60,756 |
| | | |
| Net book value: | | |
| **At 31 December** | **92,501** | 95,269 |

## 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 2024 by management using the discounted cash flow method of valuation, using assumptions such as annual growth rate and discount rate. The fair value was assessed at USD 110 million as at 31 December 2024 (2023: USD 116 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.

On 1 January 2022, the Group acquired two warehouses from Abu Dhabi Ports for USD 84 million. The land on which the warehouses are built is leased by Abu Dhabi Ports to the Group for a period of 25 years with effect from 1 January 2022.

The investment properties earn revenue and incur costs as below:

| | ***2024 USD'000*** | *2023 USD'000* |
|---|---|---|
| Rental income included under operating lease income | **12,173** | 9,908 |
| Direct costs excluding depreciation | **1,182** | 1,223 |

## 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 2024* | *Percentage holding 2023* | *Country of incorporation* | *Principal activity* |
|---|---|---|---|---|
| AW Shipping Limited | 50% | 50% | UAE | Shipping services |

The movement in the carrying value of investment in a joint venture is summarised below:

| | ***2024 USD'000*** | *2023 USD'000* |
|---|---|---|
| As at 1 January | **76,712** | 62,641 |
| Investment during the year | **176,865** | - |
| Share of profit for the year | **14,198** | 14,071 |
| As at 31 December | **267,775** | 76,712 |

## 15 INVESTMENT IN A JOINT VENTURE (continued)

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

| | ***2024*** | *2023* |
|---|---|---|
| | ***USD'000*** | *USD'000* |
| **Statement of financial position:** | | |
| Total assets | **772,750** | 415,420 |
| Total liabilities | **(237,200)** | (261,996) |
| Net assets | **535,550** | 153,424 |
| | | |
| **Statement of comprehensive income:** | | |
| Revenue | **77,832** | 79,283 |
| Expenses | **(49,436)** | (51,141) |
| Total comprehensive income | **28,396** | 28,142 |

Included in expenses above is depreciation of USD 15,633 thousand (2023: USD 15,384 thousand) and finance cost of USD 15,571 thousand (2023: USD 16,927 thousand). There was no interest income earned by the joint venture in 2024 or 2023.

Included in total liabilities above are loans from banks amounting to USD 227,118 thousand (2023: USD 255,833 thousand). USD 198,353 thousand (2023: USD 227,118) was classified as non-current liability and USD 28,765 thousand (2023: USD 28,765 thousand) was classified as current liability.

## 16 INVENTORIES

| | ***2024*** | *2023* |
|---|---|---|
| | ***USD'000*** | *USD'000* |
| Bunkers | **38,052** | 41,591 |
| Lubes | **6,288** | 6,545 |
| Raw materials & finished goods | **10,016** | 10,265 |
| Spare parts, fuel and consumables | **88,935** | 72,231 |
| Firefighting foam and dispersant stock | **405** | 405 |
| | **143,696** | 131,037 |
| Less: provision for slow-moving and obsolete inventories | **(11,009)** | (10,317) |
| | **132,687** | 120,720 |

Movement in the provision for slow-moving and obsolete inventories is as follows:

| | ***2024*** | *2023* |
|---|---|---|
| | ***USD'000*** | *USD'000* |
| At 1 January | **10,317** | 9,965 |
| Charge during the year | **692** | 758 |
| Write offs | **-** | (406) |
| At 31 December | **11,009** | 10,317 |

## 17 TRADE AND OTHER RECEIVABLES

*Current*

| | **2024** | 2023 |
|---|---|---|
| | **USD'000** | USD'000 |
| Trade receivables | **169,384** | 109,249 |
| Provision for expected credit losses | **(3,154)** | (7,302) |
| Trade receivables, net | **166,230** | 101,947 |
| Prepaid expenses and other receivables | **51,125** | 92,967 |
| Accrued revenue | **131,455** | 85,401 |
| Receivable from employees | **16,053** | 14,385 |
| Advances to suppliers | **55,616** | 93,620 |
| | **420,479** | 388,320 |

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

| | | |
|---|---|---|
| At 1 January | **7,302** | 8,918 |
| Write off | **(36)** | - |
| (Reversal) of provision during the year | **(4,112)** | (1,616) |
| At 31 December | **3,154** | 7,302 |

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

| | | | *Past due* | | | | |
|---|---|---|---|---|---|---|---|
| | *Total USD' 000* | *Not past due USD' 000* | *< 30 days USD' 000* | *30 - 60 days USD' 000* | *61 - 90 days USD' 000* | *91 - 120 days USD' 000* | *> 120 days USD' 000* |
| **Provision matrix 2024** | | 0% | 1% | 1% | 1% | 1% | 12% |
| Provision matrix 2023 | | 1% | 12% | 3% | 6% | 1% | 21% |
| ***Gross trade receivable*** | | | | | | | |
| **31 December 2024** | **169,384** | **67,844** | **36,584** | **23,950** | **16,531** | **6,692** | **17,783** |
| 31 December 2023 | 109,249 | 29,823 | 6,754 | 27,697 | 10,368 | 12,070 | 22,537 |
| ***Provision for expected credit losses*** | | | | | | | |
| **31 December 2024** | **3,154** | **324** | **237** | **198** | **182** | **92** | **2,121** |
| 31 December 2023 | 7,302 | 287 | 810 | 704 | 640 | 133 | 4,728 |
| ***Net trade receivable*** | | | | | | | |
| **31 December 2024** | **166,230** | **67,520** | **36,347** | **23,752** | **16,349** | **6,600** | **15,662** |
| 31 December 2023 | 101,947 | 29,536 | 5,944 | 26,993 | 9,728 | 11,937 | 17,809 |

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.

*Non-current*

Trade and other receivables (non-current) include advances paid to shipyards and other suppliers towards capital expenditures. Balances are as follows:

| | **2024** | 2023 |
|---|---|---|
| | **USD'000** | USD'000 |
| Advances to shipyards | **229,882** | 38,884 |

## 18 CASH AND CASH EQUIVALENTS

| | ***2024*** | *2023* |
|---|---|---|
| | ***USD'000*** | *USD'000* |
| Cash in hand | **1,875** | 1,478 |
| Cash at banks | **197,044** | 214,231 |
| | **198,919** | 215,709 |

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 4% (2023: 0.07%).

