



10 May 2017

Management Discussion and Analysis for the quarter ended 31 March 2017

After Greetings,

Revenue and profits

NMDC (the 'Group') recognised revenue of AED 336 million for the three months period ended 31 March 2017 (Q1 2017) compared to AED 330 million for the three months period ended 31 March 2016. Gross profit increased to AED 28 million, which is 74% above the gross profit for the first quarter of 2016 (AED 16.1 million). Net profit reduced to AED 1.5 million compared to AED 10.5 million.

Our Projects

The Group has continuing projects in the UAE, Bahrain, Egypt and Africa. In the first quarter, NMDC has also started operations in India and has been awarded a contract for a project in the Maldives.

Capital Investment

Net investments in property, plant and equipment for the three months ended 31 March 2017 amounted to AED 110 million, of which the majority relates to milestone payments for the hopper dredger that is under construction. The Group is reviewing the optimal fleet size and composition and has identified a number of assets that will be decommissioned in the current financial year. These assets are classified as 'held for sale' in the condensed consolidated financial statements.

Management Explanation on Auditor's Conclusion

With reference to the Auditor's Report on Interim Financial Information – "Qualified Conclusion" & "Emphasis of Matter" – Management would like to highlight that the Group is executing strategic projects for the Government and/or Government related entities. The Group is involved in the projects from concept design to final construction and due to the nature of these projects they require some time from completion to finalisation with the clients. Management is pleased to inform you that during the first quarter, we continued negotiation with the clients and expects to settle the outstanding amounts in the current financial year. Management expects that further progress will be made in the coming period.

Yours faithfully,

For and on behalf of
National Marine Dredging Company


Yasser Nasr Zaghoul
Chief Executive Officer

