شركة الجرافات
البحرية الوطنية
NMDC

NAVIGATING A SUSTAINABLE FUTURE

2022 INTEGRATED REPORT

NATIONAL MARINE DREDGING COMPANY

شركة الجرافات
البحرية الوطنية

NMDC

المغفور له بإذن الله الشيخ زايد بن سلطان آل نهيان
تغمده الله بواسع رحمته
SHEIKH ZAYED BIN SULTAN AL NAHYAN

صاحب السمو الشيخ محمد بن زايد آل نهيان
رئيس دولة الإمارات العربية المتحدة
HIS HIGHNESS SHEIKH MOHAMED BIN ZAYED AL NAHYAN
PRESIDENT OF THE UNITED ARAB EMIRATES

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KEY GROUP HIGHLIGHTS

FINANCIAL HIGHLIGHTS

REVENUE
AED 10.69
BILLION

NET INCOME
AED 1.30
BILLION

NET PROFIT MARGIN
12.20%

ASSETS
AED 16.05
BILLION

DEBT/ASSET RATIO
59.24%

SHAREHOLDER EQUITY
AED 6.54
BILLION

SUSTAINABILITY PERFORMANCE

DIVERSITY & INCLUSION	• **65** Nationalities • **240 female employees** with a female hire rate of **24.58%**
EMPLOYEE RETENTION	• Turnover rate of **3.4%**
EMPLOYEE TRAINING	• **65,000 hours** of Group Training & Development in 2022
ISO CERTIFICATIONS	• **ISO 9001:2015** Quality Management System • **ISO 45001:2018** Health and safety Management System • **ISO 14001:2015** Environment Management System
HEALTH & SAFETY	• **0** fatalities, **0** lost time injuries, **0** workdays lost and **96,821** hours of H&S training
COMMUNITY SUPPORT	• **~ AED 7.8 million** in community contributions, an increase of **6.3%** from 2021
EMIRATIZATION	• **7%** of workforce
LOCAL SUPPLIERS	• **Over 81%** of total suppliers
ENVIRONMENTAL IMPACT	• **1,500 native trees** planted utilizing Waterbox technology • Reduction of **15%** in **non-hazardous waste** generated and **45.68%** in **hazardous waste** from 2021

MESSAGE FROM THE GROUP CHAIRMAN (GRI 2-2)

I am pleased to share with you the progress we have made over the past year in regard to our financial and environmental, social and governance performance. 2022 marked the successful completion of the integration of NPCC into our organization, allowing us to now focus on driving business transformation and realizing the full potential of our combined assets.

We are dedicated to solidifying our position as a leading provider of energy and marine EPC and Dredging services, both locally and globally. We are proud to have achieved a number of milestones in the past year, including being awarded some of the largest Energy EPC projects in the UAE with ADNOC, valued at AED 5.48 billion, and regional projects with Aramco valued at AED 2.5 billion. Additionally, we expanded our presence in Egypt through our partnership with the Suez Canal Authority and were awarded an AED 1 billion project related to dredging works in the canal.

We are proud to report that 2022 was yet another successful year for NMDC Group. Our financial performance was strong across all key indicators, with revenue totalling AED 10.69 billion, a 35.45% increase from the previous year, and net income reaching AED 1.30 billion, marking a 30.02% rise compared to 2021. We also strengthened our balance sheet, with assets reaching AED 16.05 billion, a 24.22% improvement from the previous year, and shareholder equity increasing to AED 6.54 billion, a rise of 18.52% from 2021.

But our success is not just limited to financial performance. We continue to put the wellbeing of our employees and customers at the core of our operations, while ensuring that our HR function remains connected to the employees' needs. In addition, it remains crucial for our group, given the nature of its work and the size of our projects, to maintain a robust governance structure, and ensure that accountability and transparency remain engrained in our values.

As for Environmental factors, we look to continuously enhance the way we manage biodiversity to ensure that we contribute to sustainable livelihoods. Climate change is an urgent crisis that we must all, collaboratively, work to address. Environmental risks dominated yet again in the World Economic Forum's global risks report, with climate change related risks accounting for three of the top ten risks by severity in the coming decade.

One project that I am particularly eager to highlight is our work with Yunneng Wind Power Co. Ltd. related to the installation of monopiles for wind turbine structures for the 640 MW Yunlin wind farm off the coast of Taiwan. This project highlights our commitment to the renewable energy sector, which we plan to continue to intensify in the coming period.

As we move forward, we will remain focused on maximizing the potential of our existing assets, while also selectively pursuing new opportunities for growth and expansion. We are committed to maintaining our dynamic presence in the markets we serve and are constantly on the lookout for new ways to drive value for our stakeholders.

On behalf of the Board of Directors, I would like to express our deep appreciation to our shareholders for their continued support and confidence in our company. I would also like to extend our heartfelt gratitude to our employees for their hard work and dedication. Your commitment to our company's mission and values has been the driving force behind our achievements. We are proud to have you as part of our team and look forward to continued success together.

H.E. MOHAMED THANI MURSHED AL RUMAITHI
CHAIRMAN

THE GROUP CEO REVIEW

A NOTE FROM OUR CEO AHEAD OF COP28

Dear Stakeholders,

As we approach the 28th Conference of the Parties (COP28), we are witnessing a growing awareness of climate change and its impact on humanity. The UAE, under the visionary leadership of its government, is at the forefront of this movement, being the first MENA country to commit to net zero emissions and now, hosting COP28.

This sense of stewardship is not new to the UAE. Our founding father, His Highness Sheikh Zayed bin Sultan Al Nahyan, had a strong devotion to environmental stewardship. In 1975 he established the High Environmental Council, ordered the planting of 140 million trees throughout Abu Dhabi, along with the implementation of many other initiatives.

COP28 is significant as it marks the first "global stocktake" of the implementation of the Paris agreement and assesses whether signatory countries' pledges to cut global emissions are sufficient to achieving the goal of limiting temperature change to 1.5C. There is much urgent work to be done, which is why COP28 is critical to move from transition to transformation and from target setting to action.

Achieving a low-carbon future requires a profound transformation in the way we produce and use energy. We are witnessing a dynamic shift in the energy sector as it transitions to low carbon and renewable sources. However, a just transition is crucial in order to ensure affordability and inclusive economic growth. We will see a massive scaling of renewables, coupled with an increase in nuclear energy and hydrogen, as well as carbon capture to decarbonize the oil and gas sector.

As we strive to mitigate climate risk and pave the way for a low-carbon future, we at NMDC Group are committed to investing in a diverse range of renewable energy sources. From scaling up wind and solar power to exploring the potential of nuclear energy, hydrogen, and carbon capture, we are working tirelessly to find innovative solutions that will help us decarbonize the economy and pave the way for a more sustainable future.

As a company, we are proud to play a vital role in supporting the UAE's Net Zero plan. We are committed to contributing to the decarbonization of the Energy sector and wider UAE economy, while also building the necessary infrastructure to enable climate adaptation solutions and protect our communities from the risks posed by climate change.

We are constantly looking for new ways to contribute to the energy transition and expand our portfolio of renewable energy projects. We have signed agreements with Abu Dhabi Ports and Masdar to explore opportunities in offshore wind and green hydrogen, and we have formed a joint venture with Technip Energies to back energy transition in the UAE and the wider MENA region. We are also committed to protecting biodiversity, as evidenced by our successful implementation of the Habitat Compensation Island project, where we planted 350,000 mangrove seedlings.

Additionally, as we move forward, we are committed to integrating key ESG and climate change factors into our operations and will be communicating specific targets and outlining our strategy as we progress throughout the year. We are determined to align ourselves with the UAE's ambition to reach net zero, and we are committed to doing our part to ensure a sustainable future for all.

ENG. YASSER ZAGHLOUL
GROUP CHIEF EXECUTIVE OFFICER

NMDC GROUP AT A GLANCE (GRI 2-1, GRI 2-6, GRI 2-7, GRI 2-8, GRI 2-28)

OVERVIEW

National Marine Dredging Company is an integrated energy and marine services engineering, procurement, and construction (EPC) company with a footprint spanning the MENA region as well as South Asia.

NMDC Group has five business units: NMDC's core Marine business, NPCC's Energy business, Emarat Europe (a fast-building technology systems factory), ADEC Engineering Consultancy, and NMDC Egypt (a joint venture with Suez Canal Authority).

5 BUSINESS UNITS	5 BUSINESS FUNCTIONS
NMDC UAE	MARINE & DREDGING
NPCC	ENERGY
EMARAT EUROPE	CIVIL
ADEC	ENGINEERING CONSULTANCY
NMDC EGYPT	MARINE & ENERGY EGYPT

More about our main business units:

NATIONAL MARINE DREDGING COMPANY (NMDC)

NMDC's activity was initially inaugurated under the umbrella of Abu Dhabi National Petroleum Company in 1976. It was then formally established as a shareholding independent entity in 1979 and listed on the Abu Dhabi Securities Exchange as a public joint stock company in 2000.

NMDC provides dredging, reclamation, and marine construction services to clients in the energy, environment, maritime, tourism, and urban development sectors, and is one of the largest dredging players in the region. The company uses the latest technology in the dredging business offering operational excellence, exceptional quality, and global expertise.

NMDC's activities performed by its 2,550 employees are structured into two main divisions:

DREDGING AND RECLAMATION

- Dredging & Reclamation Works
- Survey Work

MARINE CIVIL WORKS

- Marine Construction
- Marine Logistics
- Geotechnical Works

Headquartered in Abu Dhabi, NMDC operates out of a modern well-equipped premises, which includes multi-discipline workshops, slipways and fully supported administration and technical departments.

NATIONAL PETROLEUM CONSTRUCTION COMPANY (NPCC)

NPCC was established in 1973 in Abu Dhabi and offers total engineering, procurement, and construction (EPC) solutions to the energy sector including both offshore and onshore clients in the Oil & Gas sector. The company's management capabilities and dynamism, along with its proven technical expertise, allows it to offer quality services and continuously meet its clients' evolving needs.

Through its 9,358 employees the company has the capacity not only to provide its varied services with excellence but to also use an integrated approach whereby it acts as a single point of contact for large projects. NPCC's project execution capability is based on the principles of collaboration, integration, safety, and experience. The company's structured project management approach, effective communication, and efficient risk mitigation and management systems have enabled it to build a successful record of accomplishment spanning over 45 years.

NPCC offers engineering design services, overseen by over 1,500 expert engineers. The company's procurement services cover all aspects of material and service sourcing, vendor evaluation, purchasing, material management, order processing, inspection, shipment, and logistics. These services are provided by a skilled team in accordance with local content laws, regulations, and client specifications.

NPCC has a 1.3 million square meter yard enabling the company to offer key services and products including:

- Fabrication of heavy structures (up to 100,000 MT per annum), as well as the making of storage tanks and spheres for containment of various types of petroleum products
- Pipe coating
- Construction of pressure vessels
- Load-out facilities up to 30,000 MT as a single structure
- Custom built fabrication yard for construction, assembly and load-out
- Offshore operation support services
- Indoor and outdoor material storage
- Piping/sub-assembly workshops
- Post-Weld heat treatment (PWHT) facilities with furnaces

OUR BUSINESS PRINCIPLES

OUR VISION

THE **PERFECT CHOICE** WHERE **WE SERVE**

OUR VALUES

COMMITMENT

INTEGRITY

EXCELLENCE

TEAMWORK

OWNERSHIP

OUR MISSION

SHAREHOLDERS

We act in the best interest of our shareholders with the aim of sustaining superior performance for the long term

SOCIETY

We play an active role and we are a responsible and ethical contributor to our society

PEOPLE

We aim to create a dynamic environment for our employees, emphasizing their development as the path to organizational success

CLIENTS

We provide high quality services to our clients and maintain excellence, respect and integrity in all aspects of our operations and our professional business conduct

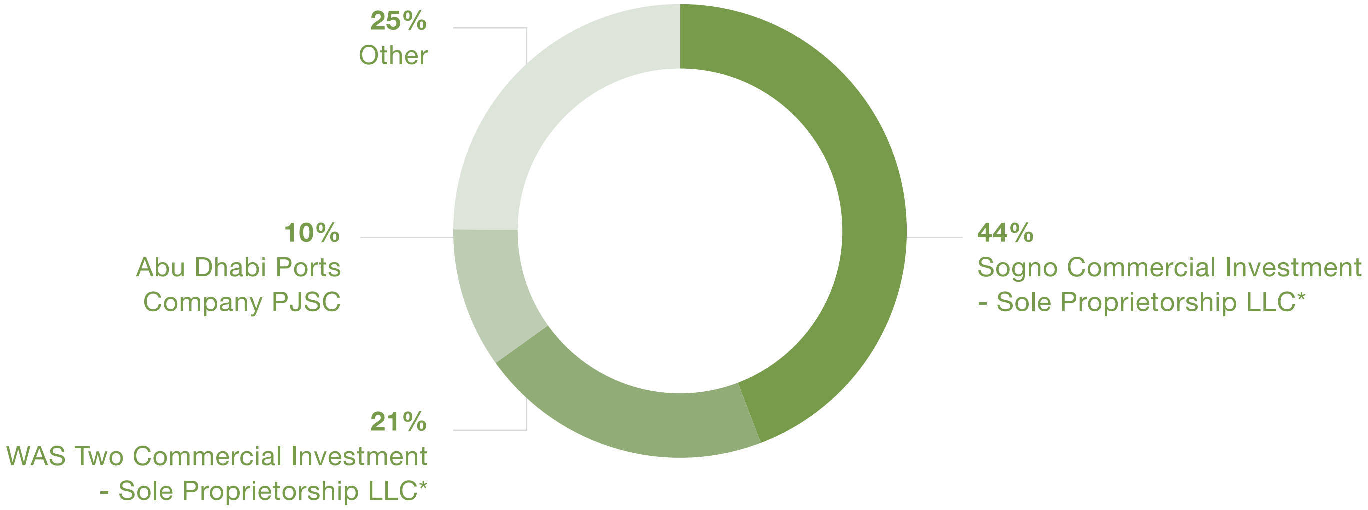
QUALITY

We continuously expand in line with industry best standards while aiming to achieve competitive and sustainable returns on investment

HEALTH, SAFETY & ENVIRONMENT

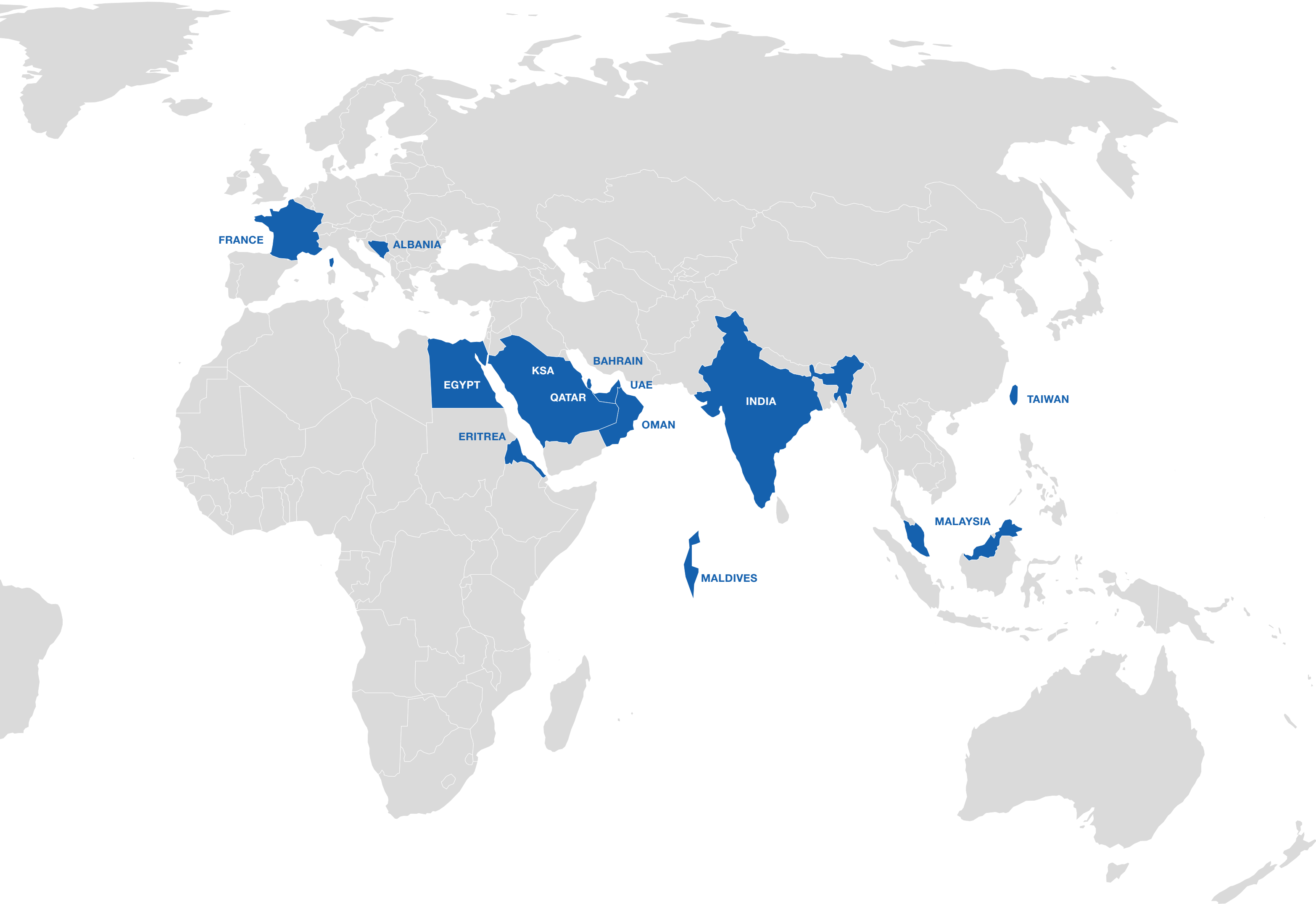
We are committed to health, safety and the environment and aim to create a healthy, clean and safe place to work and live in

OUR OWNERSHIP STRUCTURE



*Sogno Commercial Investment and WAS Two Commercial Investment are 100% owned by Alpha Dhabi Holding PJSC

GLOBAL FOOTPRINT



FLEET

NPCC EQUIPMENT (TOTAL OF 19 VESSELS)

VESSEL NAME

DLS-4200	SEP-650	B-42
DELMA 2000	SEP-550	LB-2
UMM SHAIF	SEP-450	CB-8
DLB-1000	SEP-150	CB-7
DLB-750	NPCC AL MARYAH	CB-6
PLB-648	NPCC YAS	
SEP-750	NPCC SAADIYAT	

NMDC DREDGERS (TOTAL 27 DREDGERS)

DREDGER TYPE

Heavy Duty CSD **9**	Boosters **3**
Beavers **9**	TSHD **2**
Water Masters **3**	Backhoe **1**

NMDC SUPPORT CRAFTS (TOTAL 83 CRAFTS))

CRAFT TYPE

Tug **20**

Multicat **15**	Rock Barges **15**
Pushycat **8**	Positioning Barges **4**
Crew Boats **3**	Modular Pontoon Barges **5**
Survey Boats **7**	Accommodation Barge **1**
Fuel Barge **1**	Crane Barge **1**
Landcraft **1**	Split Hopper Barges **2**

SELECTED FLAGSHIP CLIENTS

Both **NPCC** and **NMDC** have a large portfolio of clients which include some of the most prominent port authorities as well as global energy and marine development companies.

VALUE CREATION MODEL

INPUT

FINANCIAL CAPITAL

2.78 BILLION AED
Cash and Bank Balances

4.96 BILLION AED
Retained Earnings

821 MILLION AED
Capital Expenditure

HUMAN CAPITAL

11,850
Total Employees

60
Nationalities (NMDC)

65
Nationalities (NPCC)

INTELLECTUAL & RELATIONSHIP CAPITAL

90 years of combined years of expertise in the Energy & Marine EPC segments and successful track record

Strategic expansion and diversification with key local institutions

Diversified and comprehensive portfolio of products and services that support economic, environmental , and societal goals

Strong partnerships with Governments and key large clients

Wide geographic reach and a partner of choice: UAE, GCC with a focus on KSA, Egypt and India

ISO Certifications: ISO 45001, ISO 14001 and ISO 9001

Innovation & Knowledge Management Committee to foster a culture of innovation

INFRASTRUCTURE CAPITAL

19 NPCC VESSELS

27 NMDC DREGERS

83 NMDC SUPPORT CRAFTS

Diversified Large Fleet

1.3 MILLION SQUARE METER YARD
Efficient inventory management practices

A state-of-the-art yard in KSA, equipped with modern warehouses and storage facilities, to be operational by 2023

New crane in material operations in Abu Dhabi to enhance material processing

SOCIAL & NATURAL CAPITAL

Community focused through initiatives, contributions and employee volunteering

Local Community focused:
- **Emiratization:** 7%
- **Local suppliers** with over 81.15% of suppliers

Strong QHSE culture and record

Expanding capabilities to include energy transition

OUR BUSINESS MODEL

OUR VISION

THE **PERFECT CHOICE** WHERE **WE SERVE**

OUR VALUES

COMMITMENT | INTEGRITY | EXCELLENCE | TEAMWORK | OWNERSHIP

OUR MISSION

SHAREHOLDERS
We act in the best interest of our shareholders with the aim of sustaining superior performance for the long term

PEOPLE
We aim to create a dynamic environment for our employees, emphasizing their development as the path to organizational success

QUALITY
We continuously expand in line with industry best standards while aiming to achieve competitive and sustainable returns on investment

SOCIETY
We play an active role and we are a responsible and ethical contributor to our society

CLIENTS
We provide high quality services to our clients and maintain excellence, respect and integrity in all aspects of our operations and our professional business conduct

HEALTH, SAFETY & ENVIRONMENT
We are committed to health, safety and the environment and aim to create a healthy, clean and safe place to work and live in

BUSINESS UNITS

NMDC UAE | NPCC | EMARAT EUROPE | ADEC | NMDC EGYPT

BUSINESS FUNCTIONS

MARINE & DREDGING | ENERGY | CIVIL | ENGINEERING CONSULTANCY | MARINE & ENERGY EGYPT

STRATEGIC THEMES

MAXIMIZE VALUE	SO01: "Access & Diversity to New-Markets & Segments"
STAKEHOLDERS	SO02: "Strenghten Governments & Clients' Relationships"
INTERNAL PROCESSES & CAPABILITIES	SO03: "Embrace Performance-Driven Operations & Culture"

ENABLERS

Post Merger Integration	Solidify our Partnership with Clients and Governments
Realize on Synergies	Capabilities Development

OUTPUT & OUTCOME

FINANCIAL CAPITAL

10.69 BILLION AED
Revenue from contracts with customers

1.30 BILLION AED
Net Income

6.54 BILLION AED
Shareholders' Equity

HUMAN CAPITAL

3.4%
Turnover Rate

240 EMPLOYEES
Female Presence

24.58% FEMALE HIRE RATE

65,000 HOURS
Group Training & Development

Health and Safety at the core with 0 fatalities, 0 lost time injuries, 0 workdays lost and 96,821 hours of H&S training

INTELLECTUAL & RELATIONSHIP CAPITAL

Working with some of the **largest clients** within our segments including: ADNOC, ARAMCO, Total, Maersk, Abu Dhabi Ports, Suez Canal, OQ (Oman), among others

Strategic **joint ventures** and **partnerships**:
- Partnership with Daewoo (February 2022)
- Join Venture with Abu Dhabi Ports Group (June 2022)
- Global Partnership with James Fisher (August 2022)

Customer Satisfaction Index: 8.69/10 (NPCC) and 6.40/10 (D&M BU)

INFRASTRUCTURE CAPITAL

The size and diversity of the Vessel fleet will allow the for a wider coverage of the EPC value chain, cost optimizing and a higher utilization rate

To develop a similar yard for Aramco as the one in Abu Dhabi which will contribute to more collaboration with the customer and building on the existing strong track record

Strong efficiency target (NPCC) score of 84.06%

SOCIAL & NATURAL CAPITAL

~7.8 MILLION AED
in community contributions

6.3%
increase from 2021

HSE AWARDS:
- Certificate of Recognition by Saudi Aramco for "Best Contractor of the Year (Environment)" (NPCC)
- Certificate of Recognition by Saudi Aramco for "Most of Number of HSE Campaigns Conducted" (NPCC)
- Certificate of Recognition by Saudi Aramco for "Best HSE Manager" (NPCC)
- Certificate of Recognition by Saudi Aramco for "Best HSE Officer" (NPCC)

1,500 native trees were planted utilizing Waterbox technology as part of the tree plantation campaign at Safaniya, Saudi Aramco

A reduction of **15%** in non-hazardous waste generated and **45.68%** in hazardous waste from 2021

SDG ALIGNMENT

Financial capital: 8 DECENT WORK AND ECONOMIC GROWTH

Human capital: 3 GOOD HEALTH AND WELL-BEING; 8 DECENT WORK AND ECONOMIC GROWTH

Intellectual & relationship capital: 7 AFFORDABLE AND CLEAN ENERGY; 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

Infrastructure capital: 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

Social & natural capital: 3 GOOD HEALTH AND WELL-BEING; 7 AFFORDABLE AND CLEAN ENERGY; 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE; 13 CLIMATE ACTION; 14 LIFE BELOW WATER

GROUP STRATEGY

OUR STRATEGIC DIRECTION

The Group's integrated strategy is focused on diversification through cross-selling between our verticals and geographic expansion. Additionally, we will be focusing on broadening our presence across our entire EPC value chain.