## 19 SHARE CAPITAL

| | ***2024*** | *2023* |
|---|---|---|
| | ***USD'000*** | *USD'000* |
| ***Authorised, issued and fully paid*** | | |
| 7,398,498,764 ordinary shares of USD 0.54 each | **3,995,189** | 3,995,189 |

On 9 October 2023, the Board of Directors approved the distribution of cash dividend of USD 64,999 thousand for the second quarter of the financial year ended 31 December 2023, equivalent to 3.2 fils per share. The dividend was paid to shareholders in the last quarter of the financial year ended 31 December 2023.

In the Annual General Assembly Meeting of the Shareholders on 29 April 2024, a final cash dividend of USD 130,000 thousand for the second half of the financial year ended 31 December 2023 was approved by the shareholders. The dividend was paid to shareholders in the second quarter of the financial year ended 31 December 2024.

On 7 October 2024, the Board of Directors approved the distribution of cash dividend of USD 136,500 thousand for the first half of 2024, equivalent to 6.78 fils per share. The dividend was paid to shareholders in last quarter of the financial year ended 31 December 2024.

In total, a cash dividend of USD 266,500 thousand was distributed to shareholders in 2024.

## 20 GENERAL RESERVE

In 2022, in accordance with the decision of management of the Group, 10% of the profit was transferred to a general reserve. No such transfer was made in 2023 or 2024. USD 103,226 thousand was equitised as part of capital reorganisation in April 2023 before the Groups' listing on Abu Dhabi Exchange (ADX). Refer to Note 31.

## 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.

| | ***2024*** | *2023* |
|---|---|---|
| | ***USD'000*** | *USD'000* |
| Profit attributable to shareholders of the Company | **756,170** | 620,159 |
| Weighted average number of shares ('000) | **7,398,499** | 7,398,499 |
| | ***USD*** | *USD* |
| Earnings per share | **0.10** | 0.08 |

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:

| | ***2024*** | *2023* |
|---|---|---|
| | ***USD'000*** | *USD'000* |
| At 1 January | **32,631** | 31,464 |
| Current service cost (note 8) | **7,222** | 5,814 |
| Benefits paid | **(2,996)** | (4,311) |
| Benefits of employees transferred -out to group companies | **-** | (1,197) |
| Interest cost (note 10) | **1,633** | 1,473 |
| *Re-measurement losses:* | | |
| Actuarial (gains) / losses arising from experience | **(54)** | 534 |
| Actuarial losses / (gains) arising from changes in financial assumptions | **1,079** | (1,146) |
| At 31 December | **39,515** | 32,631 |

Generally, upon fulfilment of certain employment conditions, the retirement benefits are payable in lump sum upon retirement, which is determined based on the employee's salary for each year of service.

The present value of the defined benefit obligation, the related current service cost and past service cost were measured using the projected unit credit method.

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

| | ***2024*** | *2023* |
|---|---|---|
| Discount rate | 5.00% | 5.50% |
| Expected rate of salary increase | 3.00% | 3.00% |
| Average turnover | 7.5% | 7.5% |
| Retirement age | 60 years | 60 years |

Mortality rate table used is the SOA RP-2014 Total Dataset Mortality with Scale MP-2014.

Amounts recognised in the statement of comprehensive income in respect of these benefits are as follows:

| | ***2024*** | *2023* |
|---|---|---|
| | ***USD'000*** | *USD'000* |
| *Service cost:* | | |
| Current service cost (note 8) | **7,222** | 5,814 |
| Net interest expense (note 10) | **1,633** | 1,473 |
| Components of provision for employees' end of service benefit recognised in comprehensive income | **8,855** | 7,287 |

Amounts recognised in other comprehensive income are as follows:

| | ***2024*** | *2023* |
|---|---|---|
| | ***USD'000*** | *USD'000* |
| Actuarial (losses) / gain arising from the experience adjustments | **(1,025)** | 612 |

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

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.

| *2024* | *Increase / decrease in percentage point* | *Increase / (decrease) in provision for employees' end of service benefit USD'000* |
|---|---|---|
| Discount rate | **1%** | **(2,094)** |
| | **-1%** | **2,365** |
| Expected salary growth | **1%** | **2,467** |
| | **-1%** | **(2,214)** |
| *2023* | | |
| Discount rate | 1% | (1,890) |
| | -1% | 2,130 |
| Expected salary growth | 1% | 2,233 |
| | -1% | (2,007) |

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**

| | ***2024 USD'000*** | *2023 USD'000* |
|---|---|---|
| Trade accounts payable | **88,874** | 99,878 |
| Accrued expenses | **540,525** | 461,581 |
| Other payables | **69,427** | 41,446 |
| Capital expenses accruals | **241,262** | 95,965 |
| Operating lease rent received in advance | **16,219** | 10,057 |
| | **956,307** | 708,927 |

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

## 24 RELATED PARTY BALANCES AND TRANSACTIONS

These represent transactions with related parties i.e., the shareholder, directors and entities related to them, companies under common ownership and/or common management and control, their partners and key management personnel. Pricing policies and terms of these transactions are approved by the Group's management.

**Terms and conditions of transactions with related parties**

The sales to and services from related parties are made at agreed rates with the related parties. Outstanding balances at the year-end are unsecured, interest free and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables. For the year ended 31 December 2024, the Group has provision for expected credit losses of USD 3,139 thousand (2023: USD 4,448 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:

| | ***2024*** | *2023* |
|---|---|---|
| | ***USD'000*** | *USD'000* |
| ***Goods sold and services provided to entities under common control*** | | |
| ADNOC Offshore | **1,130,642** | 1,038,479 |
| ADNOC (Holding Company) | **827,189** | 418,191 |
| Abu Dhabi Polymers Company Limited (Borouge ADP) | **170,323** | 157,370 |
| ADNOC Global Trading (AGT) | **124,849** | 135,024 |
| National Gas Shipping Company Holding Limited | **90,340** | 102,967 |
| ADNOC Onshore | **37,856** | 41,383 |
| ADNOC Gas | **25,556** | 19,859 |
| Al Yasat JV | **18,957** | 10,013 |
| ADNOC Drilling | **14,964** | 12,480 |
| ADNOC Distribution | **10,144** | 11,706 |
| ADNOC Trading (AT) | **2,837** | 3,417 |
| ADNOC Refining | **2,477** | 1,144 |
| AW Shipping Limited | **1,098** | 220 |
| | **2,457,232** | 1,952,253 |
| ***Good and services received from entities under common control*** | | |
| ADNOC Distribution | **286,481** | 255,484 |
| ADNOC (Holding Company) | **52,689** | 20,286 |
| ADNOC Offshore | **2,000** | 674 |
| ADNOC Onshore | **22** | 131 |
| ADNOC Refining | **8** | 772 |
| ADNOC Gas | **-** | 7,891 |
| Al Yasat JV | **-** | 90 |
| ADNOC Sour Gas | - | 52 |
| | **341,200** | 285,380 |
| ***Interest transactions*** | | |
| Interest received on cash pooling balances (note 9) | **5,414** | 2,931 |
| Amortisation of upfront fee on shareholder loans (note 10) | **1,885** | 1,231 |
| Commitment fee on shareholder loan facilities (note 10) | **3,641** | 2,654 |

## 24 RELATED PARTY BALANCES AND TRANSACTIONS (continued)

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

| | **2024** | 2023 |
|---|---|---|
| | ***USD'000*** | *USD'000* |
| *Due from related parties:* | | |
| ADNOC Offshore | **400,749** | 285,229 |
| ADNOC (Holding Company) | **198,236** | 188,703 |
| ADNOC (Holding Company) cash pooling balance* | **144,289** | 173,402 |
| Abu Dhabi Polymers Company Limited (Borouge ADP) | **74,413** | 40,917 |
| ADNOC Gas | **19,508** | 11,488 |
| ADNOC Global Trading (AGT) | **10,895** | 7,033 |
| Al Yasat | **6,342** | 8,472 |
| ADNOC Drilling | **4,767** | 6,706 |
| ADNOC Onshore | **4,709** | 7,287 |
| ADNOC Distribution | **1,535** | 5,331 |
| ADNOC Trading (AT) | **1,189** | 1 |
| ADNOC Refining | **799** | 1,454 |
| AW Shipping Limited | **64** | - |
| Borouge Pte | **54** | 54 |
| National Gas Shipping Company Holding Limited | **-** | 11,258 |
| | **867,549** | 747,335 |
| Less: provision for expected credit losses | **(3,139)** | (4,488) |
| | **864,410** | 742,847 |

* 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:

| | **2024** | 2023 |
|---|---|---|
| | ***USD'000*** | *USD'000* |
| Balance at 1 January | **4,488** | 200 |
| Charge for the year | **1,463** | 4,288 |
| Write off | **(2,812)** | - |
| Balance at 31 December | **3,139** | 4,488 |

The provision for expected credit losses on amounts due from related parties is prepared in accordance with the requirements of IFRS 9. The Group also utilizes provisioning of 33.3% and 100% against balances overdue above 365 days and 730 days respectively in accordance with the Group accounting policies.

## 24 RELATED PARTY BALANCES AND TRANSACTIONS (continued)

Below is the ageing of receivables from related parties:

| | | | *Past due* | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | *Total USD'000* | *Not past due USD'000* | *< 30 days USD'000* | *30 - 60 days USD'000* | *61 - 90 days USD'000* | *91 - 120 days USD'000* | *121-365 days USD'000* | *366-730 days USD'000* | *>730 days USD'000* |
| ***Gross receivables from related parties*** | | | | | | | | | |
| **31 December 2024** | **867,549** | **528,184** | **201,085** | **97,988** | **31,413** | **-** | **3,366** | **3,561** | **1,952** |
| 31 December 2023 | 747,335 | 616,039 | 47,771 | 45,065 | 6,673 | 1,756 | 20,709 | 9,322 | - |
| ***Provision for expected credit losses*** | | | | | | | | | |
| **31 December 2024** | **3,139** | **-** | **-** | **-** | **-** | **-** | **-** | **1,187** | **1,952** |
| 31 December 2023 | 4,488 | - | - | - | - | - | - | 4,488 | - |
| ***Net receivable from related parties*** | | | | | | | | | |
| **31 December 2024** | **864,410** | **528,184** | **201,085** | **97,988** | **31,413** | **-** | **3,366** | **2,374** | **-** |
| 31 December 2023 | 742,847 | 616,039 | 47,771 | 45,065 | 6,673 | 1,756 | 20,709 | 4,834 | - |

| | ***2024 USD'000*** | *2023 USD'000* |
|---|---|---|
| *Due to related parties:* | | |
| ADNOC (Holding Company)* | **178,216** | 194,581 |
| ADNOC Distribution | **74,252** | 62,336 |
| AGT | **7,798** | 4,393 |
| National Gas Shipping Company | **4,053** | - |
| ADNOC Drilling | **3,000** | - |
| ADNOC Offshore | **2,674** | 674 |
| ADNOC Refining | **1,107** | 772 |
| ADNOC Onshore | **131** | 131 |
| Yasat | **90** | 90 |
| ADNOC Sour Gas (Al Hosn Gas) | **52** | 52 |
| ADNOC Gas | **-** | 7,891 |
| AW Shipping | **-** | 110 |
| | **271,373** | 271,030 |

*Included in the amounts payable to ADNOC (Holding Company) is an amount of USD 7,492 thousand (31 December 2023: USD 829 thousand) in respect of interest payable on the USD 550,000 thousand (31 December 2023: 100,000 thousand) shareholder loan.

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

| | ***2024 USD'000*** | *2023 USD'000* |
|---|---|---|
| Current portion | **271,373** | 253,121 |
| Non-current portion | **-** | 17,909 |
| | **271,373** | 271,030 |

**Due to related parties (non-current)**

In 2021 the Group's ultimate Holding Company recharged USD 90,916 thousand towards UAE national employees' pension charges. These charges relate to the differential amount paid by the Holding Company to Abu Dhabi Retirement Pensions and Benefits Fund for services of employees taken over by the Group on its formation and till the period ending 31 December 2019. USD 18,952 thousand of this liability is payable in 2025 and accordingly as at 31 December 2024 USD nil (USD 17,909 thousand as at 31 December 2023) is disclosed as a non-current liability.