Our strategy is guided by the following three strategic themes and complemented by three strategic objectives:

STRATEGIC THEMES	
MAXIMIZE VALUE	SO01: "Access & Diversity to New-Markets & Segments"
STAKEHOLDERS	SO02: "Strenghten Governments & Clients' Relationships"
INTERNAL PROCESSES & CAPABILITIES	SO03: "Embrace Performance-Driven Operations & Culture"

OUR SHORT- TO MEDIUM-TERM STRATEGIC PLAN

Our short-term (1 year) primary objective is to consolidate our leading position in core markets, capitalize on intra-Group synergies, and pursue strong growth.

This will be facilitated by a combination of efforts, including business transformation initiatives, pursuing cross-selling opportunities from the merger, optimizing asset usage, and carefully evaluating potential expansion opportunities.

In the medium term (five years), we will focus on strengthening our presence in core markets, accelerating our expansion into adjacencies (functional and geographical), establishing additional capabilities, and making targeted investments in new assets and capabilities.

FROM POST-MERGER INTEGRATION TO BUSINESS TRANSFORMATION

Having completed the integration with NPCC during 2022, the focus has shifted towards business transformation to strengthen the organization and further consolidate our market-leading position.

To facilitate this, in 2022 we launched a comprehensive transformation program to unlock the full potential of the Group following the merger. The program consists of numerous initiatives to increase efficiency and effectiveness and is geared towards strengthening the agility of the organization across the three areas of People, Systems and Processes. These initiatives will be applied to our primary technical capabilities of Engineering, Procurement and Construction as well as to corporate functions.

As part of this transformation, an integrated ERP system is being implemented. The implementation-program is called ERTIQAA "Efficiency, Reliability, and Transparency in Quality and Asset Management", which will allow us to further boost productivity and support the company's growth.

NMDC GROUP AMBITION AND VISION	2020	2021-2022	TODAY	LONG-TERM AMBITION
	MERGER INTENT & COMPLETION	POST-MERGER INTEGRATION	BUSINESS TRANSFORMATION	

A GROUP CORPORATE DEVELOPMENT OFFICE

To facilitate and measure the effect of the business transformation and capture strategic opportunities, we have created a Corporate Development Office to oversee the following four areas:

1. Business Transformation
2. Corporate and Business Strategy
3. Mergers & Acquisitions
4. Enterprise Risk Management

CULTURE CHANGE MANAGEMENT

Culture change management has been essential to achieving our goal of creating a strong and cohesive culture within NMDC Group. As we move forward, our "Living the Values" journey will consolidate our work on culture through four concurrent streams:

1. Onboarding New Team Members
2. Achieving Inter-Group and Contractor Synergies
3. Educating and Building Employees' Behavioral Skills
4. Ensuring Sustainability Through Continued Support for NMDC Group Teams

INNOVATION AND KNOWLEDGE MANAGEMENT

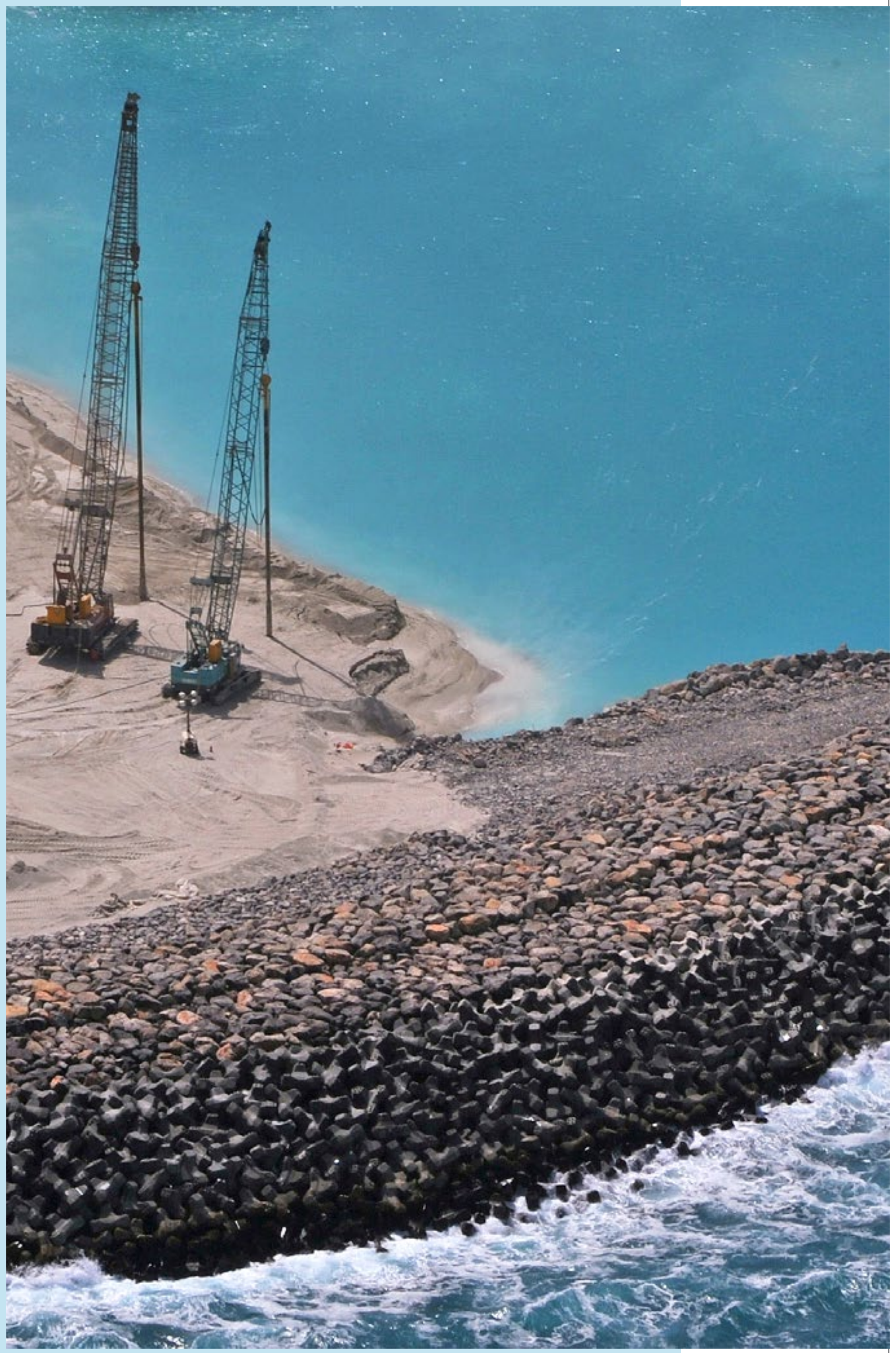
We are developing a comprehensive Innovation and Knowledge Management strategy that aligns with and builds on NMDC Group's growth strategy and creates more sustainable value for stakeholders.

ESG AT THE CORE OF OUR GROUP STRATEGY

As the world becomes increasingly focused on environmental, social, and governance (ESG) issues, it is becoming more important for companies to integrate these considerations into their business models and operations. At NMDC Group, we recognize the importance of ESG and are committed to generating sustainable value for all our stakeholders.

Institutional investors are increasingly taking into account a company's ESG performance when making investment decisions. This shift towards ESG integration is also being reflected in our value chain, with clients and other stakeholders expecting to understand our ESG strategic direction and performance.

To align with the ever-evolving regulatory environment and meet the heightened expectations of stakeholders, we are in the process of developing a comprehensive ESG strategy. This project, which is currently in the planning phase, will be completed by 2023 and will include clear and actionable initiatives.



KEY RISKS & OPPORTUNITIES

RISK MITIGATION

Below are some of the key risks that we have incorporated into our planning and risk management framework and continuously monitor and assess their potential impact on our operations:

OIL AND GAS PRICE FLUCTUATIONS AND OVERALL INFLATION

The fluctuation in oil and gas prices, as well as overall inflation, poses a significant risk to our business. A portion of our revenue is closely tied to the oil and gas industry, making us susceptible to volatility in this market. We have seen in the past how sudden increases in oil prices due to global geopolitical events can lead to an acceleration of inflation and a rise in material costs, ultimately resulting in shrinking margins and decreased profitability.

CHANGING REGULATORY ENVIRONMENT

Navigating the complex regulatory landscape for Engineering, Procurement, and Construction (EPC) companies can be a daunting task. As EPC companies often operate across multiple jurisdictions, each with its own set of laws and regulations to abide by, compliance becomes a significant challenge. Furthermore, the nature of EPC work, such as building large-scale infrastructure projects, requires compliance with various regulations related to environmental and safety considerations. Additionally, EPC companies must comply with regulations related to procurement, contracts, and other operational areas, which can add an extra layer of complexity. Balancing compliance with competitiveness in the marketplace can be a difficult task for EPC companies.

BUILDING AND MAINTAINING A TALENT POOL

To achieve our goals, it is crucial that we attract and retain the best talent in the industry. With intense competition in the energy and marine EPC sector, it is more important than ever to effectively execute our Human Capital strategy to attract and retain the most skilled and talented individuals. This will be essential in ensuring our continued success in the industry.

COMPETITIVE LANDSCAPE IN NEW MARKETS

As we expand our presence in new markets, we will be assessing the competitive nature and landscape of each. When accessing a new market, we will naturally face local competition and need to adapt our offering and pricing accordingly.

IDENTIFYING OPPORTUNITIES

Capitalizing on joint ventures and partnerships
Throughout the past years, we have created a number of strategic joint ventures and partnerships that will allow us to extend our reach, grow our revenue stream, and cement our position as a leading energy & Marine EPC company.

Examples of such initiatives created in 2022 include:

- **Strategic MoU with Petrojet (November 2021):** NPCC signed a strategic memorandum of understanding with the Petroleum Projects and Technical Consultations Company to explore engineering, procurement and construction services that will enhance its global geographic footprint.
- **A new strategic partnership with Daewoo (February 2022):** an MoU was signed in that regard through which the two entities will jointly explore onshore and offshore engineering, procurement, and construction projects
- **A joint venture with Abu Dhabi Ports Group (June 2022):** Abu Dhabi Ports and National Marine Dredging Company have agreed to set up a joint venture company that will carry out offshore surveys and offer subsea services in the UAE, the GCC and select international markets.
- **A global strategic partnership with James Fisher (August 2022):** The goal is to develop a series of collaborative joint ventures and consortia which will enable the strategy partners to deliver major projects around the world and in various sectors and markets

ACCESSING NEW MARKETS

The integration of NPCC into NMDC Group is unlocking a wider universe of opportunities for the energy and marine segments through a broader coverage of the EPC value chain as well as geographic reach. Moreover, the various established joint ventures and strategic partnerships will accelerate the company's expansion into new geographies.

ENHANCING COMPETITIVENESS THROUGH COST OPTIMIZATION AND RESOURCE UTILIZATION

This includes optimizing costs through the sharing of resources including fleet and workforce. Such resource pooling will reduce the need to duplicate resources and thereby lower costs. Other examples include optimizing costs through consolidated procurement. Through a consolidated procurement system, the company can benefit from economies of scale and lower costs. Other avenues include centralizing support services and operational efficiency, which can both lower costs and improve productivity.

INORGANIC GROWTH OPPORTUNITIES

NMDC Group enjoys access to capital which can be deployed towards inorganic growth by means of acquiring companies that can contribute to our ability to generate value, increase revenue stream, and expand our offering with an emphasis on the energy transition.

ROBUST GOVERNANCE

(GRI 2-9, GRI 2-10, GRI 2-11, GRI 2-15, GRI 2-16, GRI 2-17, GRI 2-18, GRI 2-19, GRI 2-20, GRI 2-21, GRI 2-23, GRI 2-24, GRI 2-25, GRI 2-26, GRI 2-27, GRI 205-1, GRI 205-2, GRI 205-3, S1, S9, S10, G2, G3, G5, G6)

Effective governance plays a crucial part in safeguarding the interests of all our stakeholders and fostering long-term success. Our Board of Directors, the highest governing body of our organization, is dedicated to upholding the highest standards of governance. From charting our strategic course to overseeing risk management and compliance, our board is committed to ensuring that we operate with integrity, transparency, and accountability. This commitment is reflected in our robust governance framework and processes that are designed to align our actions with our values, mission, and goals. We take pride in our governance practices and strive to maintain a culture of ethical conduct, compliance, and continuous improvement.

We believe in open and transparent communication, which we expand upon in our 2022 Corporate Governance Report. The report provides an in-depth overview of information on our governance structure and practices.

BOARD COMPOSITION

We are committed to implementing the highest standards of corporate governance, both in line with UAE guidelines and international best practices. We believe that a robust governance structure is essential to our corporate values and culture, and we are constantly reviewing and evolving our governance practices to ensure they are effective. Following the merger with NPCC, we have been working to further strengthen our governance structure. In 2022, our Board of Directors is composed of seven members, all of whom are non-executive and bring a wealth of experience in leading successful organizations.

OUR MEMBERS OF THE BOARD OF DIRECTORS:

H.E. Mohamed Thani Murshed Ghannam Alrumaithi
Chairman

Hamad Salem Mohamed Al Ameri
Vice Chairman

Abdul Ghafar Abdul Khaleq Abdulla AlKhoori
Board Member

Mohamed Ahmed Mohamed Bandouq Alqamzi
Board Member

Yaser Saeed Al Mazrouei
Board Member

Mohamed Ebrahim Al Hammadi
Board Member

Ahmed Amer Al Amry
Board Member

BOARD COMMITTEES

In alignment with corporate best practices, we have formed several Board committees to ensure the Board's tasks are thoroughly conducted and their responsibilities meticulously applied. From ensuring compliance with laws and regulations to developing sustainable business strategies, these committees are essential to our success.

Below is a list of NMDC's committees, each with its own specific mandate and responsibilities:

- Audit Committee
- Nomination & Remuneration Committee
- Strategy Committee

One of the key changes to our governance structure in 2022 was the expansion of our Strategy Committee's mandate to include sustainability-related matters. This committee is now responsible for driving our sustainability journey, from reviewing and endorsing our sustainability strategy and policies, to approving related initiatives and investments.

You can find more information about our committees and governance structure in the Corporate Governance Report.

MANAGEMENT COMMITTEES:

1. **Strategy & Sustainability Committee** This committee reviews, approves and synchronizes the short- and long-term strategies, business plans and special projects, including investments, merger & acquisitions, and divesture opportunities.
2. **Business Continuity & Risk Management Committee** This committee drives and enforces the implementation of the Business Continuity Management Program across the Group and oversees its related policies, procedures, and strategic initiatives. The committee is also responsible for overseeing the Enterprise Risk Management policies and processes to ensure effectiveness and compliance.
3. **Human Resources Executive Committee** This committee is responsible for reviewing and approving all Human Resource and talent management related recommendations and initiatives.
4. **Technology Transformation Committee** As part of NMDC Group's strategic initiative to further embed digitalization and technology in its operational processes and growth plan, this committee oversees the implementation of all strategic IT plans.
5. **CSR Committee** The CSR committee oversees the implementation of NMDC's CSR framework, while also shaping the company's CSR activities and approving budgets accordingly.
6. **Ethics and Compliance Committee** This committee is responsible for overseeing all matters pertaining to the prevention and detection of fraud as well as ensuring the necessary response measures are in place. The ethics and compliance officer reports to this committee.
7. **Follow-up and Supervision Committee** This committee is responsible for monitoring, following-up, supervising and managing the dealings of all Insiders, registering their dealings and ownership in the Register, and communicates and reports to ADX regularly on all such matters.

Having a strong internal control system in place safeguards the interests of all stakeholders, ensures regulatory compliance, and protects against fraud. We maintain the highest standards of business practices and constantly review and assess our internal controls to ensure their effectiveness. This includes regular assessments by external auditors to ensure that all key risks are identified, evaluated, and monitored. With a strong internal control system in place, we ensure the integrity of our operations and provide peace of mind for our stakeholders.

In 2022, no material incidents of corruption took place in the organization.

In 2022, **no material incidents of corruption** took place in the organization.

FRAUD CONTROL POLICY & PROCEDURES

We take fraud and corruption seriously and have implemented strict measures to prevent such risks from occurring. Our code of business conduct includes guidelines for identifying and preventing fraud and corruption. Additionally, we have introduced dedicated Fraud Control Policy & Procedures. We are proud to report that no material instances of fraud took place during the year, which is a testament to our commitment to maintaining a culture of integrity and ethical behavior. We will continue to uphold these standards and protect our company's reputation by enforcing strict adherence to good business conduct.

CODE OF BUSINESS CONDUCT

Maintaining our code of conduct is vital in ensuring that our employees act with integrity and uphold the highest ethical standards in alignment with our values. Our Code of Business Conduct is a comprehensive guide that lays out clear guidelines on compliance with laws, rules, and regulations, personal conduct, fair competition, and dealing with conflicts of interest. We are committed to fostering a culture of ethical behavior and integrity, and we take any violations of our code of conduct very seriously. We will continue to enforce this code to protect our reputation and ensure that our business practices align with our core values.

2022 KEY AWARDED PROJECTS

NMDC Group

NMDC GROUP | LIST OF AWARDED PROJECTS IN 2022

01

Awarded Business Unit: **National Petroleum Construction Co. (NPCC)**
Client: **Saudi ARAMCO**
Project: **Two (2) Packages for Zulf Marine Field**
Location: **Saudi Arabia**
Value (AED): **AED 8.2 billion**
Award Date: **3rd January 2022**

02

Awarded Business Unit: **National Petroleum Construction Co. (NPCC)**
Client: **ADNOC**
Project: **Development of Umm Sheif Field**
Location: **United Arab Emirates**
Value (AED): **AED 3.47 billion**
Award Date: **5th January 2022**

03

Awarded Business Unit: **National Marine Dredging Company (NMDC)**
Client: **Safaga Port**
Project: **Dredging works at the entrance to the navigation channel and the trench of the quay wall in Safaga Port**
Location: **Egypt**
Value (AED): **AED 79 million**
Award Date: **11th January 2022**

04

Awarded Business Unit: **National Petroleum Construction Co. (NPCC)**
Client: **Yunneng Wind Power Co. Ltd.**
Project: **Installation of Monopiles for Wind Turbine Structures in the Yunlin Offshore Wind Farm (OWF)**
Location: **Taiwan**
Value (AED): **AED 363 million**
Award Date: **15th April 2022**

05

Awarded Business Unit: **National Marine Dredging Company (NMDC)**
Client: **Ansab General Contracting**
Project: **Tharwa Town Project – Reclamation Works**
Location: **Saudi Arabia**
Value (AED): **AED 255.7 million**
Award Date: **26th May 2022**

06

Awarded Business Unit: **National Petroleum Construction Co. (NPCC)**
Client: **Saudi ARAMCO**
Project: **Jafurah Development Program Project.**
Location: **Saudi Arabia**
Value (AED): **AED 1.69 billion**
Award Date: **16th June 2022**

07

Awarded Business Unit: **National Petroleum Construction Co. (NPCC)**
Client: **Saudi ARAMCO**
Project: **MNIF Fourteen (14) Jackets Poject**
Location: **Saudi Arabia**
Value (AED): **AED 782.1 million**
Award Date: **16th June 2022**

08

Awarded Business Unit: **National Petroleum Construction Co. (NPCC)**
Client: **ADNOC**
Project: **New Main Gas Pipeline (NGMPL) in the "Lower Zakum" field**
Location: **United Arab Emirates**
Value (AED): **AED 2.01 billion**
Award Date: **5th September 2022**

09

Awarded Business Unit: **National Marine Dredging Company (NMDC)**
Client: **Suez Canal Authority**
Project: **Dredging Works in the Suez Canal from Km 122 to 132**
Location: **Egypt**
Value (AED): **AED 1 billion**
Award Date: **16th December 2022**

STRATEGIC APPROACH

(GRI 2-12, GRI 2-13, GRI 2-14, GRI 2-22, GRI 2-29, GRI 2-30, GRI 3-1, GRI 3-2)

At the National Marine Dredging Company (NMDC), we are focused on creating value for our stakeholders in a sustainable manner. Our integrated strategy, which is inclusive of cross-selling, geographic diversification, and expansion of our coverage of the EPC value chain, is driving the growth and success of our organization. In addition, we recognize the importance of our people and have committed to a program that promotes cultural alignment and integration.

INCORPORATING ESG ACROSS OUR OPERATIONS

At NMDC, we understand the importance of aligning our business model with our ESG agenda and intend to eventually merge the two completely. ESG has the full attention of our executive team, and we are making demonstrable progress on many fronts, as outlined in the pages of this report. We will ensure to always be in alignment with the UAE Vision 2031 ('We the UAE 2031') which was created to accelerate the nation's growth. Additionally, every action and initiative at NMDC Group always puts people first – holistically considering their safety, health, wellbeing, and ensuring they reach their aspirations.

As an EPC group in the energy and marine services, we have a role to play in the attainment of the 17 Sustainable Development Goals (SDGs). There are several factors, linked to the SDGs, that have a direct impact on our operations which we consider, including; population growth and coastal urbanization, increasing energy demand, and the energy transition towards a decarbonized sector. Our approach to these factors is as follows:

POPULATION GROWTH AND URBANIZATION

As the world population continues to grow at a rapid pace and is projected to reach around 10 billion by 2050, it is implied that an increasing number of people will live in coastal areas. Therefore, NMDC plans to align with this factor by ensuring the necessary infrastructure is in place to cater to the increase in population density, while keeping in mind efficient land use and the protection of coastal ecosystems. This will involve taking into consideration the impact of our operations on coastal ecosystems and implementing measures to minimize any negative effects.

INCREASING ENERGY DEMAND

We recognize the need to play our role in enabling energy companies to produce the required energy to meet the rising demand. This is crucial for the well-being of people and for economic development. Therefore, we will continue to service the energy sector to help our clients increase their production capacity, as well as implementing sustainable practices that will aid in meeting the demand for low carbon energy.

ENERGY TRANSITION TOWARDS A DECARBONIZED SECTOR

One of our primary areas of expansion is in the renewable energy sector, with a focus on wind power. We plan to do this by participating in the development, construction, and maintenance of wind power facilities, and by offering services that will help energy companies transition to renewable and clean energy sources. Additionally, NMDC Group is also exploring opportunities in hydrogen production, as it has emerged as a promising clean energy source.