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

Related parties sub-lease receivables and lease liabilities are disclosed in note 12.

**Shareholder contribution from ADNOC (Holding Company) (forming part of shareholder's equity in 2022):**

In 2022, the Group's contribution from a shareholder of USD 357,485 thousand was interest free and repayable at the absolute discretion of the board of directors of the Group. Accordingly, the amount was classified under equity as shareholder contribution. In 2023, before the listing of the Group on Abu Dhabi Stock Exchange (ADX), this loan was converted to share capital. Refer to Note 31 for further details on capital reorganisation.

**Shareholder loan from ADNOC (Holding Company) (forming part of non-current liabilities in 2022):**

In 2022, the Group had a loan facility arrangement with ADNOC (Holding Company) totaling USD 2,300,000 thousand. As at 31 December 2022, the Group had drawn USD 1,900,000 thousand from the facility.

In 2023, before the listing of the Group on Abu Dhabi Stock Exchange (ADX), this loan was converted to share capital. Refer to Note 31 for further details on capital reorganisation.

**Shareholder loan from ADNOC (Holding Company) (forming part of non-current liabilities in 2023 and 2024):**

In 2023, the Group entered into an unsecured senior corporate term facility agreement and a revolving credit facility (RCF) with its parent of USD 1,500,000 thousand and USD 350,000 thousand respectively. USD 300 thousand was paid as upfront fee for the unsecured senior corporate term facility and USD 700 thousand was paid as upfront fee for the revolving credit facility (RCF). Both the senior corporate term facility and the revolving credit facility (RCF) incur a commitment fee of 0.2125% on the undrawn amounts. During the year, USD 3,641 thousand was charged as commitment fee on these facilities (2023: USD 2,654 thousand).

As at 31 December 2024, USD 550,000 thousand (2023: USD 100,000 thousand) was drawn from the unsecured senior corporate term facility. During the year, interest incurred on this loan amounting to USD 10,491 thousand (2023: USD 2,419 thousand) was capitalized as part of capital work in progress.

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:

| | ***2024*** | *2023* |
|---|---|---|
| | ***USD'000*** | *USD'000* |
| Bank balances | **117,355** | 160,047 |

| | ***2024*** | *2023* |
|---|---|---|
| | ***USD'000*** | *USD'000* |
| Board of Directors fees | **9,421** | - |
| Key management compensation | **1,746** | 1,336 |

## 25 BANK GUARANTEES, CONTINGENCIES AND COMMITMENTS

(a) *Bank guarantees:*
At 31 December 2024, the Group had bank guarantees issued by the bank and other matters arising in the ordinary course of business from which it is anticipated that no material liabilities will arise, amounting to USD 11,964 thousand (2023: USD 6,373 thousand).

(b) *Capital commitments:*
At 31 December 2024, the Group's capital commitments amount to USD 3,303,308 thousand (2023: USD 1,113,308 thousand).

(c) *Purchases commitments:*
At 31 December 2024, the Group's purchases commitments amount to USD 55,077 thousand (2023: USD 39,353 thousand).

(d) *Contingencies:*
The Group is involved in various legal proceedings and claims arising in the ordinary course of business. While the outcome of these matters cannot be predicted with certainty, management does not believe that these matters will have a material adverse effect on the Group's financial statements if concluded unfavorably.

## 26 FINANCIAL RISK MANAGEMENT AND OBJECTIVES

The activities of the Group expose it to a variety of financial risks: market risk (including foreign exchange risk, price risk and cash flow and fair value interest rate risk), credit risk and liquidity risk. The overall risk management programme of the Group seeks to minimise potential adverse effects of these risks on their financial performance.

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital. Further quantitative disclosures are included throughout these consolidated financial statements.

The Board of Directors have overall responsibility for the establishment and oversight of the Group's risk management framework. The Board of Directors are responsible for developing and monitoring the Group's risk management policies.

The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Group's Board of Directors oversees how management monitors compliance with the Group's risk management policies and procedures and review the adequacy of the risk management framework in relation to the risks faced by the Group.

The Group's principal financial liabilities consist of trade and other payables, amounts due to related parties, shareholder loan and lease liabilities. The main purpose of the financial liabilities is to raise finance for the Group's operations. The Group has various financial assets such as trade and other receivables, bank balances and amounts due from related parties, which arise directly from its operations.

**26 FINANCIAL RISK MANAGEMENT AND OBJECTIVES** (continued)

**Market risk management**

*Foreign exchange 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. Reductions 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 of the Group's profit to reasonably possible changes in interest rates, with all other variables held constant.

| | ***2024*** | *2023* |
|---|---|---|
| | ***USD'000*** | *USD'000* |
| Effect of increase of 100 basis points on Group's profit | **3,662** | (386) |
| Effect of decrease of 100 basis points on Group's profit | **(3,662)** | 386 |

**Credit risk management**

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group and arises principally from the Group's trade and other receivables, related party and bank balances. The Group has adopted a policy of dealing only with creditworthy counterparties. The Group attempts to control credit risk by monitoring credit exposures, limiting transactions with specific non-related counterparties, and continually assessing the creditworthiness of such non-related counter-parties.

The average credit period on sale of goods or services is 30-60 days. No interest is charged on trade and other receivables. The bank balances are maintained with commercial banks. The credit risk on liquid funds is limited because the counterparties are reputable banks closely monitored by the regulatory bodies.

The amount that best represents maximum credit risk exposure on financial assets at the end of the reporting period, in the event counter parties fail to perform their obligations, generally approximates their carrying value. Advances to suppliers, other receivables and balances with banks are not secured by any collateral.

Other financial assets do not have a material expected credit loss, and the loss allowance considered during the year was limited to 12 months expected losses. As such, no loss allowance was made for such financial assets as at 31 December 2024 and 2023.

**26 FINANCIAL RISK MANAGEMENT AND OBJECTIVES** (continued)

**Liquidity risk management**

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group ensures that it has sufficient cash on demand to meet expected operational expenses for a short-term period, including the servicing of financial obligations; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

The Group limits its liquidity risk by ensuring adequate cash available from its operations and from support of the shareholders. The table below summarises the maturity profile of the Group’s financial liabilities. The maturity profile is monitored by management to ensure adequate liquidity is maintained.

| | *On demand USD ‘000* | *Less than 3 months USD ‘000* | *3 to 12 months USD ‘000* | *1 to 5 years USD ‘000* | *> 5 years USD ‘000* | *Total USD ‘000* |
|---|---|---|---|---|---|---|
| ***31 December 2024*** | | | | | | |
| Trade payables | - | 88,874 | - | - | - | 88,874 |
| Due to related parties | - | 161,913 | 18,952 | - | - | 180,865 |
| Income tax payable | - | - | 65,391 | - | - | 65,391 |
| Lease liabilities | - | 20,439 | 48,349 | 101,127 | 65,349 | 235,264 |
| Shareholder loan | - | - | - | 550,000 | - | 550,000 |
| Other payables, accrued and capital expenses | - | 609,952 | 241,262 | - | - | 851,214 |
| **Total** | **-** | **881,178** | **373,954** | **651,127** | **65,349** | **1,971,608** |
| *31 December 2023* | | | | | | |
| Trade payables | - | 99,878 | - | - | - | 99,878 |
| Due to related parties | - | 234,169 | 18,952 | 18,952 | - | 272,073 |
| Lease liabilities | - | 13,242 | 39,725 | 117,265 | 81,416 | 251,648 |
| Shareholder loan | - | - | - | 100,000 | - | 100,000 |
| Other payables, accrued and capital expenses | - | 598,992 | - | - | - | 598,992 |
| Total | - | 946,281 | 58,677 | 236,217 | 81,416 | 1,322,591 |

## 26 FINANCIAL RISK MANAGEMENT AND OBJECTIVES (continued)

### Capital risk management

The primary objective of the Group's capital management is to maintain healthy capital ratios in order to support its business.

The Group manages its capital structure and makes adjustments to it to ensure that it will be able to continue as a going concern. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to the shareholder, return capital to the shareholder, issue new shares or sell assets to reduce debts. No changes were made in the objectives, policies or processes during the years ended 31 December 2024 and 31 December 2023. Equity comprises share capital, general reserve, retained earnings and shareholder contribution, and is measured at USD 4,894,627 thousand as at 31 December 2024 (2023: USD 4,405,982 thousand).

The Group monitors capital on the basis of its gearing ratio. This ratio is calculated as net debt divided by total equity plus net debt. Net debt is calculated as total borrowings (including current and non-current borrowings as shown in the statement of financial position) less cash and cash equivalents. Total capital is calculated as total equity as shown in the statement of financial position plus net debt.

The gearing ratio, determined as net debt to net debt plus equity, at the year-end was as follows:

| | ***2024*** ***USD'000*** | *2023* *USD'000* |
|---|---|---|
| Debt (note 24) | **550,000** | 100,000 |
| Cash and cash equivalents (note 18) | **(198,919)** | (215,709) |
| Net debt | **351,081** | (115,709) |

| | ***2024*** ***USD'000*** | *2023* *USD'000* |
|---|---|---|
| Net debt | **351,081** | (115,709) |
| Equity | **4,894,627** | 4,405,982 |
| Net debt plus equity | **5,245,708** | 4,290,273 |
| Gearing ratio | **7%** | 0% |

## 27 FAIR VALUE OF FINANCIAL INSTRUMENTS

Financial instruments comprise of financial assets and financial liabilities. As at 31 December 2024 and 2023, the Group considers that the carrying amounts of financial assets and financial liabilities recognised in the consolidated financial statements approximate their fair values.

## 28 OPERATING SEGMENTS

Information regarding the Group's operating segments is set out below in accordance with IFRS 8, 'Operating Segments'. IFRS 8 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the Board of Directors, as the chief operating decision maker (CODM), in order to allocate resources to the segment and to assess its performance.

The Group's strategic steering committee, consisting of the Chief Executive Officer, the Chief Financial Officer and the Senior Vice President of Strategy, examines the group's performance from both a product and a service perspective but financial decisions are made by the Board. The operating segments are identified based on the nature of different services provided and are managed separately because they have different economic characteristics – such as trends in sales growth, rates of return and level of capital investment – and have different marketing strategies.

The CODM primarily uses EBITDA to monitor the performance of the business. For management purposes, the Group is organised into eight operating segments and seven reportable segments. These are referred to as "business units" as follows:

**Integrated Logistics:**

Integrated Logistics comprises three operating segments: (i) offshore contracting; (ii) offshore services; and (iii) offshore projects, which includes engineering, procurement and construction (EPC) and other projects. During the year, onshore services has been transferred from Integrated Logistics to the 'Services' segment.

**Shipping**:

Shipping comprises the following reportable segments: (i) tankers; (ii) gas carriers (including ship management services); and (iii) dry-bulk shipping (including containers).

**Services**:

Services reportable segment comprises marine, onshore and other services. As mentioned above, onshore services were previously reported under 'Integrated Logistics' segment but are now reported under the 'Services' segment.

**Others:**

One-off items and classed under Others by management to facilitate better understanding of the business and to ensure proper decision making. Finance income, finance costs, provision for expected credit losses, other income and other expenses which are largely non-operational costs are recorded under this segment to facilitate better decision making.