To that end, our subsidiary NPCC established an MoU in 2021 with Technip Energies to specifically cater to these opportunities and related decarbonization projects. This will help us contribute to the decarbonization of the energy sector by providing services and solutions that support the development of renewable and clean energy sources and the reduction of greenhouse gas emissions.

CLIMATE CHANGE SOLUTIONS

NMDC recognizes the importance of protecting populations and the natural environment from the consequences of climate change. There are several ways that we plan to contribute to climate change solutions.

One way is by participating in the development of low-carbon energy projects such as wind farms and Hydrogen. This can help to reduce greenhouse gas emissions and mitigate the effects of climate change.

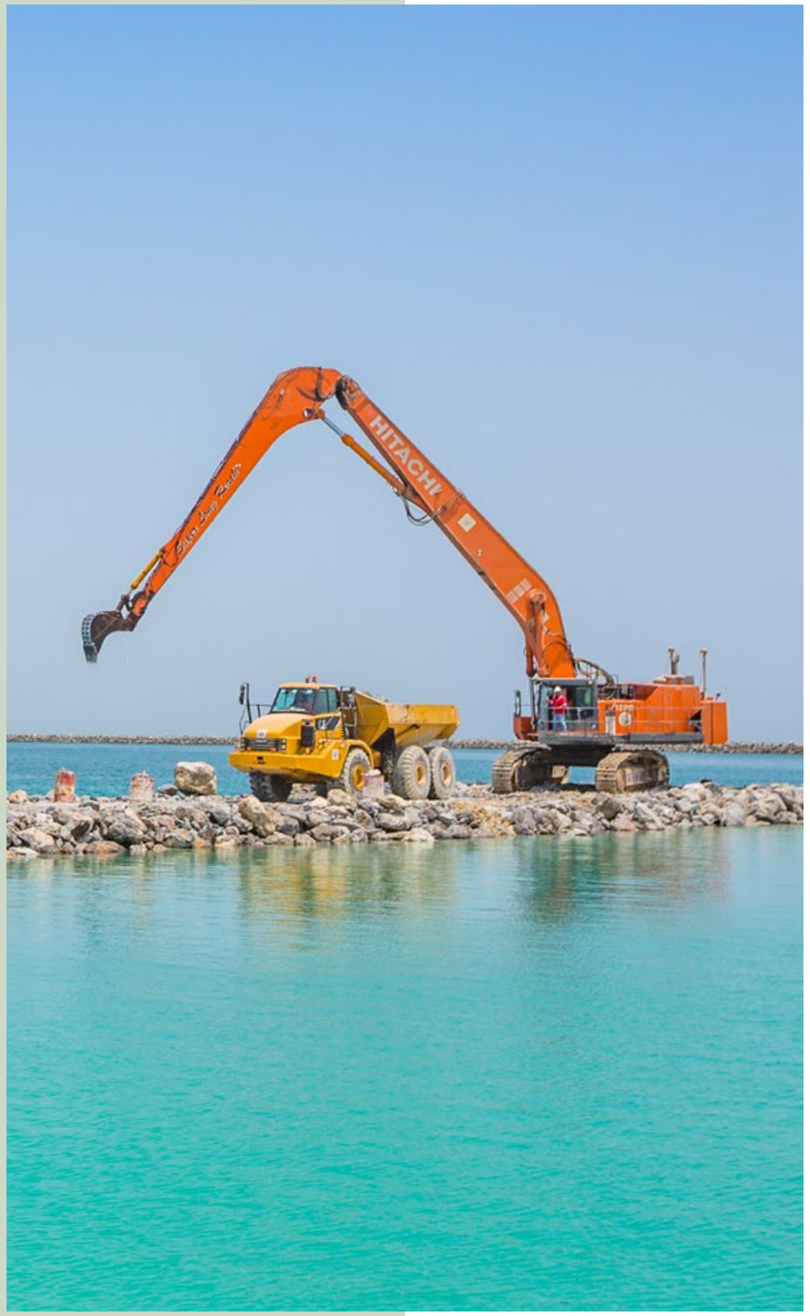
Another way we plan to contribute is by being involved in the development of carbon capture and storage projects, which can help to reduce greenhouse gas emissions in the Oil & Gas sector. We also plan to contribute to the adaptation of infrastructure to the impacts of climate change, such as rising sea levels and increased frequency of extreme weather events, and by incorporating green standards and sustainability regulations into our projects, using environmentally friendly materials and construction methods.

STAKEHOLDER ENGAGEMENT

As a responsible corporate citizen, we understand the importance of remaining connected to all our key stakeholders and continuously engaging with them to ensure we meet all their requirements and establish ourselves as their partner of choice.

Stakeholder input allows us to broaden our understanding of key economic and ESG topics that matter to them and should be considered as part of our strategic initiatives. It is only by integrating the outcomes of our engagement process into our strategic and operational decision-making that we can create meaningful value for all stakeholders, including our shareholders, in a sustainable manner.

We are committed to working closely with our stakeholders to understand their concerns and priorities, building a strong and mutually beneficial relationship. By doing so, we will be able to identify and address the most material issues and opportunities and create long-term value for all our stakeholders.



OVERVIEW OF OUR KEY STAKEHOLDER AND OUR ENGAGEMENT WITH THEM:

KEY STAKEHOLDER	METHODS OF ENGAGEMENT	KEY TOPICS OF DISCUSSION	CORRESPONDING MATERIAL TOPICS
CLIENTS	• Performance evaluation surveys • Day-to-day interactions & meetings • Website • Marketing material (e.g., annual reports, sustainability reports, social media, etc.) • Exhibitions and conferences • Business Development efforts • Networking events	• Client wellbeing • Privacy & security • Responsiveness to their requirements • Quality, safety, and cost • Business ethics • Company impact on the environment	• Quality, health & safety • Biodiversity • GHG emissions • Waste management • Business ethics • Procurement practices
EMPLOYEES	• Employee engagement surveys • Performance reviews • Internal communication • Company events • Succession planning & development • Policies & procedures • Exit interviews	• Employee wellbeing • Business ethics • Diversity & inclusion • Health & safety • Training & development • Sustainable workplace • Compensation • Succession planning	• Occupational health & safety • Equal opportunity, diversity, & inclusion • Training & development • Gainful employment • Business ethics
COMMUNITY	• Local initiatives and volunteering activities • Society surveys • Donations and sponsorship	• Environmental impact • Community Wellbeing • Industry practices	• Community welfare • Environmental impact & sustainability practices • Business ethics • Biodiversity • Waste Management
SHAREHOLDERS	• Annual general meeting • Periodic meetings • Corporate regulatory disclosures	• Economic performance Capital allocation • Successful strategy implementation • Business ethics • National employment • ESG issues • Environmental impact • Regulatory issues	• Economic performance • Business ethics • Governance • Emiratization • Environmental impact & GHG emissions • Community Welfare • Procurement practices
BOD MEMBERS	• BOD & related committees' meetings • Periodic meetings • Company events • Press releases	• Economic performance • Business ethics • ESG performance • Emiratization • Successful strategy implementation • Capital allocation • Digital transformation	• Economic performance Business ethics • Strong governance • Emiratization • ESG performance • Environmental impact & GHG emissions • Sustainable workplace & practices
GOVERNMENT ENTITIES	• Direct engagement through on-site licensing department • National development plans and programs • Audits • Press releases • Local forums	• Environmental compliance • Alignment with national development plans & programs • Regulatory compliance • Labor practices • Transparency • Community wellbeing • National employment	• Business ethics • Economic performance • Emiratization • ESG performance • Procurement practices • Environmental impact & sustainability practices • Community welfare • Biodiversity
SUPPLIERS & BUSINESS PARTNER	• Supplier code of conduct • Supplier assessment and audit • Regular meetings with key suppliers and subcontractors • In-Country Value Score • Supplier satisfaction survey	• Procurement practices • Fair practice • Business ethics • Environmental impact • Terms and conditions • Cost negotiation	• Procurement practices • Environmental impact & sustainability practices • Business ethics • Waste Management

OUR MATERIAL TOPICS

At NMDC, we understand the importance of being transparent and accountable to our stakeholders. We want to ensure that we are focusing on the issues that have the greatest impact on our stakeholders and our business, which is why we have developed a dedicated approach to identifying and reporting on the topics that matter most to them. We equally look at those Economic and ESG topics that our operation impacts the most and include these as part of our material topics.

To determine which topics we should report on and manage, we continuously engage with our stakeholders to maintain up-to-date analysis of their key interests. Our stakeholder engagement process is based on both the Integrated Reporting Framework and GRI Standards guidance, as well as the AA1000 – Stakeholder Engagement Standard. We use these industry best practices to develop a list of material topics that we have defined as most important to our stakeholders.

	MATERIAL TOPICS	GRI STANDARDS	ADX DISCLOSURES
MOST IMPORTANT			
1	**Health & Safety**	GRI 403 - Occupational Health & Safety	S7: Injury Rate S8: Global Health & Safety
2	**Strong Governance & Business Ethics**	GRI 205 - Anti-Corruption	S1: CEO Pay Ratio S9: Child & Forced Labor S10: Human Rights G1: Board Diversity G2: Board Independence G3: Incentivized Pay G5: Ethics & Prevention of Corruption G6: Data Privacy
3	**GHG Emissions & Energy Efficiency**	GRI 302 - Energy GRI 303- Water and Effluents GRI 305 - Emissions GRI 307 - Environmental Compliance	E1: GHG Emissions E2: Emissions Intensity E3: Energy Usage E4: Energy Intensity E5: Energy Mix E6: Water Usage E7: Environmental Operations E8: Environmental Oversight E9: Environmental Oversight E10: Climate Risk Mitigation
4	**Training & Education**	GRI 404 - Training and Education	
5	**Biodiversity**	GRI 304 - Biodiversity	
VERY IMPORTANT			
6	**Economic Performance**	GRI 201 - Economic Performance GRI 203 - Indirect Economic Impacts	
7	**Community Welfare & Emiratization**	GRI 202 - Market Presence GRI 413 - Local Communities	S11: Nationalization S12: Community Investment
8	**Diversity & Inclusion**	GRI 405 - Diversity and Equal Opportunity GRI 406 - Non-discrimination	S2: Gender Pay Ratio S4: Gender Diversity S6: Non-Discrimination
9	**Waste Management**	GRI 306 - Waste	
IMPORTANT			
10	**Procurement Practices**	GRI 204 - Procurement Practices GRI 308- Supplier Environmental Assessment GRI 414- Supplier Social Assessment	G4: Supplier Code of Conduct
11	**Employment**	GRI 401 - Employment	S3: Employee Turnover S5: Temporary Worker Ratio

PLANET

OUR ALIGNMENT

Material Topics	• GHG Emissions and Energy Efficiency • Waste Management • Biodiversity
GRI Standards	• GRI 302: Energy • GRI 303: Water and Effluents • GRI 304: Biodiversity • GRI 305: Emissions • GRI 306: Waste • GRI 307: Environmental Compliance
رؤية 2030 Abu Dhabi Vision	• A sustainable knowledge-based economy • The optimization of the Emirate's resources • Premium education, healthcare, and infrastructure assets
SDGs	7 AFFORDABLE AND CLEAN ENERGY, 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE, 13 CLIMATE ACTION, 14 LIFE BELOW WATER

At NMDC, we take our responsibility to minimize our environmental impact very seriously. Our Environmental Management system serves as the reference point for all our operations, ensuring that we comply with our HSE policy as well as the requirements of ISO 14001:2015. We continuously measure, monitor, manage and report our environmental impact and performance to ensure we are meeting the highest standards of environmental performance.

As an energy and marine EPC company, we understand that our operations can have an impact on the environment. Acknowledging the challenges of our industry, we are committed to reducing our environmental footprint, protecting biodiversity, and being actively involved in developing technologies that can help decarbonize our operations.

Our approach to environmental management is strategic and forms an integral part of our core strategy. We are dedicated to environmental stewardship and are constantly looking for ways to improve our performance in this area.

1. CLIMATE CHANGE MANAGEMENT

(GRI 302-1, GRI 302-2, GRI 302-3, GRI 303-5, GRI 305-1, GRI 305-2, GRI 305-3, GRI 305-4, GRI 306-3, GRI 307-1, E1, E2, E3, E4, E5, E6, E7, E8. E9, E10)

Climate change is a serious and pressing threat that affects all aspects of life on earth, from rising sea levels to increasing frequency of extreme weather events such as droughts, heatwaves, precipitation, and others. These risks can no longer be ignored, and it is the responsibility of everyone to take meaningful action. This was accentuated in the World Economic Forum's 2023 Business Risk report, which consistently identifies climate change as one of the most significant risks in terms of likelihood and impact, highlighting the urgent need for action.

NMDC recognizes the significance of addressing climate change and has taken steps to ensure our operations are environmentally friendly. These efforts include implementing an Environmental Management System manual that conforms to ISO14001 standards and conducting yearly environmental inspections on all ongoing projects. Additionally, we hold ISM:2018 certification, which ensures compliance with international safety management codes and marine laws and conventions.

Reducing our carbon footprint and controlling, tracking, and decreasing our Greenhouse gas (GHG) emissions is a central part of our environmental initiatives. We regularly monitor and disclose the amount of GHG emissions generated by our operations. Our commitment to improving our environmental performance is ongoing, and we are determined to take action to both mitigate and adapt to the effects of climate change. We are dedicated to collaborating with our stakeholders to address this global challenge.

ENERGY CONSUMPTION (GJ)			NMDC	NPCC
Energy Consumption	Fuel Consumption	Petrol	14,608.27	16,188.14
		Diesel	1,035,729.90	2,103,040.27
	Electricity Consumption		19,674.30	256,610.60
	Chilled Water		0.00	2,000,878.68
Direct Energy Consumption per Entity			1,050,338.17	2,119,228.41
Total Direct Energy Consumption			3,169,566.58	
Indirect Energy Consumption per Entity			19,674.30	2,257,489.28
Total Indirect Energy Consumption			2,277,163.58	
Total Energy Consumption per Entity			1,070,012.47	4,376,717.69
TOTAL ENERGY CONSUMPTION			5,446,730.17	

ENERGY INTENSITY (GJ/EMPLOYEE)	NMDC	NPCC
Direct Energy Intensity	N/A	226.46
Indirect Energy Intensity	7.72	241.24
Total Energy Intensity per Subsidiary	419.61	467.70
TOTAL ENERGY INTENSITY	457.40	

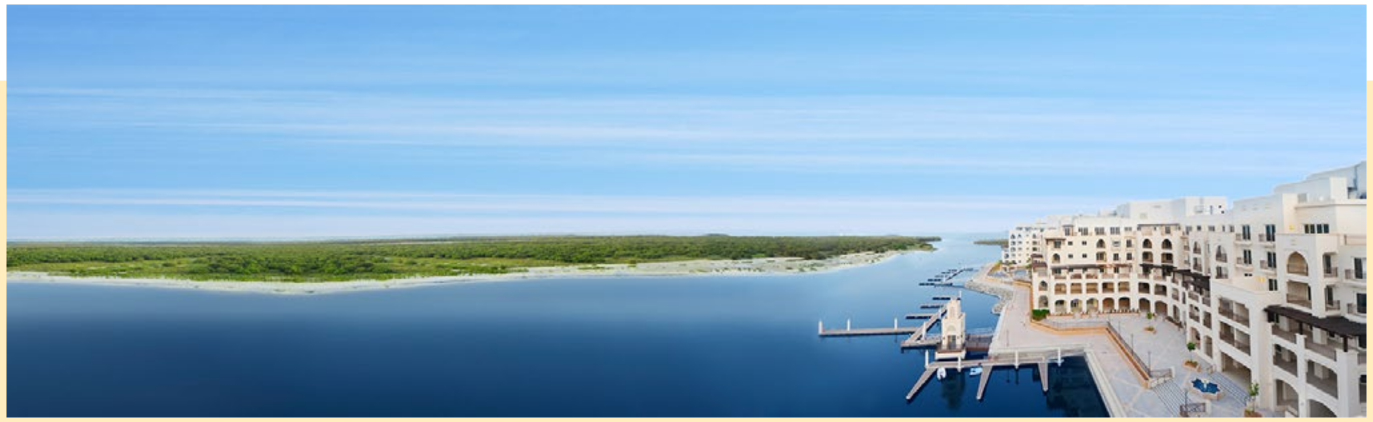
WATER CONSUMPTION (M^3)	NMDC	NPCC
Water Consumption	669,300.38	886,276.00
TOTAL	1,555,576.38	
Water Consumption Intensity in m3/Employee	129.86	94.71
TOTAL	224.57	

GHG EMISSIONS (MT CO2 E)				
SCOPES	**ITEM**	**SUB-ITEM**	**NMDC**	**NPCC**
Scope 1	Fuel consumption for Power Generators	Diesel	96,287.38	145,740
	Owned or leased vehicles, vessels, and marine equipment	Diesel	3,880,590	291,216.13
		Petrol	982.14	1,120.92
	Refrigerant Leakage		27.66	N/A
Scope 2	Electricity		2,991.68	27,372
	Chilled Water		N/A	301.33
Scope 3	Transportation, excluding owned modes	Petrol	N/A	N/A
	Water		227.56	301.33
	Wastewater		4,400	2,268.87
	Paper		304.57	64.49
	Waste		514.02	2,880.35
TOTAL EMISSIONS			**3,986,325.01**	**471,265.42**

Note: NPCC Scope 1 emissions data does not take into account the emissions produced from refrigerant leakage.

TOTAL EMISSIONS (MT CO2 E)	NMDC	NPCC
Scope 1	3,977,887.18	438,077.05
Scope 2 (Electricity)	2,991.68	27,673.33
Scope 3	5,446.15	5,515.04
Total Emissions per Entity	**3,986,325.01**	**471,265.42**
TOTAL EMISSIONS	**4,457,590.43**	

GHG EMISSIONS INTENSITY (MT CO2 E/EMPLOYEE)	NMDC	NPCC
Scope 1 Intensity	1,559.96	46.81
Scope 2 Intensity	1.17	2.96
Scope 3 Intensity	2.14	0.59
Total Emissions Intensity per Entity	**1,563.26**	**50.36**
TOTAL EMISSIONS INTENSITY	**374.34**	



2. BIODIVERSITY

(GRI 304, E7, E8. E9, E10)

Biodiversity is essential for maintaining healthy and productive ecosystems. At NMDC, we understand the importance of preserving biodiversity and have made it a top priority. Our goal is to minimize any disturbance to species and habitats during our operations, while also actively seeking ways to make a positive contribution to conservation and restoration efforts.

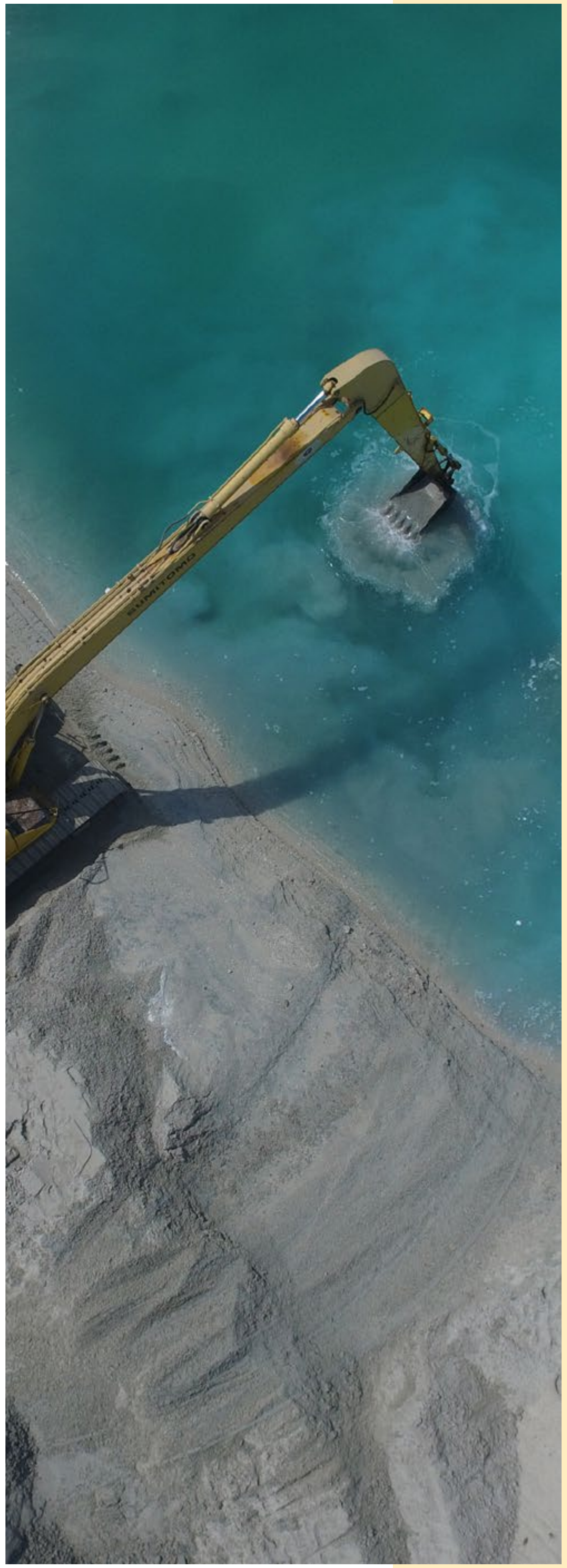
To ensure effective biodiversity management and environmental protection during the lifetime of our projects, we follow a comprehensive process. This involves conducting an Environmental Impact Assessment that includes extensive surveying of marine life and obtaining approval from the Environmental Agency – Abu Dhabi. We also prepare and implement Control Plans, which detail measures to minimize environmental impacts during construction. Furthermore, we regularly conduct inspections and audits, and continuously monitor our performance to ensure that we are meeting our goals for biodiversity preservation.

In 2022, NMDC engaged in a tree plantation campaign which was conducted at Safaniya, Saudi Aramco. As a result of this initiative, **1500 native trees were planted utilizing Waterbox technology.**

TREE PLANTING WITH WATERBOX TECHNOLOGY

Waterbox technology is a system of treating and recycling greywater, which is water that has been used in sinks and showers. Instead of being discharged into the environment this water is treated and recycled for non-potable uses such as irrigation.

Not only is it an efficient way of conserving water, it also reduces the demand on municipal water supplies, which can be especially beneficial in areas with water scarcity. Additionally, Waterbox technology is often used in off-grid areas or in places where water treatment infrastructure is limited. It is a cost-effective and efficient way to reduce water consumption and protect the environment.



3. WASTE MANAGEMENT

(GRI 306-3, E7, E8, E9, E10)

Responsible waste management is of paramount importance to us at NMDC. As a marine dredging company, we understand the impact that our operations can have on the environment, and we take steps to minimize this impact by properly identifying and managing the different types of waste we generate. We take great care to classify, sort and separate waste using appropriate safety measures to protect our employees and the environment in full compliance with local regulations.

Proper waste management is not only important for environmental reasons, but it also makes good business sense. By identifying and properly disposing of waste, we can reduce costs, maintain compliance with regulations and protect our reputation as a responsible company. Furthermore, responsible waste management is essential for protecting human health and the environment. It ensures that hazardous materials are handled and disposed of safely and in an environmentally friendly manner.

Responsible waste management is essential for NMDC as it reduces the environmental impact of our operations, makes good business sense, and helps to protect human health and the environment. We are committed to ensuring that our waste management practices are in line with local regulations, and that we continue to improve our performance in this area.

REUSE OR RECYCLE

We understand the importance of reducing the environmental impact of our operations through the reuse and recycling of waste. To achieve this, we have implemented a robust waste management system that categorizes waste as hazardous or non-hazardous. Where possible, we first consider whether the non-hazardous waste produced can be reused for our own purposes. For example, a large quantity of the waste we produce is scrap metal, which is given to a sister company for recycling. All other recyclable waste is sold to third parties.

We work exclusively with waste management service providers licensed by the Centre for Waste Management, an Abu Dhabi government agency. This ensures that our waste is handled and disposed of in compliance with local regulations and in an environmentally friendly manner.

REDUCE

We recognize the importance of reducing waste in our operations as it has a direct impact on the environment and our bottom line. To achieve this, we have implemented a comprehensive waste reduction plan that focuses on shifting towards a more circular operation and reducing emissions from waste.

Our waste management system is an integral part of our Environmental, Health and Safety Management System, which includes waste segregation of hazardous and non-hazardous waste, staff training and the development of project-specific waste management plans. We also have recycling programs in place for materials such as steel and batteries.

Our target for the year 2022 was to reduce the net amount of waste generated by our Musaffah base and projects by 200 tons, or 25% of the amount generated in 2021. To achieve this, we implemented initiatives such as optimizing material purchasing and its use in our processes, effective segregation, and recycling, and implementing key performance indicators (KPIs) to track our progress.

> In 2022, we reduced the net amount of non-hazardous waste generated by **7,624.92 MT tons** and the net amount of hazardous waste by **407.99 MT, a reduction of 15% and 45.68% respectively**

THE BELOW TABLES SHOWCASE VARIOUS KPIS RELATED TO WASTE MANAGEMENT:

TOTAL WEIGHT OF WASTE GENERATED (IN MT)

	Non-Hazardous Weight	Hazardous Weight
NMDC		
2020	1,900.00	13.00
2021	15,987.86	28.17
2022	25,261.2	11.38
NPCC		
2020	26,296.95	710.40
2021	35,826.32	864.98
2022	18,928.06	473.78
TOTAL		
2020	**28,196.95**	**723.40**
2021	**51,814.18**	**893.15**
2022	**44,189.26**	**485.16**

TOTAL WEIGHT OF WASTE RECYCLED (IN MT)

	Non-Hazardous Weight (cardboard,paper,wood)	Hazardous Weight
NMDC		
2020	N/A	N/A
2021	25,627.89	1,237.65
2022	3,775.9	462.58
NPCC		
2020	17,765.60	374.05
2021	27,800.03	242.38
2022	15,620.82	339.64
TOTAL		
2020	**17,765.60**	**374.05**
2021	**53,427.92**	**1,480.03**
2022	**19,396.72**	**802.22**

TOTAL WEIGHT OF WASTE RECYCLED (IN MT)

	Paper/ Cardboard	Wood	Sand Waste	Cable	Concrete waste	Metal Scrap	Broken Furniture	Agricultural Waste	Used Oil
NMDC									
2020	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
2021	4.08	17.25	20,723.36	N/A	221.10	3,647.93	526.07	488.10	1,237.65
2022	402.63	437.33	58.08	N/A	108.82	2769.04	N/A	N/A	462.58
NPCC									
2020	11.45	912.57	N/A	572.30	4,160.32	86.30	N/A	N/A	N/A
2021	43.15	817.73	N/A	312.93	2,336.98	89.19	N/A	N/A	N/A
2022	93.88	863.98	N/A	143.67	641.8	132.9	N/A	N/A	N/A
TOTAL									
2020	**11.45**	**912.57**	**N/A**	**572.30**	**4,160.32**	**86.3**	**N/A**	**N/A**	**0**
2021	**47.23**	**834.98**	**N/A**	**20,723.26**	**2,558.08**	**3737.12**	**526.07**	**488.1**	**1,237.65**
2022	**496.51**	**1301.31**	**N/A**	**58.08**	**750.62**	**2901.94**	**N/A**	**N/A**	**462.58**

PEOPLE

OUR ALIGNMENT

Material Topics

- Strong Governance & Business Ethics
- Health & Safety
- Training & Education
- Community Welfare and Emiratization
- Diversity & Inclusion
- Employment

GRI Standards

- GRI 202: Market Presence
- GRI 403: Occupational Health & Safety
- GRI 401: Employment
- GRI 404: Training and Education
- GRI 405: Diversity and Equal Opportunity
- GRI 406: Non-Discrimination
- GRI 413: Local Communities

رؤية 2030 Abu Dhabi Vision

- A sustainable knowledge-based economy
- Premium education, healthcare, and infrastructure assets
- Maintaining Abu Dhabi's values, culture and heritage

SDGs

1. EMPLOYEES

(GRI 401-1, GRI 401-2, GRI 404-1, GRI 404-2, GRI 404-3, GRI 405-1, GRI 405-2, GRI 406-1, S2, S3, S4, S5, S6, S7, S8)

Our employees are the driving force behind our success, and we strive to create an environment where they can thrive and reach their ambitions. By having a strong HR foundation in place, we ensure that our employees can reach their full potential and feel valued in their roles. We believe that a sense of belonging and the ability to advance in one's career are crucial elements to an employee's overall satisfaction and engagement.

To foster this environment, we have implemented a range of HR processes and programs that support career development, open dialogue, and fair treatment for all employees. Our code of business conduct and non-discrimination policies ensure that there is a level playing field for all employees, regardless of gender, color, race, nationality, age, religion, and other factors.

To further strengthen our HR function, we have been organizing team-building events and raising awareness about the importance of mentorship for career development. We believe that by fostering collaboration and building stronger bonds within our HR team, we can continue to attract and retain the best talent in the industry. As part of our career development program, we celebrated our mentors with an appreciation breakfast.

Our efforts to create a fair and inclusive environment are reflected in our low turnover **rate of 3.4% at the group level in 2022.**

ALL EMPLOYEES				
NMDC				
	Female	Male	Female (%)	Male (%)
2020	109	2,386	4.37%	95.63%
2021	94	2,184	4.13%	95.87%
2022	128	2,422	5.02%	94.98%
NPCC				
2020	154	11,563	1.31%	98.69%
2021	121	9,470	1.26%	98.74%
2022	112	9,246	1.20%	98.80%
TOTAL				
2020	**263**	**13,949**	**1.85%**	**98.15%**
2021	**215**	**11,654**	**1.81%**	**98.19%**
2022	**240**	**11,668**	**2.02%**	**97.98%**

EMPLOYEES	NMDC	NPCC	TOTAL
2020	**2,495**	**11,717**	**14,212**
2021	**2,278**	**9,591**	**11,869**
2022	**2,550**	**9,358**	**11, 908**
PERMANENT 2022	**2,550**	**9,358**	**11,908**
TEMPORARY 2022	**1,725**	**285**	**2,010**

TOTAL NEW HIRES				
NMDC				
	Female	Male	Female (%)	Male (%)
2020	40	551	36.70%	23.09%
2021	5	142	5.32%	6.50%
2022	24	262	18.75%	10.82%
NPCC*				
2020	4	40	2.60%	0.35%
2021	1	163	0.83%	1.72%
2022	35	625	31.25%	6.76%
TOTAL				
2020	**44**	**591**	**16.73%**	**4.24%**
2021	**6**	**305**	**2.79%**	**2.62%**
2022	**59**	**887**	**24.58%**	**7.60%**

*NPCC NUMBERS REFLECT WHITE-COLLAR WORKERS

TOTAL NEW HIRES BY AGE GROUP						
NMDC						
	Below 30 years old	Between 30-50 years old	Over 50 years old	Below 30 years old	Between 30-50 years old	Over 50 years old
2020	76	465	50	35.35%	25.19%	11.52%
2021	22	121	4	10.33%	6.94%	1.25%
2022	61	211	14	30.50%	10.78%	3.57%
NPCC*						
2020	2	34	8	0.16%	0.39%	0.48%
2021	12	134	18	1.64%	1.83%	1.18%
2022	76	521	63	12.79%	7.08%	4.47%
TOTAL						
2020	**78**	**499**	**58**	**5.26%**	**4.69%**	**2.77%**
2021	**34**	**255**	**22**	**3.60%**	**2.81%**	**1.19%**
2022	**137**	**732**	**77**	**17.25%**	**7.86%**	**4.28%**

*NPCC NUMBERS REFLECT WHITE-COLLAR WORKERS

EMPLOYEE TURNOVER				
NMDC				
	Female	Male	Female (%)	Male (%)
2020	4	121	3.67%	5.07%
2021	19	341	20.21%	15.61%
2022	18	223	14.06%	9.21%
NPCC				
2020	9	74	5.84%	0.64%
2021	18	184	14.88%	1.94%
2022	21	144	18.75%	1.56%
TOTAL				
2020	**13**	**195**	**4.94%**	**1.40%**
2021	**37**	**525**	**17.21%**	**4.50%**
2022	**39**	**367**	**16.25%**	**3.15%**

*NPCC NUMBERS REFLECT WHITE-COLLAR WORKERS

EMPLOYEE TURNOVER						
NMDC						
	Below 30 years old	Between 30-50 years old	Over 50 years old	Below 30 years old	Between 30-50 years old	Over 50 years old
2020	14	74	37	6.51%	4.01%	8.53%
2021	23	221	116	10.80%	12.67%	36.14%
2022	26	171	44	13.00%	8.73%	11.22%
NPCC*						
2020	5	58	20	0.39%	0.66%	1.20%
2021	15	148	39	2.05%	2.02%	2.56%
2022	15	129	21	2.53%	1.75%	1.49%
TOTAL						
2020	**19**	**132**	**57**	**1.28%**	**1.24%**	**2.72%**
2021	**38**	**369**	**155**	**4.03%**	**4.06%**	**8.41%**
2022	**41**	**300**	**65**	**5.16%**	**3.22%**	**3.61%**

*NPCC NUMBERS REFLECT WHITE-COLLAR WORKERS

INTEGRATION OF OUR HUMAN RESOURCE FUNCTION

As part of the post-merger integration plan, in 2021 the HR functions were successfully integrated. The focus was on elevating the employee experience through the creation of a positive and supportive work culture where opportunities for professional development and career growth were provided. The department is currently working on our retention strategy, aiming to attract and retain top talent and drive business success through employee empowerment. Some key initiatives underway include:

	TOTAL TURNOVER	TOTAL NEW HIRES
NMDC		
2020	5.0%	23.7%
2021	15.8%	6.5%
2022	9.5%	11.2%
NPCC		
2020	0.7%	0.4%
2021	2.1%	1.7%
2022	1.8%	7.1%
TOTAL		
2020	**1.5%**	**4.5%**
2021	**4.7%**	**2.6%**
2022	**3.4%**	**7.9%**

RETENTION

COMMUNICATION

- Equal opportunities
- Transparency
- Culture sessions
- Continuous Feedback

TRAINING

- Leadership program
- Succession
- CDP
- Certification
- Highflyer program

ENGAGEMENT

FLEXIBLE WORKING HOURS

- 1 hour flex
- Working from home

CORPORATE ACTIVITIES

- Tournaments
- Family day out
- Corporate Discounts

HEALTH & WELL-BEING AT WORK

- Stress at work

Looking ahead, we are committed to strengthening our talent management practices, including solidifying our succession planning abilities and fostering a welcoming and engaging environment for new hires. Additionally, we are dedicated to enhancing inclusivity by integrating individuals with determination, empowering female employees, and offering comprehensive learning and development opportunities, including collaborations with esteemed institutions, such as one we have with INSEAD Business School.

DIVERSITY & EQUAL OPPORTUNITIES

At NMDC, we understand the importance of creating a diverse and inclusive workforce. We are proud to have a workforce of 11,908 full-time employees representing 65 different nationalities, bringing a wealth of perspectives and experiences to our organization. 85% of these employees are on permanent contracts, while the remaining 15% are employed on temporary basis.

We recognize that there is room for improvement when it comes to diversity, particularly with regards to gender representation. Currently, only 2.02% of our workforce is female, reflecting the nature of our business activities at present. Despite the challenges of the industry, we are determined to drive more diversity in our workforce, with a focus on increasing the representation of female employees in functions such as engineering, support, technicians, and managerial roles.

In 2022, we made strides in this area, with 2.73% of our female employees holding senior to executive positions- a 1.5-fold increase in female representation from last year. Additionally, 45% of our female employees are in mid-level positions, and 46% are in entry-level jobs. We remain committed to creating a more diverse and inclusive workforce that truly reflects the communities we serve.

> We have **11,908** employees representing **65** different nationalities, bringing a wealth of perspectives to our organization.

TOTAL EMPLOYEES BY JOB CATEGORY AND BY GENDER

	LABOUR		ENTRY-LEVEL		MID-LEVEL		SENIOR-TO-EXECUTIVE LEVEL	
	Female	Male	Female	Male	Female	Male	Female	Male
NMDC								
2020	0.38%	99.62%	9.66%	90.34%	3.51%	96.49%	2.90%	97.10%
2021	0.27%	99.73%	9.55%	90.45%	3.34%	96.66%	2.38%	97.62%
2022	1.40%	98.60%	9.04%	90.96%	5.04%	94.96%	4.65%	95.35%
NPCC*								
2020	0.01%	99.99%	3.63%	96.37%	8.85%	91.15%	2.14%	97.86%
2021	0.01%	99.99%	3.08%	96.92%	8.34%	91.66%	1.33%	98.67%
2022	0.00%	100.00%	4.05%	95.95%	5.52%	94.48%	0.63%	99.37%
TOTAL								
2020	**0.04%**	**99.96%**	**6.00%**	**94.00%**	**6.71%**	**93.29%**	**2.46%**	**97.54%**
2021	**0.04%**	**99.96%**	**5.62%**	**94.38%**	**6.24%**	**93.76%**	**1.81%**	**98.19%**
2022	**0.14%**	**99.86%**	**5.98%**	**94.02%**	**5.32%**	**94.68%**	**2.73%**	**97.27%**

TOTAL EMPLOYEES BY JOB CATEGORY AND BY AGE GROUP

	LABOUR			ENTRY-LEVEL			MID-LEVEL			SENIOR-TO-EXECUTIVE LEVEL		
	Below 30 years old	Between 30-50 years old	Over 50 years old	Below 30 years old	Between 30-50 years old	Over 50 years old	Below 30 years old	Between 30-50 years old	Over 50 years old	Below 30 years old	Between 30-50 years old	Over 50 years old
NMDC												
2020	8.45%	72.13%	19.42%	14.75%	73.24%	12.01%	4.39%	77.69%	17.92%	0.00%	67.39%	32.61%
2021	9.14%	75.58%	15.28%	15.37%	75.22%	9.40%	5.61%	80.24%	14.15%	0.79%	67.46%	31.75%
2022	8.52%	75.83%	15.65%	11.96%	75.38%	12.66%	5.38%	79.27%	15.35%	0.00%	74.42%	25.58%
NPCC*												
2020	12.29%	76.80%	10.91%	3.80%	71.81%	24.39%	8.18%	70.78%	21.04%	0.00%	34.76%	65.24%
2021	8.57%	78.64%	12.79%	4.05%	70.91%	25.05%	5.53%	72.45%	22.02%	0.00%	39.33%	60.67%
2022	6.85%	80.53%	12.62%	8.00%	72.65%	19.35%	2.63%	78.16%	19.20%	0.00%	40.51%	59.49%
TOTAL												
2020	**11.98%**	**76.43%**	**11.59%**	**8.10%**	**72.37%**	**19.53%**	**6.66%**	**73.55%**	**19.79%**	**0.00%**	**48.62%**	**51.38%**
2021	**8.62%**	**78.36%**	**13.02%**	**8.49%**	**72.60%**	**18.91%**	**5.56%**	**75.73%**	**18.71%**	**0.36%**	**52.17%**	**47.46%**
2022	**7.03%**	**80.04%**	**12.93%**	**9.54%**	**73.71%**	**16.76%**	**3.80%**	**78.63%**	**17.56%**	**0.00%**	**58.18%**	**41.82%**

In 2022, we delivered on our commitment to learning and development by conducting over **65,000** hours of learning.

TOTAL NUMBER OF NATIONALITIES	
NMDC	
2020	64
2021	60
2022	60
NPCC	
2020	66
2021	61
2022	65

TOTAL NUMBER OF INCIDENTS OF DISCRIMINATION

0

EMPLOYEE BENEFITS

We ensure that our employees are taken care of in every aspect of their lives by offering a comprehensive benefits package that goes beyond their salary. All our employees are entitled to benefits such as life insurance, healthcare, disability and invalidity coverage, parental leave, and retirement provision. We also provide education assistance and accommodation loans in specific cases to help our employees achieve their personal and professional goals.

We believe that by providing our employees with these benefits, we are investing in their future, and in turn, the future of our organization. We strive to create a workplace where our employees feel valued and supported, so we are committed to continuously improving our benefits package to meet the evolving needs of our workforce.

LEARNING AND DEVELOPMENT

We are committed to creating a positive and inclusive work environment that fosters innovation and continuous learning. We believe that by investing in the skills and knowledge of our employees, we help them advance their careers and become more valuable to the organization.

Our commitment to learning and development is reflected in the number of hours of training and education we provided to our employees in 2022. Over the year, we conducted 65,000 hours of learning with 37.63% of the training completed by mid-level managers, 23.78% by senior to executive managers, 27.36% by entry level employees, and 11.23% by our labor workforce. We are dedicated to continuing to provide our employees with the resources and opportunities they need to thrive and excel in their roles.

AN OVERVIEW OF LEARNING PROGRAMS DELIVERED IN 2022:

INDIVIDUAL CONTRIBUTORS PROGRAM

The Individual Contributors program is a 3-day initiative designed specifically for employees with no supervisory roles. The program aims to equip them with the soft skills they need to become effective in their job roles, including effective planning and organization, communication skills, workplace ethics, and living NMDC's values. The program includes content on time management, problem-solving, teamwork, stress management, and self-awareness, all aimed at helping our employees to deliver consistent results and increase performance effectiveness.

SUPERVISORS TOOLKIT FOR FIRST LINE SUPERVISORS PROGRAM

The Supervisors Toolkit for First Line Supervisors program is a core element of our Management and Leadership Development pathway. Designed for first line supervisors and superintendents, this program is built on our core values and competency framework. It is a 3-day program that provides participants with an understanding of management principles to improve productivity and achieve team objectives.

Participants learn about the aspects of communication that impact team engagement and performance, giving managers the skills to demonstrate openness, confidence, and assertiveness in their role. Additionally, the program covers performance monitoring and review, managing the responsibilities and challenges of being a supervisor/superintendent and developing effective communication skills to manage time and priorities, motivate employees to deliver and receive feedback.

MANAGEMENT & LEADERSHIP DEVELOPMENT

We designed the Management & Leadership Development program as a key part of our management and leadership development pathway. The program is tailored to support the organization's core values and competency framework and is aimed at middle and senior managers within the organization. The program lasts for 5 days and provides participants with the opportunity to develop their self-awareness and a comprehensive overview of leading and managing people, communication, change management and the application of business levers to drive performance. The program includes modules such as leading and coaching high-performance teams, verbal and non-verbal communication, listening, influencing, giving feedback, facilitation and employee engagement, feedback skills, decision making and more. This program is a great opportunity for our managers to develop their skills and knowledge and become effective leaders and managers who can drive high-performance teams.

TAMKEEN LEARNING & DEVELOPMENT PROGRAM

NMDC's Tamkeen program is a one-year learning and development program that aims to help fresh graduates develop their skills to boost their employability. The program focuses on filling entry-level positions at the company and its subsidiaries with fully prepared and capable employees.

The program objectives include building the capabilities, knowledge, and professional characteristics of graduates and sharpening their skills for the workplace. Additionally, the program aims to create productive and valuable employees for the company, foster business growth and enhance the career prospects of participants. The program also enhances line manager involvement through development plans including performance assessment and feedback. We utilize the Harrison Assessment to evaluate the effectiveness of our training program, which blends research and development as well as software engineering to ensure that their assessments are the most accurate and reliable in the industry.

TUMOUH LEARNING & DEVELOPMENT PROGRAM

This program is designed for diploma graduates and experienced employees with no supervisory role or direct reports. The program runs for a duration of 3 to 6 months and its objective is to build the capabilities, knowledge, and professional characteristics of the young employees, equipping them with the right tools to tap into their full potential and develop their capacity to learn and grow. The program aims to instil the company's core values and culture into everyday practice and inspire productivity. The training assessment is based on the first two levels of Kirkpatrick/Philips Model.

TATWEER LEARNING AND DEVELOPMENT PROGRAM

This program is designed for employees with 3+ years of experience with the objective of aligning managers with NMDC's vision of leadership and creating a future talent pipeline. The program runs for one year and aims to enable managers to apply the principles of management to improve productivity and achieve team objectives. The program helps employees in managerial positions to communicate in a way that positively impacts team engagement, demonstrate confidence in their delivery and understand performance monitoring and reviews. The audience for this program is employees with 3-5 years tenure in the company, such as supervisors and superintendents.

QIYADA LEARNING & DEVELOPMENT PROGRAM

QIYADA is a learning and development program that focuses on developing future leaders within NMDC, targeting high potential employees with 8 or more years of experience. The program has a duration of one year and its objectives are to help participants understand and manage change within a dynamic organization, develop their leadership skills, apply business levers to drive performance, improve their communication skills to engage and influence staff and key stakeholders, and develop their strategic thinking skills. The objective of the program is to manage critical talent risk by developing future successors.

RIYADA LEARNING & DEVELOPMENT PROGRAM

The RIYADA program is a learning and development opportunity for NMDC's top leaders. It is designed to equip GCEOs, CEOs, and key executive leaders with the necessary skills and knowledge to become community leaders who can actively contribute to Abu Dhabi's 2030 Vision. By participating in the program, these leaders will gain a deeper understanding of the business and learn how to drive cross-business unit and cross-national team working that optimizes our service and people capabilities. They will also develop the leadership behavioral competencies required to deliver the company's business goals and contribute to the successful implementation of the company's strategic initiatives. Additionally, the program will help leaders drive the creation of a culture of leadership excellence across the business and support our continuous improvement and innovation. With a focus on developing leadership impact and strategic acumen, the RIYADA program enables our executive leaders to take their leadership skills to the next level and implement the shared vision of Abu Dhabi's sustainable future into their work.