## 28 OPERATING SEGMENTS (continued)

The following schedules illustrate the Group's activities according to the operating segments / sub-segments for the year ended 31 December 2024 in USD'000s:

| 2024 | Integrated Logistics | | | Shipping | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | Offshore Contracting | Offshore Services | Offshore Projects | Tankers | Gas Carriers | Dry-Bulk and Containers | Services | Others | Total |
| Revenues | 1,108,200 | 552,790 | 619,930 | 516,530 | 152,650 | 286,820 | 312,410 | - | **3,549,330** |
| Direct costs | (691,714) | (451,840) | (571,640) | (310,630) | (106,940) | (219,830) | (256,190) | - | **(2,608,784)** |
| **Gross profit** | **416,486** | **100,950** | **48,290** | **205,900** | **45,710** | **66,990** | **56,220** | **-** | **940,546** |
| General and administrative expenses | (46,722) | (17,110) | (2,690) | (18,070) | (10,540) | (11,310) | (30,170) | (4,910) | **(141,522)** |
| Reversal of provision for expected credit losses | - | - | - | - | - | - | - | 2,649 | **2,649** |
| Other income | - | - | - | - | - | - | 3,800 | 16,096 | **19,896** |
| Other expenses | - | - | - | - | - | - | - | (4,310) | **(4,310)** |
| **Operating profit** | **369,764** | **83,840** | **45,600** | **187,830** | **35,170** | **55,680** | **29,850** | **9,525** | **817,259** |
| Share of profit from joint venture | - | - | - | - | 14,198 | - | - | - | **14,198** |
| Finance income | 889 | - | - | - | 907 | - | - | 13,798 | **15,594** |
| Finance costs | (7,122) | - | - | - | (839) | (156) | (1,715) | (8,202) | **(18,034)** |
| **Profit before tax for the year*** | **363,531** | **83,840** | **45,600** | **187,830** | **49,436** | **55,524** | **28,135** | **15,121** | **829,017** |
| Deferred tax credit* | 868 | - | - | - | - | - | - | - | **868** |
| Deferred tax expense* | - | - | - | - | - | - | - | (1,123) | **(1,123)** |
| Income tax expense* | (30,389) | (11,228) | (4,104) | (15,833) | (2,536) | (4,609) | (2,532) | (1,361) | **(72,592)** |
| **Profit for the year*** | **334,010** | **72,612** | **41,496** | **171,997** | **46,900** | **50,915** | **25,603** | **12,637** | **756,170** |
| Depreciation and amortisation in direct costs | 125,781 | 49,690 | 7,450 | 50,640 | 37,220 | 12,990 | 24,100 | - | **307,871** |
| Depreciation and amortisation in general and administrative expenses | 2,158 | 1,350 | 1,190 | 1,230 | 720 | 770 | 2,050 | - | **9,468** |
| Deferred tax credit | (868) | - | - | - | - | - | - | - | **(868)** |
| Deferred tax expense | - | - | - | - | - | - | - | 1,123 | **1,123** |
| Income tax expense | 30,389 | 11,228 | 4,104 | 15,833 | 2,536 | 4,609 | 2,532 | 1,361 | **72,592** |
| Finance income | (889) | - | - | - | (907) | - | - | (13,798) | **(15,594)** |
| Finance costs | 7,122 | - | - | - | 839 | 156 | 1,715 | 8,202 | **18,034** |
| **EBITDA** | **497,703** | **134,880** | **54,240** | **239,700** | **87,308** | **69,440** | **56,000** | **9,525** | **1,148,796** |

**28 OPERATING SEGMENTS** (continued)

The following schedules illustrate the Group's activities according to the operating segments / sub-segments for the year ended 31 December 2023 in USD'000s:

| 2023 | Integrated Logistics | | | Shipping | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | Offshore Contracting | Offshore Services | Offshore Projects | Tankers | Gas Carriers | Dry-Bulk and Containers | Services | Others | Total |
| Revenues | 974,525 | 500,751 | 157,146 | 407,370 | 173,550 | 257,900 | 283,910 | - | **2,755,152** |
| Direct costs | (599,472) | (430,122) | (147,641) | (279,170) | (112,330) | (201,280) | (233,210) | - | **(2,003,225)** |
| **Gross profit** | **375,053** | **70,629** | **9,505** | **128,200** | **61,220** | **56,620** | **50,700** | **-** | **751,927** |
| General and administrative expenses | (48,701) | (20,770) | (1,005) | (10,660) | (6,190) | (7,700) | (31,060) | (20,350) | **(146,436)** |
| Provision for expected credit losses | - | - | - | - | - | - | - | (2,672) | **(2,672)** |
| Other income | - | - | - | - | 4,211 | - | - | 6,654 | **10,865** |
| **Operating profit** | **326,352** | **49,859** | **8,500** | **117,540** | **59,241** | **48,920** | **19,640** | **(16,368)** | **613,684** |
| Share of profit from joint venture | - | - | - | - | 14,071 | - | - | - | **14,071** |
| Finance income | 1,021 | - | - | - | 1,086 | - | - | 7,678 | **9,785** |
| Finance costs | (4,125) | (1,768) | - | - | (990) | - | (1,740) | (6,475) | **(15,098)** |
| **Profit before tax for the year*** | **323,248** | **48,091** | **8,500** | **117,540** | **73,408** | **48,920** | **17,900** | **(15,165)** | **622,442** |
| Deferred tax credit* | - | - | - | - | - | - | - | 1,123 | **1,123** |
| Deferred tax expense* | - | - | - | - | - | - | - | - | |
| Income tax expense* | (2,577) | (829) | - | - | - | - | - | - | **(3,406)** |
| **Profit for the year*** | **320,671** | **47,262** | **8,500** | **117,540** | **73,408** | **48,920** | **17,900** | **(14,042)** | **620,159** |
| Depreciation and amortisation in direct costs | 96,185 | 41,486 | 1,939 | 39,480 | 26,310 | 10,330 | 22,572 | - | **238,302** |
| Depreciation and amortisation in general and administrative expenses | 1,882 | 1,396 | - | 2,240 | 1,400 | 1,030 | 2,276 | - | **10,224** |
| Deferred tax credit | - | - | - | - | - | - | - | (1,123) | **(1,123)** |
| Income tax expense | 2,577 | 829 | - | - | - | - | - | - | **3,406** |
| Finance income | (1,021) | - | - | - | (1,086) | - | - | (7,678) | **(9,785)** |
| Finance costs | 4,125 | 1,768 | - | - | 990 | - | 1,740 | 6,475 | **15,098** |
| **EBITDA** | **424,419** | **92,741** | **10,439** | **159,260** | **101,022** | **60,280** | **44,488** | **(16,368)** | **876,281** |

**28 OPERATING SEGMENTS (**continued**)**

The Group's largest customers are related entities within the ADNOC Group (refer to note 15). 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/sub-segment results are reviewed regularly by the Group's management to make decisions about resources to be allocated to the segment/sub-segment and to assess their performance.