Other Programs Implemented include:

- Udemy and Coursera self-paced e-learning access
- Technical Training based on the needs of different departments
- Culture workshop
- HSE and project-specific training

TOTAL TRAINING HOURS BY GENDER

NMDC

	FEMALE	MALE	
2020	4,018 HOURS	10,206 HOURS	14,224 TOTAL
2021	2,282 HOURS	9,073 HOURS	11.355 TOTAL
2022	4,066 HOURS	41,966 HOURS	46,032 TOTAL

NPCC

	FEMALE	MALE	
2020	4,018 HOURS	10,206 HOURS	14,224 TOTAL
2021	2,282 HOURS	9,073 HOURS	11.355 TOTAL
2022	1,573 HOURS	17,719 HOURS	19.292 TOTAL

TOTAL

	Female	Male	Female + Male
2020	8,036	20,411	28,447
2021	4,563	18,145	22,709
2022	5,639	59,684	65,323

TOTAL TRAINING HOURS BY EMPLOYMENT CATEGORY				
		NMDC		
	LABOUR	ENTRY-LEVEL	MID-LEVEL	SENIOR-TO-EXECUTIVE LEVEL
2020	N/A	5,912	7,407	906
2021	N/A	4,086	6,056	1,214
2022	7,339	6,206	17,891	14,597
		NPCC		
2020	N/A	5,912	7,407	906
2021	N/A	4,086	6,056	1,214
2022	N/A	11,667	6,688	937
		TOTAL		
2020	**N/A**	**11,823.00**	**14,813.40**	**1,811.40**
2021	**N/A**	**8,171.00**	**12,111.10**	**2,427.00**
2022	**7,338.50**	**17,873.00**	**24,578.50**	**15,533.50**

TOTAL NUMBER OF EMPLOYEES - PERFORMANCE REVIEW				
		NMDC		
	Female	Male	Female (%)	Male (%)
2020	95	2,224	87.16%	93.21%
2021	89	2,125	94.68%	97.30%
2022	113	2,305	88.28%	95.17%
		NPCC		
2020	110	2,649	71.43%	22.91%
2021	121	2,622	100.00%	27.69%
2022	102	2,301	91.07%	24.89%
		TOTAL		
2020	**205**	**4,873**	**77.95%**	**34.93%**
2021	**210**	**4,747**	**97.67%**	**40.73%**
2022	**215**	**4,606**	**89.58%**	**39.48%**

TOTAL NUMBER OF EMPLOYEES - PERFORMANCE REVIEW								
				NMDC				
	LABOUR	ENTRY-LEVEL	MID-LEVEL	SENIOR-TO-EXECUTIVE LEVEL	LABOUR	ENTRY-LEVEL	MID-LEVEL	SENIOR-TO-EXECUTIVE LEVEL
2020	751	693	749	126	94.70%	90.47%	93.86%	91.30%
2021	743	610	723	138	100.00%	91.04%	96.53%	100.00%
2022	770	674	815	159	97.96%	93.74%	93.36%	92.44%
				NPCC*				
2020	N/A	1,185	1,198	210	0.00%	100.00%	100.00%	19.16%
2021	N/A	1,038	1,031	215	0.00%	100.00%	100.00%	22.70%
2022	N/A	1,078	1,147	159	0.00%	98.54%	100.00%	14.76%
				TOTAL*				
2020	**751**	**1,878**	**1,947**	**336**	**7.56%**	**96.26%**	**97.55%**	**27.23%**
2021	**733**	**1,648**	**1,754**	**341**	**9.04%**	**96.49%**	**98.54%**	**31.78%**
2022	**770**	**1,752**	**1,962**	**318**	**10.00%**	**96.64%**	**97.13%**	**25.46%**

TOTAL NUMBER OF EMPLOYEES - CAREER REVIEW

	NMDC FEMALE	NMDC MALE	NPCC FEMALE	NPCC MALE
2020	3 (2.75%)	102 (4.27%)	50 (32.47%)	109 (0.94%)
TOTAL	53 (20.15%) FEMALE		211 (1.51%) MALE	
2021	3 (3.19%)	104 (4.76%)	48 (39.67%)	136 (1.44%)
TOTAL	51 (23.72%) FEMALE		240 (2.06%) MALE	
2022	20 (15.63%)	185 (7.64%)	77 (68.75%)	526 (5.69%)
TOTAL	97 (40.42) FEMALE		711 (6.09) MALE	

TOTAL NUMBER OF EMPLOYEES - CAREER REVIEW

	LABOUR	ENTRY-LEVEL	MID-LEVEL	SENIOR-TO-EXECUTIVE LEVEL	LABOUR	ENTRY-LEVEL	MID-LEVEL	SENIOR-TO-EXECUTIVE LEVEL
NMDC								
2020	8	17	59	18	1.01%	2.22%	7.39%	13.04%
2021	8	19	59	18	1.09%	2.84%	7.88%	14.29%
2022	N/A	6	91	108	N/A	0.83%	10.42%	62.79%
NPCC								
2020	N/A	159	N/A	N/A	N/A	13.42%	N/A	N/A
2021	N/A	184	N/A	N/A	N/A	17.73%	N/A	N/A
2022	N/A	368	145	90	N/A	33.64%	12.64%	8.36%
TOTAL								
2020	8	176	59	18	0.08%	9.02%	2.96%	1.46%
2021	8	203	59	18	0.10%	11.89%	3.31%	1.68%
2022	-	374	236	198	0.00%	20.63%	11.68%	15.85%

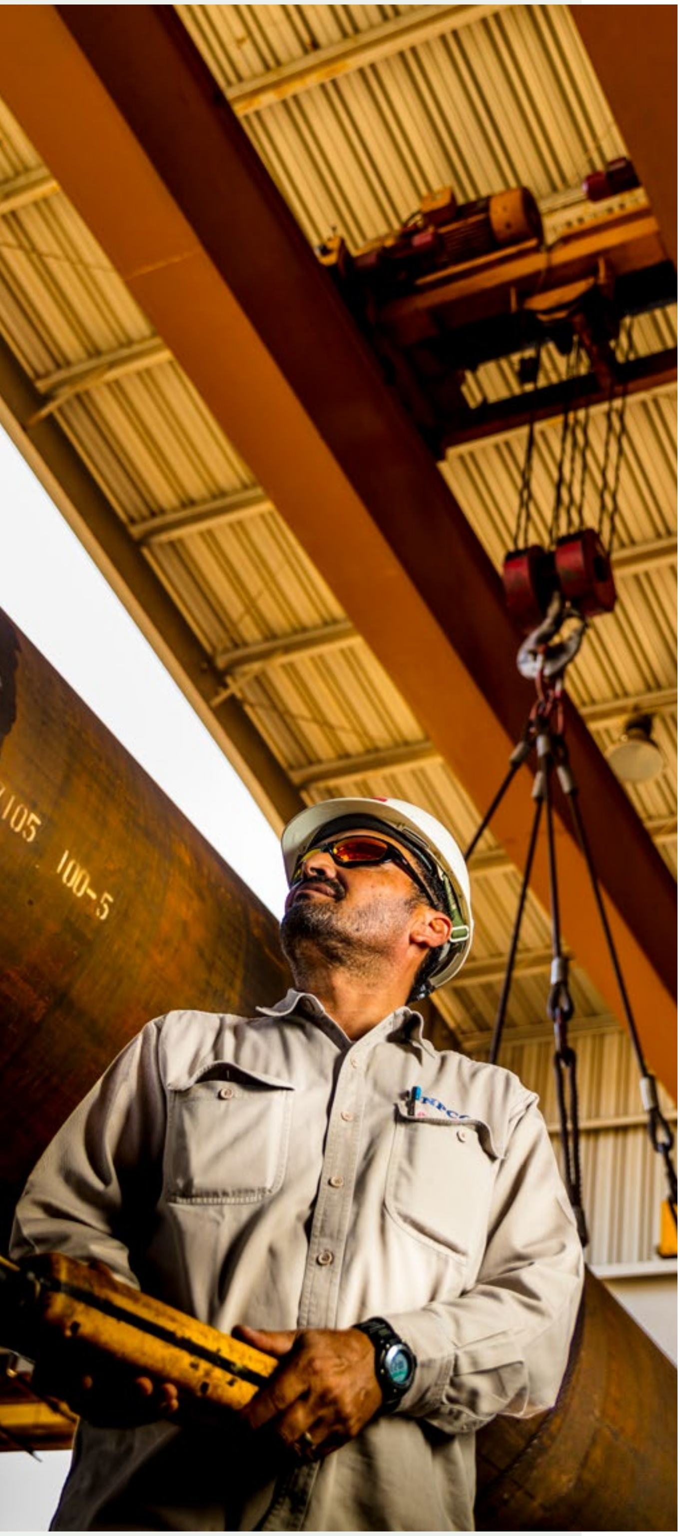
2. HEALTH & SAFETY

(GRI 403-8, GRI 403-9, GRI 403-10, S8)

At NMDC Group, the health and safety of our employees and sub-contractors is of the utmost importance to us. We understand that ensuring a safe and healthy working environment is crucial for the success of our business, and we take it very seriously. Our Quality, Health, and Safety (QHSE) department is dedicated to creating a strong health and safety culture within the company and continuously engages employees on health and safety matters.

We are proud of our strong health and safety performance, and it is one of our competitive advantages. Our QHSE team consistently reaches and exceeds its KPIs and ensures that our company continuously enhances its health and safety practices. We have been recognized over the years for our strong health and safety culture and performance and have attained several awards in this regard, some of which are listed below:

- Certificate of Recognition by Saudi Aramco for **"Best Contractor of the Year (Environment)" (NPCC)**
- Certificate of Recognition by Saudi Aramco for **"Most of Number of HSE Campaigns Conducted" (NPCC)**
- Certificate of Recognition by Saudi Aramco for **"Best HSE Manager" (NPCC)**
- Certificate of Recognition by Saudi Aramco for **"Best HSE Officer" (NPCC)**



HEALTH, SAFETY AND ENVIRONMENT MANUAL

Our Health, Safety & Environment (HSE) manual is the go-to resource for employees when it comes to health and safety matters. This comprehensive document lays out all the relevant policies and procedures, ensuring that our employees are fully informed and equipped to work safely. We have also made it a priority to ensure that all employees and subcontractors are familiar with our HSE policies, through dedicated awareness and training sessions.

Our HSE manual is not only a reference point for employees, but also a reflection of our commitment to creating a safe and healthy work environment. We take our responsibility to protect our employees, assets, and the environment very seriously and will continue to strive to improve our HSE practices.

HEALTH & SAFETY POLICIES AND PROCEDURES

As a company that routinely executes highly complex engineering and construction projects, we understand the potential risks and hazards that come with the territory. We take a proactive approach to embedding the highest standards of health and safety practices in our workplace culture, taking every conceivable precaution to minimize health and safety risks to our workers, in particular those who work with heavy equipment, hazardous materials, or in high-pressure environments.

Our commitment to HSE is reflected in our policy on occupational health, safety, and the environment. This policy outlines our responsibilities for achieving a safe and healthy workplace and sets out the safety procedures that must be applied throughout all the company's work locations, onshore and offshore. It is designed to protect employees, assets, and the environment and is a core value of our company.

Additionally, we have several certifications to ensure we are meeting the highest standards in the industry, including ISO 45001:2018 for Occupational Health and Safety Management System, ISO 14001:2015 for Environmental Management System and ISO 9001:2015 for Quality Management System. These certifications, as well as our regular audits, inspections, and drills, ensure that our policies and procedures are up-to-date and effective.

Our commitment to HSE is reflected in our policy on occupational health, safety, and the environment. This policy outlines our responsibilities for achieving a safe and healthy workplace and sets out the safety procedures that must be applied throughout all our work locations, onshore and offshore. It is designed to protect employees, assets, and the environment and is a core value of our company.

HEALTH & SAFETY TRAINING

We place a high priority on ensuring that our employees have the necessary skills and competencies to work safely and effectively. We assess training needs on an annual basis and provide additional training as needed, as recommended by line management. Our annual individual performance appraisal process also includes identifying areas for improvement and additional training to enhance HSE performance, which is reflected in an annual training plan approved by top management and implemented by the HR department.

Upon joining NMDC, new employees are provided with an HSE Induction Training program. This program is designed to familiarize new hires with common hazards that may arise in their activities, and to teach them how to report these hazards and stay safe on the job.

We take all necessary measures to protect our employees from risks, including developing standard operating procedures, site work instructions, and conducting risk assessments and environmental impact assessments. All potential hazards are identified, and mitigation measures are implemented to minimize risk as much as reasonably possible. We are currently developing Project Task Risk Assessments and enforcing Job Safety Analysis for all tasks. In addition, we hold regular toolbox talks prior to a new task being started to ensure that all team members are aware of their roles and responsibilities in regard to safety.

0
FATALITIES

4
LOST TIME INJURIES

6,441
BEHAVIORAL SAFETY AUDITS CONDUCTED

96,821
HOURS OF H&S TRAINING DELIVERED

OUR OCCUPATIONAL HEALTH AND SAFETY MANAGEMENT SYSTEM GOES THROUGH FREQUENT INTERNAL AUDITS.

	Number of Fatalities	Number of Lost Time Injuries	Number of Work Days Lost Due to Injury	Number of Other Occupational Injuries	Number of High Potential Incidents	Number of Near Miss Incidents	Number of Hours Worked
NMDC							
2020	1	0	0	0	15	142	29,440,442.00
2021	1	1	24	0	13	102	27,233,183.00
2022	0	4	320	0	6	100	22,575,190.00
NPCC							
2020	0	2	90	26	3	86	27,912,956.00
2021	0	1	56	55	1	143	25,490,600.00
2022	0	0	0	17	1	172	23,062,865.00
TOTAL							
2020	1	2	90	26	18	228	57,353,398.00
2021	1	2	80	55	14	245	52,723,783.00
2022	0	4	320	17	7	272	45,638,055.00

NUMBER OF FATALITIES AS A RESULT OF WORK-RELATED ILL HEALTH

0

NUMBER OF CASES OF RECORDABLE WORK-RELATED ILL HEALTH

0

3. CLIENTS

Our clients' satisfaction is imperative to our success, and we pride ourselves on providing superior services at every stage of our clients' engagement with us.

We believe in building strong, long-lasting relationships and seek to continuously expand our geographical reach and the depth of our business with key clients as our partners. To foster lasting relationships, we take the time to understand our clients' needs and always aim to exceed their expectations in our delivery. To ensure that we deliver our projects on time and to the highest standard, we have robust project management, resource management methodology, processes, and controls in place. We also implement strict risk management measures to resolve any challenges in a timely fashion and deliver our projects as per our agreements with our clients and budgets.

We maintain strong and open lines of communication with our clients, actively engaging with them to gather feedback on our products and services, to ensure that we are always meeting their needs and expectations. By staying connected to our clients, we are better able to identify new business opportunities and stay informed about their future plans. By remaining aware of our clients' evolving needs, priorities, and challenges, we can address any concerns in a timely manner. This helps us to build and maintain successful business relationships, ultimately leading to increased customer satisfaction.

The main open channels of communication that our clients can use include:

- Direct calls and emails to the Business Development team
- Follow up calls that we regularly conduct with clients throughout the year
- Annual client satisfaction survey and meeting

BELOW ARE OUR KPIS RELATED TO OUR OVERALL CLIENT SATISFACTION LEVELS:

NPCC

OVERALL CLIENT SATISFACTION LEVELS

8.39
2020

8.30
2021

8.69
2022

NMDC (D&M BU)

OVERALL CLIENT SATISFACTION LEVELS

7.40
2020

7.90
2021

7.50
2022

7.50
TARGET

NPCC		
STAGE	**2021**	**2022**
Tendering Process	8.50	8.77
Project Management	8.22	8.64
Engineering	8.15	8.54
Procurement	8.88	8.71
Production	8.00	8.95
Offshore Installation	9.00	8.88
Pre-commissioning/Commissioning	8.00	8.38
Quality Assurance/Quality Control	8.00	8.5
Health, Safety & Environment	8.33	8.77

NMDC (D&M BU)		
STAGE	**2021**	**2022**
Project Information	8.00	6.30
Approach by NMDC Employee	7.90	5.00
Project QHSE	8.40	6.70
Adequacy of Project Progress	7.70	6.70
Site Office	8.80	7.50

To obtain this information, our business development team conducts annual face-to-face meetings with our clients to gather their feedback through client satisfaction surveys. We also stay in touch throughout the year with follow-up calls to make sure we capture any concerns they may have. We believe that ongoing communication is essential to understanding and meeting our clients' needs.

We highlight our capabilities and communicate them to our clients in a variety of ways. One of the ways we do this is by being visible at key industry events. In 2022, we made an impression by participating in three successful events, highlighting our expertise, and solidifying our reputation as a leader in the industry.

1. Gastech (Milan, Italy) – Sept 2022: This exhibition brought together over 750 exhibitors, providing an unparalleled opportunity to connect with key players in the industry and explore the latest innovations and trends shaping the future of energy.
2. ADIPEC (Abu Dhabi, UAE) – Nov 2022: This premier event for oil, gas, and energy professionals provided access to the latest industry knowledge, innovations, technical expertise, applications, products, solutions, and services.
3. EGYPS (Cairo, Egypt) – Feb 2022: This is the most important oil and gas exhibition and conference in North Africa and the Mediterranean, which brought together industry leaders to engage in dialogue, create partnerships, and identify innovative solutions and strategies that will reshape the global energy market.

NUMBER OF PRODUCTS/ SERVICES FOR WHICH HEALTH AND SAFETY IMPACTS ARE ASSESSED

29	34	45
2020	2021	2022

0
INCIDENTS OF NON-COMPLIANCE WITH REGULATIONS THAT RESULTED IN A FINE OR PENALTY

0
INCIDENTS OF NON-COMPLIANCE WITH REGULATIONS THAT RESULTED IN A WARNING

0
INCIDENTS OF NON-COMPLIANCE WITH VOLUNTARY CODES

4. COMMUNITY

(GRI 202-2, GRI 413, S11, S12)

By cultivating strong relationships with local residents and organizations, we are better positioned to create a positive impact on society and increase employee engagement by providing them with opportunities to volunteer. We outline our social responsibility and ambitions, address social and environmental challenges and contribute to the well-being of our communities through our Corporate Social Responsibility strategy. This includes prioritizing offering employment opportunities to UAE nationals, prioritizing local suppliers and implementing a variety of initiatives to give back to the community.

OUR CORPORATE SOCIAL RESPONSIBILITY

At NMDC, we take our corporate social responsibility (CSR) very seriously and ensure that we are always investing back into the community. In 2022, we updated and refined our CSR strategy to align it with our Group strategy and ensure all of our efforts are executed in a strategic manner.

We are proud to say that we have invested a total of AED 7,757,000 back into the community, which represents a 6.3% increase from the previous year. Some of our main contributions have included sponsoring the Al-Jazeera Football Club, providing rehabilitation services for individuals with disabilities, and offering educational assistance to the relatives of our employees who are classified as people of determination.

TOTAL AMOUNT IN AED	
10,339,707.00	2020
7,295,000.00	2021
7,757,000.00	2022

Moreover, we understand the importance of community-related activities in fostering a sense of belonging among our employees and creating a more positive working environment. As such, we involve our employees in giving back to the community through volunteerism.

As part of our internal initiatives, we strive to contribute to the overall wellbeing of our employees by addressing various issues that can boost their welfare. In 2022, some of our initiatives included supporting our labour force in performing Umrah and Hajj, hosting health campaigns such as general check-ups and breast cancer awareness, and organizing sports activities for employees, among others.

We firmly believe that it is our duty to give back to the community and we are dedicated to making a positive impact in all the areas we operate.

EMIRATIZATION

Our Emiratization efforts go beyond just being a contribution to the community, but form an integral part of our purpose, mission, and vision. By increasing the number of UAE citizens in our workforce, we play a crucial role in the growth of the economy and the preservation of the UAE's rich culture and values.

We believe that by providing jobs for Emiratis in the private sector, we are providing them with the skills and opportunities they need to build successful careers and be active, key contributors to their local communities. This not only supports the economic development of the UAE, but also contributes to the social development of the country.

We take our role as a responsible corporate citizen seriously, and our Emiratization efforts reflect that commitment. We are dedicated to creating an inclusive workforce that represents the diverse culture of the UAE and plays a crucial role in shaping the country's future.

EMIRATIZATION RATE

NMDC	NPCC	TOTAL
5.93% 2020	12.53% 2020	9.90% 2020
5.89% 2021	12.35% 2021	9.70% 2021
8.96% 2022	8.18% 2022	7.00% 2022

PROSPERITY

OUR ALIGNMENT

Material Topics

- Strong Governance and Business Ethics
- Economic Performance
- Procurement Practices

GRI Standards

- GRI 201 - Economic Performance
- GRI 203 - Indirect Economic Impacts
- GRI 204 - Procurement Practices
- GRI 205 - Anti-Corruption
- GRI 308 - Supplier Environmental Assessment
- GRI 414 - Supplier Social Assessment

Abu Dhabi رؤية 2030 Vision

- A sustainable knowledge-based economy
- An optimal, transparent regulatory environment
- Premium education, healthcare, and infrastructure assets
- Maintaining Abu Dhabi's values, culture and heritage

SDGs

8 DECENT WORK AND ECONOMIC GROWTH
9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

1. ECONOMIC VALUE CREATION

(GRI 201-1, GRI 203-2)

ECONOMIC VALUE GENERATED & DISTRIBUTED

Economic prosperity plays a crucial role in the well-being of individuals and communities; therefore, we prioritize the creation and distribution of economic value to all our stakeholders. Our employees are a crucial part of this equation. By providing fair and competitive remuneration, we help them to reach their aspirations and contribute to the well-being of their families and communities. Additionally, we pay our share of taxes and VAT, which enables governments to fulfil their obligations to their citizens.

Furthermore, our commitment to sourcing from local suppliers not only supports the local economy but also helps to build strong relationships with the communities in which we operate. Additionally, we make a direct impact on the community through charitable donations, sponsorships, and volunteer activities.

Ultimately, our ability to create and distribute economic value is a clear indicator of our success as a company. For a comprehensive understanding of our financial performance in 2022, please refer to our audited financial statements.

2. PROCUREMENT PRACTICES

(GRI 204-1, GRI 308-1, GRI 414-1, G4)

We believe in fostering strong partnerships and open communication with our suppliers to strengthen the local supply chain and encourage ethical and responsible practices. By supporting local suppliers, we not only contribute to the development of the UAE economy, but we also prioritize local sourcing, which leads to job creation, capacity building and skill development. Additionally, local procurement helps us reduce our carbon footprint by minimizing transportation costs and delivery times.

To drive sustainable procurement practices, we have a strict supplier Code of Conduct in place to ensure that we only work with suppliers who act with integrity and align with our company values. All our suppliers are required to adhere to this code, and local suppliers must formally certify their compliance.

	TOTAL NUMBER OF SUPPLIERS	PERCENTAGE OF LOCAL SUPPLIERS
	NMDC	
2020	153	92.16%
2021	124	95.16%
2022	320	65.94%
	NPCC	
2020	3,463.00	81.75%
2021	3,514.00	82.41%
2022	3,601.00	82.50%
	TOTAL	
2020	**3,616.00**	**82.19%**
2021	**3,638.00**	**82.85%**
2022	**3,921.00**	**81.15%**

	TOTAL PROCUREMENT SPENDING (IN AED MILLION)	PERCENTAGE OF PROCUREMENT SPENDING ON LOCAL SUPPLIERS
	NMDC	
2020	1,655.42	90.31%
2021	678.45	99.04%
2022	2,413.28	91.30%
	NPCC	
2020	1,333.72	30.76%
2021	1,354.20	54.89%
2022	3,652.49	41.39%
	TOTAL	
2020	**2,989.14**	**63.74%**
2021	**2,032.64**	**69.63%**
2022	**6,065.77**	**61.25%**

We are proud to have consistently maintained a high percentage of local suppliers, at 82-83%, and we monitor the quality of our suppliers through pre- and post-award performance assessments. At our NPCC entity, our supplier and subcontractor performance scores are consistently high, as detailed in the following table:

	SUPPLIER PERFORMANCE	SUB-CONTRACTOR PERFORMANCE
2020	73.1%	80.6%
2021	90%	79.8%
2022	NOT AVAILABLE	80.9%

We understand the importance of having efficient inventory management practices in place. By maintaining the right level of stock, we can ensure smooth operations, avoid supply chain interruptions, and ultimately, keep our customers happy.

As a measure of our success in this area, our subsidiary NPCC sets a yearly target for stock efficiency, with a goal of achieving 80%. In 2022, we exceeded this target with an impressive score of 84.06%. This highlights our commitment to keeping our inventory at optimal levels and avoiding any potential disruptions to our business.

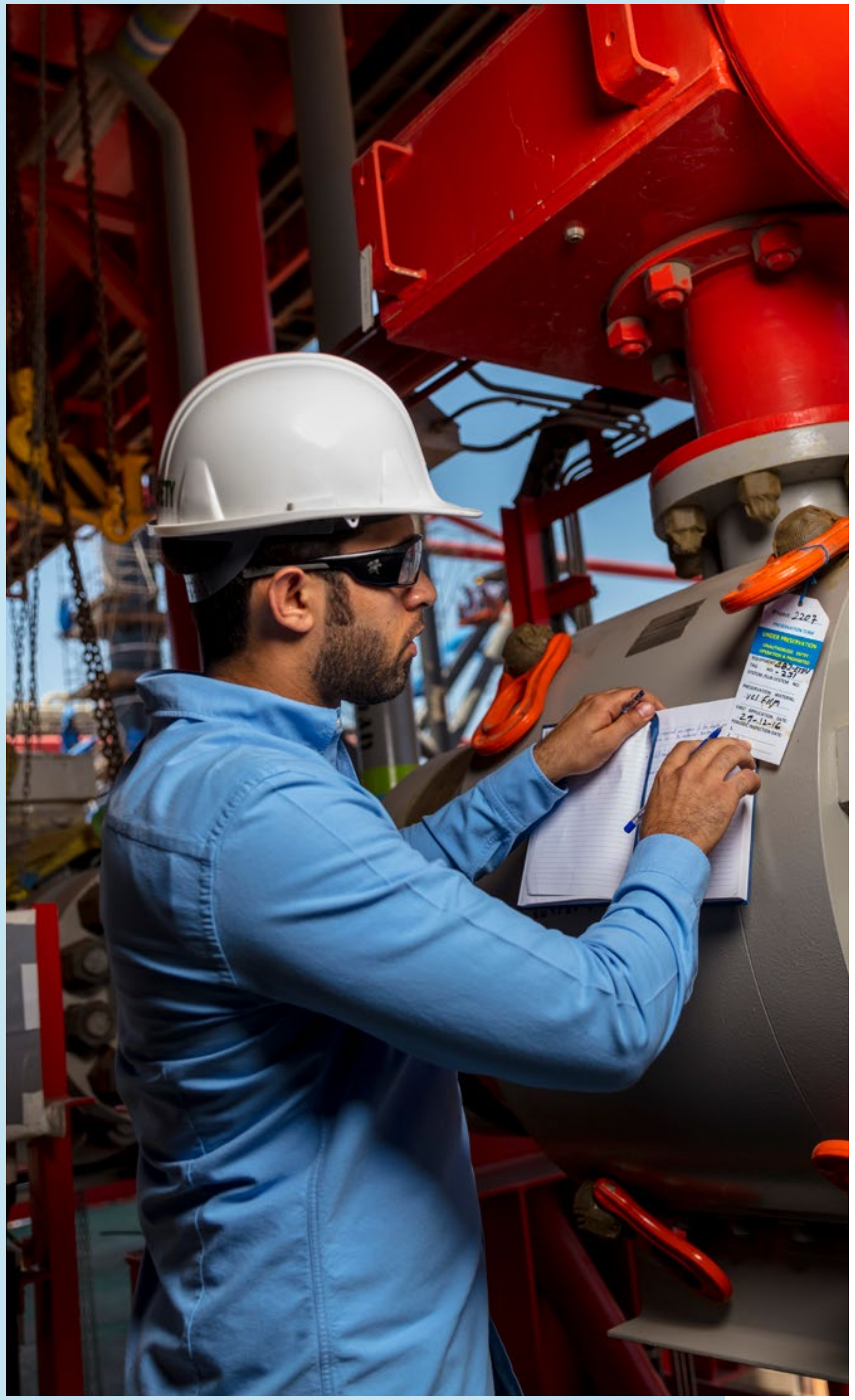
Continuously strengthening our procurement capabilities and increasing processes efficiency:

- We have established a yard in KSA which includes warehouses and storage facilities. We expect this to be ready for use by Q3 2023.
- We have installed a new tower crane in our material operations yard in Abu Dhabi to enhance material processing and more effectively feed the blasting machine

EMBEDDING ENVIRONMENTAL CONSIDERATIONS INTO OUR PROCUREMENT PRACTICES

To make our procurement practices more environmentally and socially responsible, we are always looking for ways to further integrate ESG considerations into our sourcing. This enables us to improve our overall ESG performance, drive innovation and minimize the risk of negative impacts on the environment, communities, and employees. Additionally, this approach can also reduce the risk of legal action and reputational damage.

In 2022 we implemented new key performance indicators (KPIs) with a focus on sustainability. These include a goal of clearing 85% of scrap material, which we exceeded with a score of 88.61%, and a target of a 1.25% discrepancy rate in materials, which we accomplished with a score of 0.54%.



3. INNOVATION

(GRI 201-1, GRI 203-2)

Innovation is at the heart of everything we do at NMDC Group. It allows us to not only increase the value we generate for all stakeholders, but also stay ahead of the curve in our industry. Sustainability is a key pillar in all our innovation-related initiatives, as we strive to not only improve our operations but also make a positive impact on society.

Our dedication to innovation has been a major competitive advantage for us, gaining the trust of our clients and solidifying our position as industry leaders. We foster a culture that encourages and empowers our employees to produce novel solutions, which helps us evolve and stay ahead.

We have a dedicated Innovation Plan and Framework in place to enabling new ideas to be shared and discussed. Additionally, we also have a plan in place to create and register new patents to create intellectual capital value. Our Strategy & Sustainability Committee, which reports directly to the Board, leads these efforts, and supports innovative initiatives throughout the organization.

INNOVATION & KNOWLEDGE MANAGEMENT COMMITTEE

Established in 2016, our dedicated Innovation & Knowledge Management Committee is focused on enhancing performance, quality, and efficiency of operations in line with NPCC's overall business plan. The committee is led by the Chairman of NPCC and includes senior representatives from major departments. They are supported by teams of 'innovation assessors' who are selected from across the company, ensuring that ideas are evaluated by knowledge experts and cross-departmental collaboration is encouraged.

The Committee have also built a comprehensive program to actively foster a culture of innovation and promote creative problem solving. The innovation cloud portal is easily accessible to everyone within the organization, making it easy for employees to participate in our 'innovation schemes.'

This approach has led to tangible results. In 2020, NPCC realized savings of AED 75.5 million from our innovation efforts. This is a testament to the effectiveness of our approach and the effectiveness of our efforts to foster a culture of innovation at NMDC Group.

ACTUAL SAVINGS FROM INNOVATION (IN AED MILLION)	
2020	75.5
2021	N/A
2022	N/A

	NUMBER OF CREATIVE IDEAS	NUMBER OF ACCOMPLISHED INNOVATIONS	NUMBER OF "QUICK" IDEAS	NUMBER OF "CHALLENGE ME" IDEAS	NUMBER OF IDEAS ON HSE & SUSTAINABILITY DRIVEN BY EMPLOYEES
2020	85	58	13	700	15 w/2 Accomplished Innovation
2021	62	2	22	N/A	8
2022	N/A	N/A	N/A	N/A	N/A

INTRODUCTION

We at National Marine Dredging Company Group (hereafter referred as “NMDC” or the “Company” or the “Group”) are proud of how far our growth strategy has taken us, which has led to the ongoing national and international operating expansion in an evolving global environment.

We acknowledge that the environment in which we operate provides challenges from a governance and regulatory perspective; however, we are confident that our commitment to adopting and complying with good corporate governance practices, and our culture and values will continue, as ever, to provide the Company with a strong foundation that will enable the Board of Directors and the Company to meet their obligations towards the shareholders and stakeholders.

The purpose of this document is to report on the corporate governance framework at NMDC, in accordance with Resolution No. 3 of 2020 concerning Approval of Joint Stock Companies Governance Guide (hereafter referred as “Corporate Governance Guide”) issued by the Securities and Commodities Authority (hereafter referred as “SCA”) and as amended from time to time.

This report provides an overview of NMDC corporate governance systems and procedures for the period commencing from 1st January 2022 to 31st December 2022 and has been published on Abu Dhabi Exchange (ADX) website as well as the Company’s website.

H.E. MOHAMED THANI MURSHED AL RUMAITHI
Chairman of the Board of Directors

MR. AHMED AMER OMAR SALEH OMAR
Audit Committee Chairman

MR. MOHAMED IBRAHIM AL HAMMADI
Nomination & Remuneration Committee Chairman

MR. KASHIF NAWAZ SHAIKH
Internal Audit & Compliance Director

CORPORATE GOVERNANCE PRACTICES

CORPORATE GOVERNANCE RULES

The Board of NMDC is committed to implementing strong corporate governance practices to a standard derived from amalgam of UAE guidelines and international best practices. Underpinning these legislative, regulatory and best practice requirements are NMDC values and philosophies, which provide the framework against which we measure behavior and practices to assess the characteristics of good governance. Our values require that directors and employees act with integrity and conduct themselves to promote and maintain trust.

Sound corporate governance is therefore implicit in our values, culture, processes, functions and organizational structure. Structures are designed to ensure that our values remain embedded in all businesses and processes. We continually refine these structures and a written statement of values serves as our code of ethics. NMDC undertakes a frequent review of its strategic and operational environment, including communication with its stakeholders, in order to determine an appropriate balance, scope and sophistication of the corporate governance framework which is proportionate to NMDC's nature, size and complexity.

The corporate governance culture of NMDC is driven by:

- A well informed and effective Board to direct the Company's affairs and set its objectives;
- Clearly defined roles and responsibilities of the Board, its members, its committees, and key Company officers and executives;
- Selection of productive strategies and management of risks;
- Appropriate delegation and monitoring of responsibility and accountability to Management;
- Satisfying the interests of stakeholders through relevant and material disclosures;
- Ensuring compliance with all regulatory obligations;
- Ensuring that the Company's performance and financial reporting are properly directed and controlled through an effective internal control system;
- Engaging with the community; and
- Adopting high ethical standards and practices by the Company, its officers, and employees.

To achieve these aims, and to ensure compliance with the specific requirements of the Corporate Governance Guide issued by SCA, the Company has developed and implemented its Corporate Governance Manual, which contains policies on the following subjects:

- Board and Director Matters;
- Board Committees and their Charters;
- Delegation of Authority;
- Relationship with Shareholders;
- Company's Disclosure Obligations;
- Internal Control System;
- Engagement of Auditors;
- Code of Conduct; and
- Share Dealing Policy.

The Board has reviewed Resolution No.3 of 2020 in relation to Corporate Governance and its related amendments and Federal Law No. 2 of 2015 amendments concerning commercial Companies and will update the Corporate Governance Manual to align with these requirements.

The Board is responsible to the Company's shareholders for creating and delivering sustainable value through the management of the Company's businesses. Although day-to-day management of these businesses is delegated to the Management, the Board is responsible for providing strategic direction, management supervision and adequate controls with the ultimate objective of promoting the success and long-term value of the Company. The Board retains responsibility for the overall performance of the Company, and ensures that Management strikes an appropriate balance between promoting long-term growth and delivering short-term objectives.

CORPORATE GOVERNANCE STRUCTURE

Corporate Governance is the system by which the business of the Company is directed and controlled. The implemented corporate governance structure specifies the distribution of rights and responsibilities among different stakeholders within the Company, such as, the Board Chairman, Group Chief Executive Officer, Chief Officers, Managers and shareholders; and establishes the rules and procedures for making decisions on corporate affairs. The primary goal of the Company's corporate governance policy is to create and sustain value within the Company.

The Company believes that it is important that these principles of governance are made transparent to all the stakeholders and to safeguard their rights and promote their participation in the Company's corporate governance process.

The Board plays a central role in the Company's corporate governance framework. It is ultimately responsible for ensuring that the Company complies with its legal and regulatory obligations, the Company's Memorandum and Articles of Association, and its duties to shareholders. The Board is assisted in this process by various Board committees (particularly Audit Committee, Nomination and Remuneration Committee, and Strategy Committee), external and internal auditors, and company officers and employees (including the Group Chief Executive Officer, Group Chief Financial Officer, Internal Audit and Compliance Director and other members of Management).

In addition to the Articles of Association and regulating laws, the NMDC Board has approved a wide range of charters, codes, policies and carefully defined business structures and processes in order to record their decisions and delegations, and regulate the operations and overview activities of the Company and its subsidiaries. The Board has also issued general principles of behavior and personal conduct for which all directors and staff are accountable as individuals and as a collective entity.

DISCLOSURE PRACTICES

The Company is committed to comply with all of its disclosure obligations, including to the SCA, the Abu Dhabi Stock Exchange (hereafter referred as "ADX") and to shareholders, so that trading in its shares can take place in an informed market. In 2022, the Company made regular disclosures to SCA and ADX including upcoming Board meetings and decisions, publication of Annual Report, Corporate Governance Report, Sustainability Report and other announcements on key financial and/or operational matters/transactions, copies of which are generally available or updated on the Company's website.

DELEGATION OF AUTHORITY

The Board bears ultimate responsibility for the operations of the Company, and within the provisions of the Articles of Association, UAE Companies Law and approved Corporate Policies and Procedures, the Board has the authority to delegate its powers to the committees and senior management.

The Board approved the latest version of the Delegation of Authority in 2020. The Delegation of Authority outlines authority limits delegated by the Board to the executive committees, management and employees in order to run the Company's affairs and operations within the United Arab Emirates and overseas locations. Currently, the Delegation of Authority is under review after the reorganization due to the merger with National Petroleum Construction Company.

The Board has also delegated certain authority to its committees, being the Audit Committee, the Nomination and Remuneration Committee, and the Strategy Committee, as defined within their Charters, and updates to which were approved in 2019.

CODE OF BUSINESS CONDUCT AND FRAUD CONTROL POLICY

The Company recognizes the importance of establishing and maintaining a set of core values and approaches to the process of doing business. The Company demands, and will maintain, the highest ethical standards in its business activities through a detailed Code of Business Conduct and Fraud Control Policies, which address the following areas:

- Compliance with Laws, Rules and Regulations;
- Personal Conduct;
- Standard of Conduct;
- Confidentiality and Intellectual Property Rights;
- Integrity and Conflicts of Interest;
- Competition and Fair Dealing;
- Corporate Opportunities;
- Protection and Proper Use of the Company's Assets;
- Environment and Community Service;
- Health and Safety;
- Reporting any Violations of the Code;
- Compliance Procedure; and
- Disclosure in Reports and Documents.

Company officers and employees are required to comply with these Codes in performing their duties.

DIRECTOR'S INDUCTION POLICY

The Company's policy on director induction requires all new Directors to participate in the Company's induction program. This program includes presentations by Management to familiarize new Directors with the Company's objective and strategic plans, business operations and activities, business units and departments, and principal officers and employees. The program aims at providing the information required to ensure that a new Director understands his/her duties and responsibilities under the applicable laws and regulations, the Company's corporate governance framework, and understands the Company's policies in its field of operations.

SHARE DEALING POLICY

The purpose of the Company's share dealing policy is to ensure that the Company's Directors and employees (and their Connected Persons) do not deal or trade in securities issued by the Company or its subsidiary or sister companies based on undisclosed confidential information or in circumstances of conflict.

The Company's share dealing policy is that no Director or employee of the Company (or any subsidiary or other company controlled by the Company) may deal in the Securities of the Company whilst they are in possession of any information which could affect the price of the Securities of the Company, where such information has not been disclosed to the ADX. Directors who are not in such possession may only deal in the securities of the Company with the prior written consent of the Chairman (or, in his absence, of the Vice-Chairman), whilst employees who are not in such possession may only do so with the prior written consent of the Group CEO (or, in his absence, the Company Secretary).

This policy does not avoid the need to obtain the consent of the ADX Board of Directors before trading in the Company's Securities, and does not permit any Director or employee to deal in the Securities of the Company during any Blackout Period, as defined Company's Corporate Governance Manual. This policy is also in addition to, and does not avoid the legal requirement to comply with, any applicable laws or regulations. Directors and employees remain personally liable for their non-compliance with any applicable laws and regulations.

INSIDERS FOLLOW-UP & SUPERVISION COMMITTEE

The Insiders Follow-up & Supervision Committee has responsibility for the register of insiders including monitoring, follow up, supervising and managing the dealings of all insiders, registering their dealings and ownership in the register and to communicate and report to ADX regularly on all such matters.

The Insiders Follow-up & Supervision Committee comprises of the following members:

NAME	POSITION	DESIGNATION
Mr. Kashif Nawaz Shaikh	Internal Audit and Compliance Director	Committee Head
Mr. Mohammed Al Falahi	General Purchasing Manager	Committee Member
Mr. Khaled Al Shalati	Investor Relation Officer	Committee Member

Mr. Kashif Nawaz Shaikh acknowledges his responsibility for the follow-up & supervision system on transactions of the insiders in the Company, review of its work mechanism and ensuring its effectiveness.

The Committee in 2022 regularly reviewed and updated the Register of Insiders. Further, in line with ADX regulations and NMDC Group Corporate Governance Manual, notifications were communicated to Insiders for blackout periods. During the year 2022 there was no trading conducted by insiders.

TRANSACTIONS IN COMPANY'S SECURITIES BY BOARD MEMBERS

The Board of Directors, as well as Company Management understand their obligations with respect to disclosure requirements, in connection with their dealings in NMDC securities and are compliant with all requirements set by SCA and ADX.

The table below provides details of dealing in NMDC securities and balances as at 31 December 2022, by current Board Members and their wives, sons and daughters.

NAME	POSITION/ RELATIONSHIP	SHARES HELD AS AT 31/12/2022	TOTAL SALE TRANSACTIONS	TOTAL PURCHASE TRANSACTIONS
Mr. Abdul Ghafar Abdul Khaleq Al Khouri	Member	5,999,999	-	-
	Son	3,199	-	-
	Son	3,199	-	-
	Son	3,199	-	-
	Son	3,199	-	-
	Daughter	3,199	-	-
Mr. Mohamed Ahmed Bandouq Al Qamzi	Wife	53,999	-	-

BOARD OF DIRECTORS

ROLE OF THE BOARD

The Board is responsible to the Company's shareholders for creating and delivering sustainable value through oversight of the Company's business. In particular, the Board is responsible for providing strategic direction, management supervision and adequate controls, with the objective of promoting success and long-term value of the Company, and is accountable for performance and affairs of NMDC Group.

The Board also plays a central role in the Company's corporate governance framework. The Board has adopted a Corporate Governance Manual, which provides a framework of how the Board operates as well as the type of decisions to be taken by the Board and which decisions should be delegated to Management. The Board is ultimately responsible for ensuring that the Company complies with its legal and regulatory obligations, the Company's Memorandum and Articles of Association, and its duties to shareholders.

COMPOSITION OF THE BOARD

NMDC Board of Directors comprises the following members:

NAME	DESIGNATION	MEMBERSHIP CATEGORY	YEAR OF INITIAL APPOINTMENT
H.E. Mohamed Thani Murshed Al Rumaithi	Chairman	Non-Executive	2007
Mr. Hamad Salem Mohammed Al Amri	Vice Chairman	Non-Executive & Independent	2021
Mr. Abdul Ghaffar Abdul Khaleq Al Khouri	Member	Non-Executive	2007
Mr. Mohamed Ahmed Bandouq Al Qamzi	Member	Non-Executive	2013
Mr. Mohamed Ibrahim Al Hammadi	Member	Non-Executive & Independent	2021
Mr. Yaser Saeed Al Mazrouei	Member	Non-Executive & Independent	2021
Mr. Ahmed Amer Omar Saleh Omar	Member	Non-Executive & Independent	2021

REPRESENTATION OF FEMALE MEMBERS IN THE BOARD OF DIRECTORS

The Company's Board was re-constituted during 2021 for which the Company sent out advertisements in line with applicable law and regulations seeking nominations for the Board from eligible members. The Nomination and Remunerations Committee of the Board reviewed the nominations received as per the Company's Articles of Association and applicable regulations; however, no female member nomination was received. Therefore, there is no female representation in the current Board of Directors.

DIRECTOR'S QUALIFICATION AND EXPERIENCE

The current NMDC Board of Directors' qualifications and experience are as follows:

H.E. MOHAMED THANI MURSHED AL RUMAITHI
CHAIRMAN

Mr. Mohamed Thani Mushed Al Rumathi is a businessman who has been serving as the Chairman of the Board of Directors of NMDC Group since 2007. He also serves as the Chairman of Alpha Dhabi Holding and Thani Murshed Uniliver, and Board Member of First Abu Dhabi Bank. Previously, Mr. Al Rumaithi served as a Chairman of Abu Dhabi Chambers of Commerce and Industry.

Mr. Al Rumathi holds a Bachelor Degree in Business Administration.

MR. HAMAD SALEM MOHAMMED AL AMRI
VICE CHAIRMAN

Mr. Hamad Salem Mohammed Al Amri serves as a Managing Director and Chief Executive Officer of Alpha Dhabi. He also serves as Board Member in ALDAR, ADC Acquisition Corporation and Mawarid Holding Investment.

Mr. Al Amri holds a Master Degree in Business Management and Bachelor Degree in Civil Engineering.

MR. MOHAMED AHMED BANDOUQ AL QAMZI
DIRECTOR

Mr. Mohamed Ahmed Bandouq Al Qamzi serves as an advisor of his HH Managing Director Office at Abu Dhabi Investment Authority. He also serves as Chairman of Khalidiya Cooperative Society and member of National Consultative Council.

Mr. Al Qamzi holds an Executive Master of Business Adminstration, Bachelor Degree of Science in Management, and completed Program for Leadership Development.

MR. ABDUL GHAFFAR ABDUL KHALEQ AL KHOURI
DIRECTOR

Mr. Abdul Ghafar Abdul Khaleq Al Khouri is a self-made businessman who serves as a Chief Executive Officer of Abdul Khaleq Abdulla Khouri and Sons, and Managing Director of Milipol International.

He previously acted as a Council Member of Abu Dhabi Municipality and Board Member of Al Khazna Insurance Company.

MR. MOHAMED IBRAHIM AL HAMMADI
DIRECTOR

Mr. Mohamed Ibrahim Al Hammadi serves as Managing Director and Chief Executive Officer of Emirates Nuclear Energy Corporation. He also serves as a Board Member of Barakah One Company, Nawah Company and Abu Dhabi Ports.

Mr. Al Hammadi holds a Master Degree in Engineering Management, Bachelor Degree in Electrical Engineering and Honorary Doctorate.

MR. AHMED AMER OMAR SALEH OMAR
DIRECTOR

Mr. Ahmed Amer Omar Saleh Omar serves as a Board of Director and founder of Al Amry Group, Managing Director of Apex Holdings, Chairman of Ras Al Khaimah Cement Company and Chairman of Eltizam.

Mr. Omar holds a Bachelor Degree of Business Management.

MR. YASER SAEED AL MAZROUEI
DIRECTOR

Mr. Yaser Saeed Al Mazrouei serves as the Chief Executive Officer of the Exploration, Development and Production Department – ADNOC. He is also a Board Member of ADNOC Drilling.

Mr. Al Mazrouei holds a Master Degree of Petroleum Engineering.

DIRECTORS REMUNERATIONS

The Company's General Assembly determines remuneration of the Board of Directors on an annual basis. According to the Company's Articles of Association and the Corporate Governance Guide, the Director's remuneration cannot exceed 10% of net profits of the Company, after deducting depreciations and statutory reserve.

The Nomination and Remuneration Committee is also required to review, at least annually, the remuneration proposed to be paid to Directors, whether in their capacity as members of the Board or of the Board Committees, and make recommendations to the Board as considered appropriate.

In 2022, the Board of Directors were paid remuneration of AED 8 million in respect to financial year 2021. As at 31 December 2022, the Company is carrying a provision of AED 80 million towards Board remuneration and employee bonuses.

Apart from the above remuneration, no other remuneration or allowances have been paid to Board members for attending the meetings of the Board or membership remuneration in the committees formed by the Board for year 2022.

BOARD OF DIRECTORS MEETING

The Board of Directors held four (4) meetings during 2022 on the following dates:

NAME	MEETING NO. 1 27/01/2022	MEETING NO. 2 14/04/2022	MEETING NO. 3 20/09/2022	MEETING NO. 4 28/12/2022
H.E. Mohamed Thani Murshed Al Rumaithi	✓	✓	✓	✓
Mr. Hamad Salem Mohammed Al Amri	✓	✓	✓	✓
Mr. Abdul Ghaffar Abdul Khaleq Al Khouri	✓	✓	✓	✓
Mr. Mohamed Ahmed Bandouq Al Qamzi	✓	✓	✓	✓
Mr. Mohamed Ibrahim Al Hammadi	✓	✓	✓	✓
Mr. Yaser Saeed Al Mazrouei	✓	✓	X	✓
Mr. Ahmed Amer Omar Saleh Omar	✓	✓	✓	✓

✓ refers to attendance **X** refers to absence

BOARD SECRETARY

The position of Board Secretary is held by an external consultant Allen and Overy, an international law firm which was appointed in 2012. Allen & Overy has 38 years of experience in the region and over 5600 employees, 90 lawyers, 23 partners and over 40 offices in different countries. Statement of their duties during the year were the following:

- Preparing and sending invitations for Board of Directors meetings;
- Distributing Board of Directors Meeting Agenda;
- Taking minutes of meeting during Board of Directors meeting; and
- Providing legal advisory to the Board of Directors when needed.