The following tables represent segment assets for the Group's operating segments as reviewed by the management in USD'000s:

| | **Integrated Logistics** | | | **Shipping** | | | | |
|---|---|---|---|---|---|---|---|---|
| **31 December 2024** | **Offshore Contracting** | **Offshore Services** | **Offshore Projects**** | **Tankers** | **Gas Carriers** | **Dry-Bulk and Containers** | **Services** | **Total** |
| Property, plant & equipment * | 1,930,750 | 255,204 | - | 1,099,519 | 886,158 | 152,500 | 219,204 | **4,543,335** |
| Investment properties * | 92,501 | - | - | - | - | - | - | **92,501** |

| | **Integrated Logistics** | | | **Shipping** | | | | |
|---|---|---|---|---|---|---|---|---|
| **31 December 2023** | **Offshore Contracting** | **Offshore Services** | **Offshore Projects**** | **Tankers** | **Gas Carriers** | **Dry-Bulk and Containers** | **Services** | **Total** |
| Property, plant & equipment * | 1,509,421 | 319,824 | - | 1,178,641 | 406,957 | 161,958 | 229,742 | **3,806,543** |
| Investment properties * | 95,269 | - | - | - | - | - | - | **95,269** |

* These relate to additional voluntary disclosures not presented to CODM, but which are allocated on a reasonable and consistent basis to provide additional information.

**The offshore projects sub-segment does not have dedicated property, plant & equipment. Instead, it utilizes the property, plant & equipment from other sub-segments.

**29 GOODWILL**

For the purpose of impairment testing, goodwill is allocated to the Group's Cash Generating Units ("CGUs") where the goodwill is monitored for internal management purposes. The aggregate carrying amount of goodwill allocated to each unit is as set out below:

| | | |
|---|---|---|
| Goodwill on acquisition of ZMI business | **51,368** | 51,368 |

The goodwill is attributable to synergies expected to be achieved from the business combination and an increase in market share. For impairment testing, the goodwill is allocated to the Cash Generating Unit ("CGU") where the goodwill is monitored for internal management purposes. The recoverable amount of the CGU was based on its value in use determined by management. The carrying amount of this unit was determined to be lower than its recoverable amount.

Value in use was determined based on the five-year business plan approved by the management. The projected future cash flows from the continuing use of the unit are based on past experience and current rates of contractual arrangements for the initial five-year period. Beyond this period, the projected future cash flows were determined by reference to historical experience and based on market rates available for similar vessels. Both the cash inflows and outflows projected utilized a growth rate equivalent to the estimated inflation rate of 2%. These resulting cash flows were then discounted based on the Group's approved discount rate.

Key assumptions used for the CGU impairment testing are as below:

| | ***2024*** | *2023* |
|---|---|---|
| Discount rate (%) | 9% | 9% |

Anticipated annual revenue growth is based on latest available forecasts. The values assigned to the key assumptions represent the management's assessment of future trends in the industry and are based on both external and internal sources.

**Sensitivity analysis**

The Group has conducted an analysis of the impairment test to changes in key assumptions used to determine the recoverable amount of the CGU to which goodwill is allocated. Management anticipates that no reasonably possible change in any of the key assumptions above would cause the carrying value of the CGU including goodwill to materially exceed its recoverable amount.

## 30 INCOME TAX

| | ***2024*** | *2023* |
|---|---|---|
| | ***USD'000*** | *USD'000* |
| ***Tax recognised in the consolidated statement of comprehensive income*** | | |
| Current tax on profits for the year | 72,071 | 3,406 |
| **Total current tax** | **72,071** | **3,406** |
| Origination and reversal of temporary differences | (868) | (1,123) |
| Adjustment for deferred tax of prior periods | 1,123 | - |
| **Total deferred tax** | **255** | **(1,123)** |
| **Total income tax** | **72,326** | **2,283** |
| Tonnage tax | 521 | - |
| **Total tax expense** | **72,847** | **2,283** |

***Tax reconciliation***

| | | |
|---|---|---|
| Profit before tax | 829,017 | 622,442 |
| Profit subject to tonnage taxation | (36,973) | - |
| Share of profit from joint venture | (14,198) | (14,071) |
| **Profit before tax, adjusted** | **777,846** | **608,371** |
| Tax using the UAE corporation tax and regional tax rates (9%) | 70,006 | 54,753 |
| Tax rate deviations in non-UAE jurisdictions | 2,320 | (52,470) |
| **Total income tax** | **72,326** | **2,283** |
| **Effective tax rate** | **8.79%** | **0.37%** |
| Income tax payable | **65,391** | - |

***Current tax expense is classified and presented in the consolidated statement of comprehensive income as below:***

| | | |
|---|---|---|
| Current tax on profits for the year | 72,071 | 3,406 |
| Tonnage tax | 521 | - |
| Current tax expense | 72,592 | 3,406 |

***Recognised deferred tax assets and liabilities are attributable to the following:***

| | ***Assets*** | | ***Liabilities*** | |
|---|---|---|---|---|
| | **2024** | *2023* | ***2024*** | *2023* |
| | **USD'000** | *USD'000* | ***USD'000*** | *USD'000* |
| Provisions | - | 1,123 | - | - |
| Property, plant and equipment | - | - | 34,803 | 35,671 |
| **Total** | **-** | **1,123** | **34,803** | **35,671** |

**30 INCOME TAX** (continued)

***Change in deferred tax during the year***

| | *2024* | *2023* |
|---|---|---|
| | *USD'000* | *USD'000* |
| **Deferred tax asset** | | |
| **1 January** | **1,123** | - |
| Recognised in the consolidated statement of comprehensive income | **(1,123)** | 1,123 |
| **31 December** | **-** | **1,123** |

| | *2024* | *2023* |
|---|---|---|
| **Deferred tax liability** | | |
| **1 January** | **35,671** | - |
| Property, plant and equipment | **-** | 35,671 |
| Recognised in the consolidated statement of comprehensive income | (868) | - |
| **31 December** | **34,803** | **35,671** |

There are no substantial unrecognised tax liabilities from business operations or on investments in subsidiaries, associated companies and joint ventures.