DUTIES AND COMPETENCIES OF THE BOARD PERFORMED BY BOARD MEMBERS OR EXECUTIVE MANAGEMENT

Under the Articles of Association, and by virtue of various resolutions, the Board of Directors of the Company have delegated to committees of the Board, Board members, the Group CEO or other officers, the authority to transact business on behalf of the Company.

To that end, the Board has nominated, appointed and authorized, through a Power of Attorney, the Chairman and Vice Chairman of the Board of Directors jointly, or any one of them jointly with any other member of the Board of Directors, to perform certain of the duties of the Board of Directors. The duration of the Power of Attorney is from 30 November 2021 to 29 November 2024. Some (but not all) of the duties so delegated are listed below.

- Attend to all matters affecting the Company, and its subsidiaries and their business, and to represent, act for and sign on behalf of the Company before Governmental and Local Departments.
- Open, withdraw, administer and close in the name of the Company or any of its subsidiaries accounts with any bank, financial institutions, trust or fund inside and outside the United Arab Emirates.
- Represent the Company and any of its subsidiaries in the United Arab Emirates or elsewhere and execute and sign all relevant and required documents in relation to any amendment, waiver or change (of any nature) to the Company's status or its subsidiaries status, its capital, management, employees or any other constitutional and corporate issue, and to receive on behalf of the Company any certificate or document regarding such amendments or changes.
- To have full authority to negotiate, conclude, sign and deliver all contracts or agreements relating to acquisitions and ownership of other companies or associations whether inside or outside the United Arab Emirates.
- Enforce, protect and defend the interest of the Company or any of its subsidiaries in all law suits or other legal proceedings, whether brought by the Company or any of its subsidiaries or against it.

Further, the Board of Directors has issued two delegation of authority to the Group Chief Executive Officer, details of which are set out below:

NAME OF THE AUTHORIZED PERSON	SCOPE OF AUTHORITY	DURATION OF DELEGATION
Mr. Yasser Nassr Zaghloul - Group Chief Executive Officer	Authority to conduct the daily management activities and represent NMDC Group	9-Mar-2022 to 8-Mar-2025
	Authority to establish and represent Survey & Dive LLC and Safeen for survey services and marine operations LLC	12-Jun-2022 to 31-Dec-2022

RELATED PARTY TRANSACTIONS

The Company has entered into transactions with companies and entities that fall within the definition of a related party under the Corporate Governance Guide or the International Accounting Standards 24. The details of such transactions are disclosed in note 29 of the Company's 2022 audited annual financial statements.

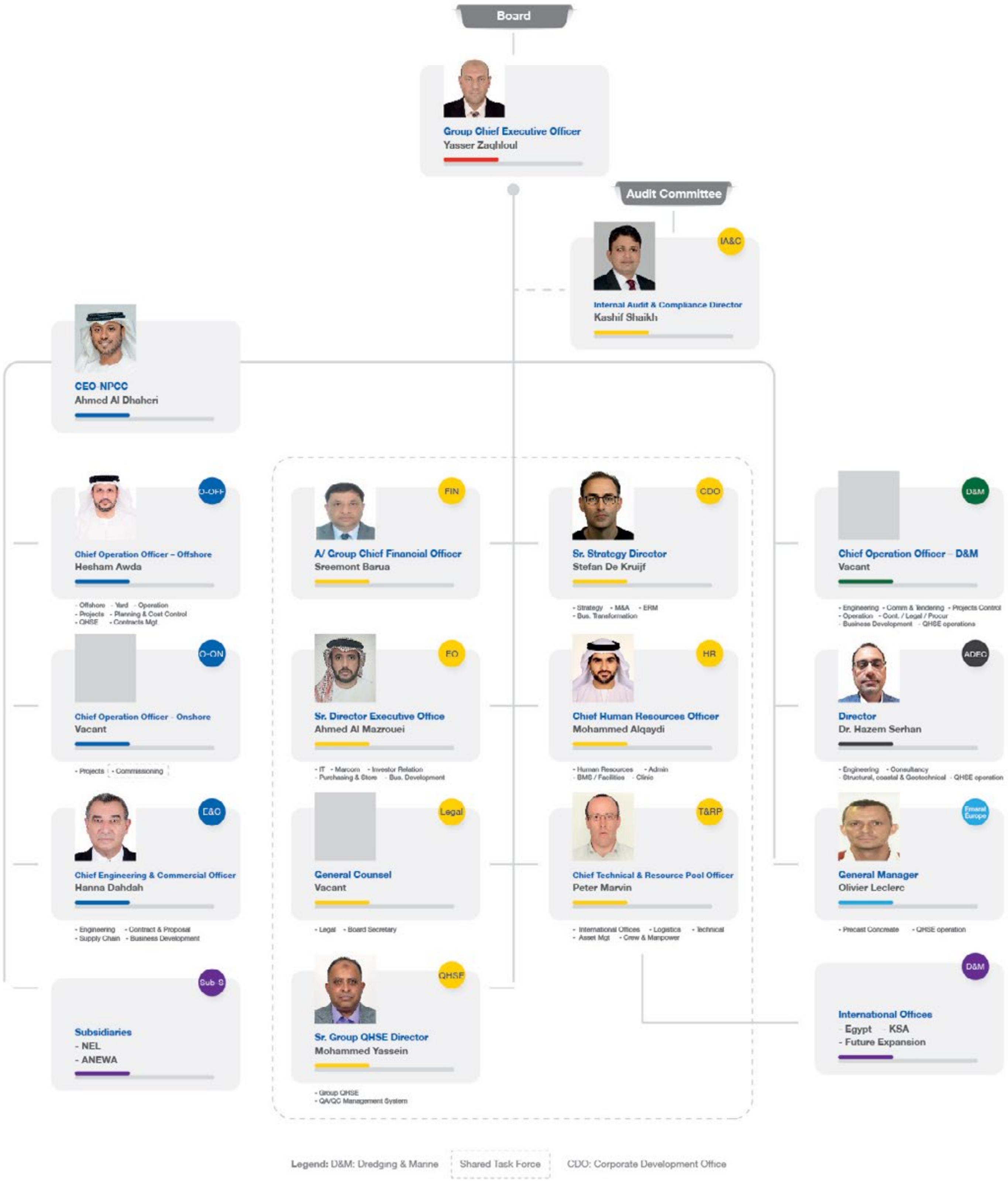
BOARD RESOLUTION BY CIRCULATION

During the year 2022, the Board have passed 4 written resolutions by circulation. Details of these resolutions is provided in the next table:

NO.	DATE	DESCRIPTION
1.	31 May 2022	Subscription to the initial Public Offering of Borouge PLC
2.	9 June 2022	Incorporation of a new company related to surveying and diving services
3.	19 July 2022	Q2 Financial Statements for the year 2022
4.	19 Oct 2022	Q3 Financial Statements for the year 2022

EXECUTIVE MANAGEMENT

The Group CEO, supported by the Management team, is responsible for the day-to-day management of the Company's businesses. The following illustrates Organization Structure of the Company.



The table below details the current Executive Management team at NMDC Group, along with their date of appointment, salaries, allowances and bonuses paid to them for the financial year 2022:

CURRENT POSITION	INITIAL DATE OF APPOINTMENT	TOTAL SALARIES AND ALLOWANCES PAID IN 2022 (AED)	TOTAL BONUSES FOR 2021 (AED)*	ANY OTHER CASH/IN-KIND BENEFITS FOR 2022
Group Chief Executive Officer	05-Feb-1998	5,362,667	4,500,000	–
Chief Executive Officer - NPCC	04-Sep-2016	3,042,310	1,769,325	–
Group Chief Financial Officer – Acting	18-Jun-2018	1,268,522	300,000	–
Chief Operating Officer – D&M**	01-Jun-2014	1,411,059	300,000	–
Chief Operation Officer – Offshore	04-Dec-2016	1,975,738	500,000	–
Chief Technical and Resource Pool Officer	16-Dec-2018	1,700,916	300,000	–
Chief Engineering and Commercial Officer	11-Sep-1980	1,469,616	400,000	–
Chief Human Resources Officer	15-Feb-2009	1,635,350	150,000	–
Senior Executive Office Director	21-Nov-2021	985,404	20,000	–
Senior Group QHSE Director	15-Jun-2010	897,479	60,000	–
Senior Strategy Director	06-Dec-2022	95,613	–	–

* Bonuses for 2022 that are payable in 2023 are yet to be determined or awarded

** Chief Operating Officer D&M has resigned with effect from 05-Nov-2022

EXTERNAL AUDITORS

APPOINTMENT OF EXTERNAL AUDITORS

Deloitte & Touche – M.E. has been NMDC Group external auditor for 2022.

Deloitte & Touche is the world's largest professional services firm with more than 330,000 employees. They have served as trusted advisors for clients in the Middle East for the past 95 years. Deloitte offers practices globally related to Audit, Consulting, Tax & Legal, Enterprise Risk Services and Financial Advisory.

The Audit Committee, after consideration and evaluation recommended appointment of Deloitte & Touche as the External Auditors for 2022. They were appointed as the Company's Auditor for the financial year 2022 by a shareholders' resolution at the Company's Annual General Meeting held on 15 March 2022.

EXTERNAL AUDITOR DETAILS FOR 2022	
Name of Auditing Firm	Deloitte & Touche – M.E.
Name of Audit Partner	Mr. Mohammad Khamees Al Tah
Number of years served as an external auditor for the Company	1 Year
Total fees for Audit and related services for Group	AED 1,447,775

OTHER SERVICES PROVIDED BY THE EXTERNAL AUDITOR FOR 2022	
IFRS and VAT training, ICV and assistance in FS disclosure and Transfer Pricing in KSA	AED 207,716
Deep Dive Consultancy Services	AED 89,853

EXTERNAL AUDITORS INDEPENDENCE

The Company adopts a policy on external auditors' independence by which the external auditor may not, while assuming the auditing of the Company's financial statements, perform any technical, administrative or consultation services or works in connection with its assumed duties that may affect its decisions and independence or any services or works that, in the discretion of SCA, may not be rendered by the external auditor.

The Company's policy includes measures to ensure the external auditors' independence, including the following:

- The Board nominates the external auditor, generally upon the recommendation of the Audit Committee;
- The appointment of the external auditor is made by a resolution of the Company's Annual General Meeting, for a period of one year renewable;
- The external auditor should be independent from the Company and its Board and may not be a partner, agent or a relative, even of the fourth degree, of any founder or director of the Company; and
- Review and approval by the Audit Committee for any proposed additional services from the external auditors.

Management obtains comfort on independence of the appointed external audit firm through direct inquiry to the firm on independence of the external audit engagement team. Such independence is also reiterated by the appointed auditors during their quarterly presentation to the Audit Committee/ Board.

SERVICES RECEIVED FROM OTHER EXTERNAL AUDIT FIRMS

Services received from other external audit firms in 2022 include:

SERVICE PROVIDER	NATURE OF SERVICE	VALUE OF SERVICE (AED)
KPMG LOWER GULF LIMITED	Financial and Tax Due Diligence for different projects	1,479,099
	Professional services for project	213,005
	Consultancy Services for Circular Economy for Project 2300 (CRPO82)	128,801
ERNST & YOUNG	Professional Services - ICV Certificate	6,000

QUALIFICATION OF EXTERNAL AUDITORS

There were no qualification in the opinions issued by the external auditors Deloitte & Touche on the interim and annual financial statements of 2022.

BOARD COMMITTEES

The following Board committees have been established by a resolution of the Board, and comprise of non-executive/ independent Board members:

NAME OF BOARD COMMITTEE	MEMBERS
Audit Committee (AC)	Mr. Ahmed Amer Omar Saleh Omar (Chairman) Mr. Mohamed Ahmed Bandouq Al Qamzi (Member) Mr. Abdul Ghaffar Abdul Khaleq Al Khouri (Member) Mr. Mohamed Ibrahim Al Hammadi (Member)
Nomination & Remuneration Committee (N&RC)	Mr. Mohamed Ibrahim Al Hammadi (Chairman) Mr. Ahmed Amer Omar Saleh Omar (Member) Mr. Yaser Saeed Ahmed Al Mazrouei (Member)
Strategy Committee (SC)	Mr. Hamed Salem Mohamed Al Ameri (Chairman) Mr. Mohamed Ahmed Al Qamzi (Member) Mr. Yaser Saeed Ahmed Al Mazrouei (Member) Mr. Ahmed Amer Omar Saleh Omar (Member)

The Company has adopted formal Charters for each of these Board committees, which details the composition, duties, and responsibilities of each committee, amongst other things. These Charters are also compliant with requirements of the Corporate Governance Guide.

The following conditions govern relationship between the Board and its committees as per the Company's Corporate Governance Manual:

- Reporting to the Board: Each committee will report regularly to the Board about their activities and the exercise of their powers. This includes updating the Board at each Board meeting of all decisions and resolutions passed by the committees since the last Board meeting;
- Annual Evaluation: Each committee will evaluate its workings under its relevant Charters on an annual basis, with a view of improving workings of the relevant committee or its relationship with the Board; and
- Board Follow-up: The Board will follow up the operations of the committees to ensure that they are adhering to their Charters.

AUDIT COMMITTEE

Mr. Ahmed Amer Omar Saleh Omar, Audit Committee Chairman, acknowledges his responsibility for the Committee system in the Company, review of its work mechanism and ensuring its effectiveness.

The role of the Committee is to review the Company's financial and accounting policies and procedures, monitor integrity of the Company's reports and financial information, implement policy for selection of Company auditor and provide recommendation to the Board, review and assess internal control and risk management systems, set up rules to enable confidentially reporting of violations, and ensure implementation of code of conduct.

The duties and responsibilities of the Audit Committee are in line with the Corporate Governance Guide and are specified in the approved Audit Committee Charter. In particular, the Audit Committee has following key duties and responsibilities:

- Overseeing integrity of and reviewing the Company's financial statements including quarterly and annual reports;
- Developing and applying the policy for selection of external auditors, and following up and overseeing qualifications, independence and performance of the external auditor;
- Overseeing qualifications, independence and performance of the Company's internal audit staff, and approving the annual audit plan prepared by internal auditors;
- Reviewing the external and internal auditors' management letters, reports and recommendations, and management responses, and overseeing implementation of action plans recommended;
- Reviewing the Company's financial control, internal control and risk management systems;
- Overseeing scope of the Company's compliance with its Code of Conduct and its various legal and regulatory obligations; and
- Review or investigate any allegations of fraud or theft, which are brought to the Audit Committee's attention, which are made by or against employees or directors, and make appropriate recommendations to the Board.

The Audit Committee held six (6) meetings during the year 2022 to discharge the duties as entrusted to them by the Board and the Corporate Governance Guide. Following are the details of meetings held during 2022:

NAME	MEETING NO. 1 27/01/2022	MEETING NO. 2 24/2/2022	MEETING NO. 3 14/4/2022	MEETING NO. 4 19/7/2022	MEETING NO. 5 19/10/2022	MEETING NO. 6 7/12/2022
Mr. Ahmed Amer Omar Saleh Omar (Chairman)	✓	✓	✓	✓	✓	✓
Mr. Mohamed Ahmed Bandouq Al Qamzi	X	✓	✓	X	✓	✓
Mr. Abdul Ghaffar Abdul Khaleq Al Khouri	✓	✓	✓	✓	✓	✓
Mr. Mohamed Ibrahim Al Hammadi	✓	✓	✓	✓	✓	✓

✓ refers to attendance X refers to absence

The Audit Committee submits its Annual Report to the Board, on the activities that were carried out by them during the year to discharge the responsibilities entrusted to the Audit Committee.

NOMINATION & REMUNERATION COMMITTEE

Mr. Mohamed Ibrahim Al Hammadi, Nomination & Remuneration Committee Chairman, acknowledges his responsibility for the Committee system in the Company, review of its work mechanism and ensuring its effectiveness.

The role of the Committee is to set up policy and its regulation regarding nomination for the Board and executive management membership, the basis on which bonuses, privileges, incentives, and salaries shall be granted to the Board members and employees, and other related human resources policy.

The duties and responsibilities of the Nomination & Remuneration Committee are in line with the Corporate Governance Guide and are specified in the approved Nomination & Remuneration Committee Charter. In particular, the Nomination and Remuneration Committee has the following key duties and responsibilities:

- Organizing and following up the Board nomination procedures in line with requirements of applicable laws and regulations and the SCA Corporate Governance Guide, in addition to determining the Company's needs for qualified staff at the level of Senior Management and the basis for their selection;
- Verifying the continued independence of independent Board members;
- Reviewing and approving, in consultation with the Chairman of the Board and/or the Group Chief Executive Officer, the terms and conditions of the service contracts of Executive Directors and Senior Management employees;
- Reviewing at least annually, remuneration (comprising of basic salary, other allowances, and any performance-related element of salary or bonus) of the Company's employees, including the Senior Management team, and remuneration proposed to be paid to the Board Directors; and
- Preparing a succession plan for the Board and its committees, the Chief Executives, and key members of Management.

The Nomination and Remuneration Committee meets as often as required. In year 2022, the Nomination and Remuneration Committee held two (2) meetings, as detailed below:

NAME	MEETING NO. 1 26/01/2022	MEETING NO. 2 24/11/2022
Mr. Mohamed Ibrahim Al Hammadi (Chairman)	✓	✓
Mr. Ahmed Amer Omar Saleh Omar	✓	✓
Mr. Yaser Saeed Ahmed Al Mazrouei	✓	✓

✓ refers to attendance X refers to absence

STRATEGY COMMITTEE

The Strategy Committee has met several times during the year as often as the business requires. The duties and responsibilities of the Strategy Committee are specified in its approved Charter. In particular, the Strategy Committee has the following key duties and responsibilities:

- Review and evaluate the recommendations submitted by the executive management with regard to business strategy, budgets and annual plan.
- Work with the executive management to make recommendations to the Board on the business strategy and long term strategic objectives of the Company, including all subsidiaries and associates.
- Review and evaluate large scale capital investments and operational expenditure.
- Review and evaluate the Company's operational plans in support of the Company's strategic plan and refer them to the Board for final approval, including:
  - Expansion Strategy, including opening of new subsidiaries, branches and joint ventures
  - Acquisition Strategy
  - Opportunities for potential acquisitions
- Review and evaluate major unbudgeted expenditure, including those relating to contractual arrangements with consultants and advisors.
- Review and assess responses to external developments and factors, such as changes in the economy, industry trends, competition and technology, which may impact the Company's strategic plan.

INTERNAL CONTROL SYSTEM

SYSTEM OF INTERNAL CONTROL AT NMDC GROUP

The Board of Directors acknowledges its responsibility for the Company internal control system, review of its work mechanism and ensuring effectiveness. Further, the Internal Audit Department issued 18 reports to the Board of Directors in 2022.

The Company's internal control system is established to ensure that the Board and Management are able to achieve their business objectives in a prudent manner, safeguarding interests of the Company's shareholders and other stakeholders, whilst at the same time minimizing key risks such as fraud, unauthorized business activity, misleading financial statements, un-informed risk-taking, or breach of legal or contractual obligations, and also ensuring highest quality achieved in a safe and sustainable environment.

As per the approved Corporate Governance Manual, the Board is responsible for ensuring that the Company applies a precise internal control system that covers the following key functions being managed by respective heads as detailed hereunder:

DEPARTMENT	HEAD OF DEPARTMENT & DESIGNATION	DATE OF APPOINTMENT IN THIS DESIGNATION	QUALIFICATION	EXPERIENCE
Internal Audit & Compliance	Mr. Kashif Nawaz Shaikh (Internal Audit and Compliance Director)	12-Oct-2021	- Chartered Certified Accountant - Certified Internal Auditor - Cost and Management Accountant	Over 17 years of professional experience in the fields of Internal Audit, Statutory Audit, Risk Management, Corporate Governance and Business Process reviews.
Quality, Health Safety and Environment	Mr. Mohamed Yassein Mohamed (Snr. Group QHSE Director)	30-Nov-2022	- BS. Civil Engineering - Construction Management Diploma - MBA - ISO 9001:2015 Certified Lead Auditor - Nebosh International Certificate	Over 28 years of experience in Quality, HSE and Constructions.

Management is responsible for ensuring that adequate internal controls (both financial and operational) are in place and applied to safeguard and manage the assets of the Company, in an effective and efficient manner.

INDEPENDENT ASSESSMENT OF INTERNAL CONTROL SYSTEM

Internal control is designed to mitigate, not eliminate, significant risks faced. It is recognized that such a system provides reasonable, but not absolute, assurance against material error, omission, misstatement or loss. This is achieved within the Company through a combination of risk identification, evaluation and monitoring processes, appropriate decision and oversight forums, assurance and control functions such as External Audit, Internal Audit, Ethics & Compliance, Quality, Health, Safety and Environment function. These ongoing processes, which comply with leading practices and the Corporate Governance Guide, were in place throughout the year under review and up to the date of approval of the annual report and financial statements.

During the year 2022, the Company was subject to the following independent assessments of its internal control system:

- Annual external audit and interim reviews of NMDC Group consolidated financial statements through Deloitte & Touche, a professional services firm. The external audit work covers assessment of internal controls over financial reporting, although the same does not entail expressing an opinion on the effectiveness of the Company's internal control.
- Process reviews of NMDC Group business processes and functions through the Internal Audit Function, according to an Internal Audit Plan approved by the Audit Committee. The scope of internal audit for the year 2022 covered both core and support processes at NMDC Group, and were prioritized in accordance with Risk Analysis Methodology.
- Compliance program was further strengthened by conducting fraud awareness workshops for employees across the group and via internal communications on code of business conduct and whistleblowing awareness.

The internal audit procedures are designed on the assumption that the responsibility for a sound system of internal controls rests with Management, and work performed by internal audit might not lead to identifying all strengths and weaknesses that may exist, but so that any material irregularity has a reasonable probability of discovery. The internal audit procedures also focus on areas identified by Management as being of greatest risk and significance, and the internal audit plan therein is subject to approval of the Audit Committee.

The internal audit function reports directly to the Audit Committee. Internal audit reports on any control recommendations, to Senior Management and the Audit Committee. The internal audit function considers and includes focus areas for audit in the annual audit plan. Material incidents and losses and significant breaches of systems and controls are reported to the Audit Committee.

External audit function discusses their management letter with the Audit Committee, highlighting control deficiencies, if any. Appropriate processes, including review by the audit function, ensure that timely corrective action is taken on matters raised by external audit. Action plan is obtained from the Management to remediate gaps and improve internal controls to avoid similar instances in the future. Internal audit regularly follows up on implementation of action plan and reports to the Audit Committee if not implemented by the due date.

Internal financial controls are based on established policies and procedures. Management is responsible for implementing internal financial controls, ensuring that personnel are suitably qualified, that appropriate segregation exists between duties, and that there is suitable independent review. These areas are monitored by the Board through the Audit Committee, and are independently assessed by the internal audit and the compliance functions. Processes are in place to monitor internal control effectiveness, identify and report material breakdowns, and ensure that timely and appropriate corrective action is taken. NMDC Group finance coordinate, review and comment on the monthly financial and regulatory reports, and facilitate the interim and annual financial reporting process, including the independent audit process.

All internal control weaknesses noted during the year were discussed with Management and Audit Committee with proposed corrective actions.