ADNOC Logistics & Services plc generates profits from the provision of freight and charter services for the transportation of petroleum products, crude oil, dry-bulk and containers on ocean going vessels owned or hired from third parties, the operation and maintenance of oil terminals, EPC services related to dredging, land reclamation and marine construction, material handling, manpower and equipment supply, rental of stores, warehouses, office space and provision and the supply of chemicals and other on-shore oil and gas field services.

On 16 January 2023, the UAE government published a Cabinet Decision setting the threshold at which the new Corporate Income Tax will apply. This event made the Corporate Income Tax substantively enacted and enacted within the meaning of IAS 12. Current Taxes as defined in IAS 12 are payable for financial years ending after 1 January 2024. The company was subject to Corporate Income Tax for the first time during the year ending 31 December 2024. Enactment of the legislation requires the Company to record deferred taxes using the enacted rate of 9%.

In 2023, the Group signed a Fiscal Letter with the Department of Finance's Supreme Council for Financial and Economic Affairs ("SCFAEA"), which was further amended on 11 November 2024. The Fiscal Letter became effective for the year ending 31 December 2024. The UAE Corporate Income Tax law takes precedence over the Fiscal Letter, and any income generated from international shipping by group entities registered in Abu Dhabi, exempt under the UAE Corporate Income Tax law, is taxed under the Fiscal Letter based on tonnage rates prescribed within the Fiscal Letter. These changes provide the Group with a more consistent and manageable tax liability, aligning the tax burden with the operational capacity of the fleet rather than fluctuating profits. The activities, which are subject to income tax, include terminals, logistics, services and non-international shipping through which the Group operates a comprehensive port and integrated logistics service networks. The logistics products include transportation, warehousing and distribution and supply chain management services.

**Global Minimum Taxation (OECD Pillar Two)**
In an effort to end tax avoidance and to address concerns regarding the erosion of the global corporate tax base, a global framework for corporate taxation has been formed by the OECD/G20 Inclusive Framework and is supported by over 135 jurisdictions. One of the key elements is to introduce a global minimum tax rate of 15%, based on group accounting income per jurisdiction. The minimum tax rules are designed as a hierarchy of the right to claim income tax. If the income is not subject to a minimum effective tax rate of 15% in the country where it is earned, then the remaining tax payment (top-up tax) can be picked up by another jurisdiction where the Group is active. ADNOC Logistics & Services plc and its subsidiaries will be grouped under the ultimate parent entity of the Group, ADNOC, which currently pays tax at an effective tax rate of more than 15%. On December 9, 2024, the UAE Ministry of Finance confirmed the introduction of a 15% Domestic Minimum Top-up Tax (DMTT) for large groups with consolidated revenues exceeding EUR 750 million (approximately USD 825 million) and operations in multiple jurisdictions, effective January 1, 2025. Federal Decree Law No. (47) will be amended to include DMTT provisions for multinationals

**30 INCOME TAX** (continued)

Three elements are key to understanding how the rules will impact the Group:

- First, the Group does not set up artificial structures in low-tax jurisdictions for tax purposes or earn significant profits in such jurisdictions, which means that our business structure itself is not impacted significantly by the rules, but some additional tax may become payable where services are provided in low-tax jurisdictions,
- Second, tax incentives given to capital projects, such as critical infrastructure, will be considered less effective going forward as it will impact the effective tax rate and thereby the basis for potential top-up tax,
- Third, although the rules exclude 'international shipping income', the definition is more restrictive than the global definitions usually applied under a tax treaty following the OECD Model Tax Convention or under tonnage tax.

Due to the design of tonnage taxation, the Group's effective tax rate fluctuates significantly depending on the yearly results and will also be calculated on a consolidated basis with other activities.

Taking the transitional Safe Harbour regulations into consideration, our analysis shows that no material top-up tax should apply to ADNOC Logistics & Services plc in 2024.

## 31 CAPITAL REORGANISATION

The transfer of the interest in Abu Dhabi Marine Business and Services Company P.J.S.C. (refer Note 1) is assessed to be a common control transaction as the Abu Dhabi Marine Business and Services Company P.J.S.C. continued to be controlled by the Shareholder being, by Abu Dhabi National Oil Company ("ADNOC") both before and after the reorganisation. Therefore, the reorganisation was considered to be outside the scope of IFRS 3 Business Combinations.

Although ADNOC Logistics & Services plc (the Company) was incorporated on the 19th of April 2023, the reorganisation became effective on the 25th of April 2023 as this is the date when the shares were transferred that effectively made the Company the parent company of Abu Dhabi Marine Business and Services Company P.J.S.C. and the wider L&S group.

The Group has applied the capital reorganisation method of accounting in line with its accounting policies. Accordingly, for the purpose of this consolidated financial statements:

- The assets and liabilities of the Group were reflected at their carrying amounts. No adjustments were made to reflect fair values, or recognise any new assets or liabilities, at the date of the combination that would otherwise be recognised under the acquisition method.
- No goodwill was recognised as a result of the combination. Any difference between the consideration transferred and the acquired net assets is reflected within equity.
- The consolidated statement of comprehensive income reflects the results of the combined entities as though they always existed.

## 32 SUBSEQUENT EVENTS

In January 2025, the Company completed its acquisition of an 80% stake in Navig8 TopCo Holdings Inc. (Navig8) for USD 999.3 million, with a contractual commitment to acquire the remaining 20% in mid-2027. The remaining 20% ownership will be acquired in 2027 for a deferred consideration of between USD 335 million and USD 450 million, dependent on Navig8's EBITDA performance in the intervening period.

In January 2025, the Company signed a USD 1.3-2.0 billion Hybrid Capital Instrument (HCI). Initial drawing against the HCI will be USD 1.1 billion, leaving USD 0.9 billion capacity available to be drawn until 31 December 2026. The first drawdown against the HCI is priced at SOFR+125bps and is repayable at ADNOC L&S' discretion.

In the meeting of the Board of Directors on 11 February 2025, it was proposed that a final cash dividend of USD 136,500 thousand is paid in quarter two of 2025.