RISK MANAGEMENT

While global risks are intensifying, Risk Management Practice aims to enforce business sustainability and continuity by providing the means and mechanism to proactively manage and control threats and opportunities. At NMDC group, we manage risks at the enterprise level by implementing the best practices in risks identification, assessment and mitigation which are applied across all organizational levels.

Enterprise Risk Management practice is a crucial pillar for achieving NMDC group desired business objectives, maintaining sustainability and protecting all stakeholders interests efficiently and effectively, and therefore Risk Management practice is applied at the strategic level, corporate level and project levels across the Group.

ETHICS AND COMPLIANCE

Ethics and Compliance Function is part of Internal Audit and Compliance Department. The role of the Ethics and Compliance function is to investigate and address any suspected wrongdoings as identified from the whistle blowing system, and to verify compliance by the Company and its officers and employees with the applicable legal and regulatory requirements (including the resolutions issued by SCA and ADX), the Company's internal policies and procedures, and commitments made to third parties (including the Company's lenders and counterparties).

The Company, has developed and implemented policies and procedures on Fraud Control, Whistle Blowing and Investigation. These policies have been formulated to provide employees an opportunity to report in good faith in case they observe any unethical or improper practices in the Company. Responsibility for overseeing and implementing the policy has been delegated to the Internal Audit and Compliance Director. The Company's management also has specific responsibility for facilitating operation of the policy. Communication sessions are held to spread awareness on fraud control and whistle blowing system to the employees of the Company. Incidents reported during the year through the whistle blowing system were adequately investigated and appropriately resolved. Human Resources function of the organization has also included such awareness in the new employee induction program.

QUALITY, HEALTH, SAFETY AND ENVIRONMENT

The year 2022, was remarkable for the QHSE department both in terms of what has been achieved and the synergy that has been created as a result of the integration and fusion of the department across the business units (BU). Thus facilitating the unification of QHSE practices, processes and culture across the group. And the formation of a solid foundation for building our QHSE practices and culture to this excellent level.

Some strategic targets and initiatives were set and achieved consistent with our focus on increasing our ability to meet internal and external stakeholders' expectations and providing support for the businesses to improve the NMDC's bottom line effect.

Key achievements:

- All Business units within NMDC Group have passed the surveillance audit for ISO 14001, 45001 and 9001, in addition to OHSAD-SF.
- NMDC has passed the accreditation certification by ANAB (ANSI National Accreditation Board) on 10 HSE-related Training Programs.
- Low rework rate at NPCC, which stood at 1.06%. (Industry standard is 5%)
- QHSE Department managed to arrange more than 227,428 QHSE training hours and 22 HSE campaigns.
- NMDC-Group records exceeded 100 million working hours in the oil and gas projects without LTI.
- Achieved excellent Project Quality Index for ARAMCO projects – 96.38 % against 90% set by ARAMCO.
- 130 Internal QHSE Audits are carried out on all departments, projects, and vessels as per our Quality Assurance Program to ensure high-quality services.
- 88 High-profile QHSE tours and site visits made by management during 2022.

The quest for excellent performance and promotion of QHSE culture in the group has resulted in the implementation of the following initiatives:

- HSE day was held across the group to celebrate our achievements, promote a safety culture and reward excellence.
- Establishment of a dimensional control role in NPCC's Quality Department to ensure the quality of dimensions critical structures.

COMPANY'S CONTRIBUTION

CORPORATE SOCIAL RESPONSIBILITY INITIATIVES

NMDC recognizes that its activities could, without careful management, have a potential impact on the marine environment. This fact directed NMDC to develop Corporate Social Responsibility (hereafter referred as "CSR") strategy, to address environment and social challenges and meet its stakeholders' expectations. The CSR strategy aligns with NMDC Mission "Environment, People, Value, and Profit", and emphasizes its strategic objective of performing activities directed "for the good of the community". NMDC CSR strategy is adapted regularly to suit the changes to its business environment and its stakeholder expectations. In addition, the QHSE policy also pursues commitment to protect people and property, prevent pollution, protect the environment, conserve power and focus on reducing adverse environmental impacts of our activities and operations. Emphasis is also given to comply with specific customer requirements, applicable laws, regulations, standards and relevant best practices.

NMDC identifies and selects CSR initiatives that link to its CSR policies and strategies, and add value to four quadrants as follows:

- Donations: NMDC encourages initiatives that enhance its participation in community life.
- Internal NMDC Customers: NMDC encourages initiatives that provide good and safe working conditions enhance work-life balance and increase employees' involvement.
- Business partners and authorities: NMDC contributes with business partners and authorities in delivering Abu Dhabi Urban Planning and Economic Vision 2030, encourages the long-term partnership strategy with vendors and sharing its lessons learned and knowledge with CEDA and IMCA members.
- HSE and Marine: NMDC encourages initiatives that results in minimizing adverse environmental impacts and achieving high environmental performance.

CONTRIBUTION TO LOCAL COMMUNITY DEVELOPMENT

NMDC appoints independent third party specialists to conduct society surveys, to evaluate the performance of CSR, and determine the actions required to improve its management of CSR policies, strategies and initiatives.

During 2022, the main activities / sponsors that were undertaken were as follows:

- Cancer Awareness campaign;
- Community outreach program including health assistance for employees' family members (people of determination);
- Health Campaigns – blood donation, health checkup, breast cancer awareness and COVID information and vaccination campaigns;
- Ramadan Campaign;
- Umrah and Hajj for laborers/worker;
- Eid donation campaign;
- Sponsorship of Al Jazira Football Club; and
- Sport activities for employees.

CONTRIBUTION TO ENVIRONMENT PROTECTION

- Environmental Initiatives - tree planting in KSA with Certification from ARAMCO;
- Environmental Services (habitat preservation, etc.) and internal awareness campaign of environmental services;
- Training programs for environmental university students;
- Earth Hour; and
- HSE Day (Health, Safety recognition and celebration event for laborers/workers).

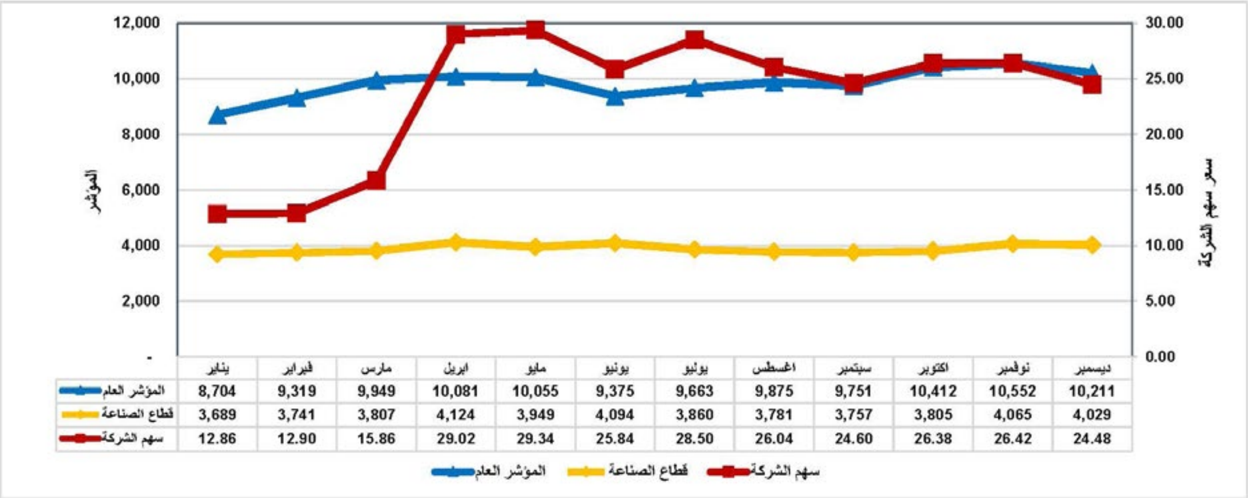
GENERAL INFORMATION

MONTHLY PRICE OF THE COMPANY'S SHARE AS COMPARED TO GENERAL AND SECTOR INDEX

Statement of company's share price in the market (closing price, highest price and lowest price), General Market Index and Sector Index at the end of each month during 2022 were as follows:

MONTH	HIGHEST PRICE	LOWEST PRICE	CLOSING PRICE	INDUSTRIAL SECTOR INDEX	GENERAL INDEX
January	14.98	12.78	12.86	3,689.46	8,704.26
February	13.28	12.60	12.90	3,741.24	9,319.40
March	18.48	12.36	15.86	3,807.33	9,948.78
April	29.02	14.60	29.02	4,124.33	10,081.35
May	33.38	24.12	29.34	3,948.59	10,054.87
June	29.96	24.00	25.84	4,093.96	9,374.70
July	34.96	25.22	28.50	3,859.85	9,663.47
August	34.00	25.50	26.04	3,781.12	9,874.51
September	26.80	23.00	24.60	3,756.52	9,750.82
October	27.42	23.50	26.38	3,805.27	10,412.25
November	26.98	24.84	26.42	4,064.80	10,552.37
December	27.10	22.64	24.48	4,028.64	10,211.09

CHART OF THE COMPARATIVE PERFORMANCE OF THE COMPANY SHARE WITH GENERAL INDEX AND COMPANY'S SECTOR INDEX



BREAKDOWN OF OWNERSHIP OF COMPANY SHARES BY NATIONALITY AND BY CATEGORY AS AT 31 DECEMBER 2022

SHAREHOLDER CATEGORY	INDIVIDUAL SHARES	COMPANIES SHARES	GOVERNMENT	TOTAL SHARES
Locals	57,449,884	764,706,545	-	822,156,429
GCC	38,648	146,907	-	185,555
Arabs (Other than GCC)	177,025	-	-	177,025
Foreigners	85,570	2,395,421	-	2,480,991
Total	57,751,127	767,248,873	-	825,000,000
Percentage	7.00%	93.00%	-	100%

STATEMENT OF THE COMPANY'S SHAREHOLDERS WHO OWN 5% OR MORE OF THE COMPANY'S CAPITAL AS AT 31 DECEMBER 2022

SHAREHOLDER	NUMBER OF SHARES	PERCENTAGE (%)
Sogno Commercial Investment – Sole Proprietorship L.L.C	364,649,990	44.20%
WAS TWO Commercial Investment – Sole Proprietorship L.L.C	172,500,000	20.91%
Abu Dhabi Ports	82,500,000	10.00%

BREAKDOWN OF OWNERSHIP OF COMPANY SHAREHOLDERS AS AT 31 DECEMBER 2022

SR. NO	SHARE(S) OWNED	NUMBER OF SHAREHOLDERS	NUMBER OF SHARES OWNED	THE PERCENTAGE (%) OF SHARES OWNED
1	Less than 50,000	3,497	13,467,926	1.63%
2	50,000 to less than 500,000	146	21,895,689	2.65%
3	500,000 to less than 5,000,000	22	25,082,262	3.04%
4	More than 5,000,000	12	764,554,123	92.67%
Total		3,677	825,000,000	100 %

SPECIAL RESOLUTIONS PRESENTED TO THE ANNUAL GENERAL ASSEMBLY

On 15 March 2022, the Company held its Annual General Assembly Meeting whereas two matters which require special resolutions were presented and approved by the shareholders, the details of the special resolutions are the following:

- Article 28 of the Articles of Association of the Company as published at the Company's page at ADX website and uploaded to the Company's website.
- The authorization of the Board of Directors of the Company, and/or any person so authorized by the Board of Directors, to adopt any resolution or take any action as may be necessary to implement the above Ordinary and Special Resolutions to be adopted by the general assembly in this meeting including agreeing any change to any of the above amendments to the Articles of the Company which the SCA or other regulatory authorities may request, or which may be required to prepare and certify a full set of the Articles incorporating all the amendments including the introductory part of the Articles of Association and reference to the resolutions of the general assemblies of the Company amending the Articles and to replace any reference to the repealed commercial companies law with the provisions of the Federal Law by Decree No. (32) Of 2021 concerning Commercial Companies.

STATEMENT OF SIGNIFICANT EVENTS ENCOUNTERED BY THE COMPANY

- During the year, the Group entered into a collaboration with Abu Dhabi Ports Company PJSC ("ADPC") to expand its service offerings and capabilities in the Survey and Diving ("S&D") arena. The Group incorporated a joint venture with ADPC and created a company named as Safeen Survey and Subsea Services LLC ("Safeen") and made an in-kind contribution to Safeen by way of a transfer of its S&D Division assets, revenue contracts and manpower resources. The Group then sold 51% of its interest in Safeen to ADPC, retaining 49% interest.
- NPCC, a subsidiary of NMDC, has been ranked as the number one EPC Company in the Middle East, topping Oil & Gas Middle East magazine's EPC Contractors List 2022.
- At the annual ADIPEC 2022 conference, the world's most influential gathering for the energy ecosystem, the Group has signed a Purchase Order Agreement with Abu Dhabi-based Al Gharbia Pipe Company (AGPC) for the supply of 87 KMs of 34" Submerged Arc Welding Line Pipes for the Lower Zakum Long Term Development Phase-1 (LZ LTDP-1) New Main Gas Line Project.
- On 19th July NPCC, a subsidiary of NMDC has signed an agreement with Technip Energies to establish a new joint company called NT Energies headquartered in Abu Dhabi. The new joint venture is to accelerate energy transition in the U.A.E and the MENA region.
- The Group has signed a Memorandum of Understanding (MOU) with James Fisher and Sons (James Fisher) to cooperate on key projects in the oil and gas sector. This collaboration will initially focus on exclusive diving projects in the Middle East.
- The Group actively participated in the Egypt Petroleum Show and signed various memorandums of understanding to further strengthen its presence in the Egypt market.
- Adding a new chapter to the Group's history, the Group will construct a new 400,000 square meter fabrication yard in Ras Al Khair port (Saudi Arabia's newest industrial port) to be completed in the year 2026.

INVESTOR RELATIONS OFFICER

Mr. Khaled Al Shalati is the Company's Investor Relations Officer. Furthermore, the Company website i.e. https://nmdc.com/site/textData/investors, has a dedicated page for investors, which includes information related to Investor Relations, Board of Directors Reports, Financial Statements, Annual Reports, Corporate Governance Reports, and Annual General Meeting.

Contact Information of Investor Relations Officer:

Email: ir@nmdc.ae

Office No.: +9712 - 5023175

Mobile No.: +97150 - 4111846

EMIRATIZATION IN 2022

Emiratization is a key performance indicator of NMDC Group vision and mission for the past years and for year 2022.

The Emiratization percentage in NMDC Group as of 31 December 2022 is 7% for white-collar employees. Refer to table below for Emiratization percentage in 2020 and 2021.

YEAR	EMIRATIZATION PERCENTAGE
2020	11%
2021	10%

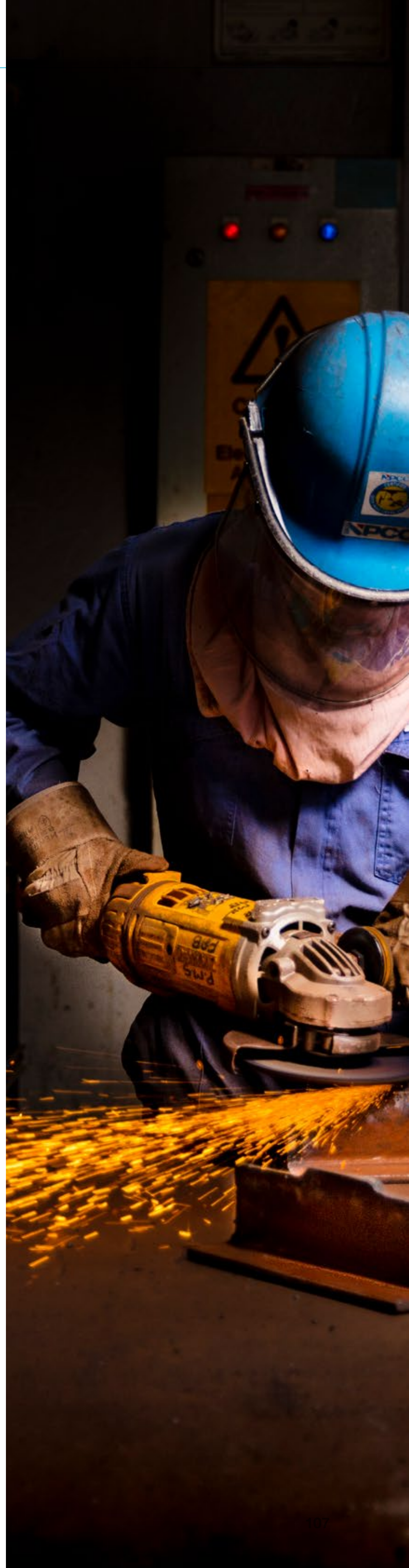
INNOVATIVE PROJECTS AND INITIATIVES

Through an appointed Innovation Committee, NPCC built a comprehensive program to actively encourage within its employees a culture of innovation and promote creative problem solving.

The Company utilized an Innovation cloud portal that was conveniently accessible to everyone within the organization, which helped to promote, inspire and spur Company employees to proactively participate in the many programs (termed as 'Innovation Schemes').

DETAILS OF VIOLATIONS

The Company did not commit any violations during the year 2022.



APPENDIX

(GRI 2-1, GRI 2-2, GRI 2-3, GRI 2-4, GRI 2-5, G7, G8, G9)

ABOUT THIS REPORT

WHAT TO EXPECT FROM THIS REPORT

This report focuses on NMDC Group's ability to create value for all its stakeholders. It covers our business strategy as well as our financial and ESG (environmental, social, and governance) performance.

REPORTING SCOPE AND BOUNDARY

The reporting boundary pertaining to the company's financial data covers the consolidated performance of National Marine Dredging Company and its subsidiaries (together referred to as the "Group").

As for the boundary of the Group's environmental, social, and governance data, it covers its main business units and functions in the UAE. These include:

ENTITY NAME	BUSINESS UNIT	BUSINESS FUNCTION
National Marine Dredging Company	NMDC UAE	Dredging and associated land reclamation works, civil engineering, port contracting and marine construction
National Petroleum Construction Company	National Petroleum Construction Company	Energy engineering, procurement, and construction

In addition, this Integrated Report includes our directors' report, management discussion & analysis, 2022 fiscal year audited financial statements as well as our corporate governance report.

This report covers the period from January 1 to December 31 of the fiscal year 2022, unless stated otherwise.

REPORTING STANDARDS AND FRAMEWORKS

This report has been prepared in accordance with the International Integrated Reporting Framework (IIRF) and applies the Integrated Reporting principles which emphasize the inclusion of all material stakeholders' needs in a reliable, complete, consistent, and comparable manner.

The sustainability content of the report has been prepared in accordance with the GRI Standards and is aligned with Abu Dhabi Securities Exchange's 31 ESG metrics. Additional key alignments include the Sustainable Development Goals as well as the UAE Vision 2031, and the Abu Dhabi Vision 2030.

ASSURANCE

Ernst & Young has audited our enclosed fiscal year 2022 Financial statements. As for our sustainability content, it has been rigorously reviewed by each corresponding department.

MATERIALITY ASSESSMENT PROCESS

To determine those ESG topics that are material to NMDC we continuously engage with our stakeholders to maintain up-to-date analysis of their evolving needs. The below list of material topics was developed based on our existing stakeholder engagement methods and according to best industry practices:

MATERIAL TOPICS

MOST IMPORTANT

1. Health and Safety
2. Strong Governance and Business Ethics
3. GHG Emissions and Energy Efficiency (Climate Change Management)
4. Training & Education
5. Biodiversity

VERY IMPORTANT

6. Economic Performance & Innovation
7. Community Welfare and Emiratization
8. Diversity and Inclusion
9. Waste Management

IMPORTANT

10. Procurement Practices
11. Employment

BOARD RESPONSIBILITY

The Board of Directors acknowledges its responsibility for ensuring the integrity of this report and confirms that the disclosed information fairly represents NMDC's status and performance, and that the report accurately references the International Integrated Reporting Framework as well as the GRI Standards.

FORWARD-LOOKING STATEMENTS

Forward-looking statements involve uncertainty given the many external factors that could impact the environment in which the company is operating. EDC holds no obligation to publicly update or revise its forward-looking statements throughout the coming fiscal year except as required by applicable laws and regulations.

COMMUNICATION AND FEEDBACK

Compiling this report is a collaborative process involving many internal stakeholders throughout the Group. We welcome all feedback and suggestions that may help us improve future reports.

To submit feedback or for any queries please contact us at: integrated_report@nmdc.ae

GRI / ADX CONTENT INDEX

GRI 1: FOUNDATION 2021				
STATEMENT OF USE	National Marine Dredging Company (NMDC) has reported the information cited in this GRI content index for the period 1 January – 31 December 2022 in accordance with the GRI Standards			
GRI 2: GENERAL DISCLOSURES				
GRI DISCLOSURE	**CONTENT**	**ADX DISCLOSURE**	**REFERENCE SECTION**	**NOTES**
THE ORGANIZATION AND ITS REPORTING PRACTICE				
2-1	Organizational details	G7: Sustainability reporting G8: Disclosure Practices G9: External Assurance	110-111, 12-15	
2-2	Entities included in the organization's sustainability reporting	G7: Sustainability reporting G8: Disclosure Practices	110-111, 12-15	
2-3	Reporting period, frequency, and contact point		110-111, 12-15	
2-4	Restatements of information	G10: External Assurance	110-111, 12-15	
2-5	External assurance		110-111, 12-15	
ACTIVITIES AND WORKERS				
2-6	Activities, value chain and other business relationships		12-17	
2-7	Employees	S3: Employee Turnover S4: Gender Diversity	43-66	
2-8	Workers who are not employees	G4: Supplier Code of Conduct	43-66	
GOVERNANCE				
2-9	Governance structure and composition	G1: Board Diversity	25-27	
2-10	Nomination and selection of the highest governance body	G2: Board Independence	25-27	
2-11	Chair of the highest governance body		25-27	
2-12	Role of the highest governance body in overseeing the management of impacts		25-27	
2-13	Delegation of responsibility for managing impacts		25-27	

GRI 2: GENERAL DISCLOSURES				
GRI DISCLOSURE	CONTENT	ADX DISCLOSURE	REFERENCE SECTION	NOTES
GOVERNANCE				
2-14	Role of the highest governance body in sustainability reporting	G3: Incentivized Pay	225-27	
2-15	Conflicts of interest	G6: Ethics & Anti-Corruption	25-27	
2-16	Communication of critical concerns		25-27	
2-17	Collective knowledge of the highest governance body		25-27	
2-18	Evaluation of the performance of the highest governance body		25-27	
2-19	Remuneration policies	G3: Incentivized Pay S1: CEO Pay Ratio S2: Gender Pay Ratio	43-67	
2-20	Process to determine remuneration	S2: Gender Pay Ratio	43-67	
2-21	Annual total compensation ratio	G3: Incentivized Pay S1: CEO Pay Ratio S2: Gender Pay Ratio	43-67	
STRATEGY, POLICIES, AND PRACTICES				
2-22	Statement on sustainable development strategy	G8: Sustainability reporting G9: Disclosure Practices E8 & E9: Environmental Oversight	30-31	
2-23	Policy commitments		26-27	
2-24	Embedding policy commitments		26-27	
2-25	Processes to remediate negative impacts		25-29	
2-26	Mechanisms for seeking advice and raising concerns		25-29	
2-27	Compliance with laws and regulations	G6: Ethics & Anti-Corruption	25-27	
2-28	Membership associations	S1: CEO Pay Ratio	25-29	
STAKEHOLDER ENGAGEMENT				
2-29	Approach to stakeholder engagement		32-33	
2-30	Collective bargaining agreements			Not applicable for companies operating in the UAE

GRI 3: MATERIAL TOPICS				
GRI DISCLOSURE	**CONTENT**	**ADX DISCLOSURE**	**REFERENCE SECTION**	**NOTES**
GOVERNANCE				
3-1	Process to determine material topics		34-35	
3-2	List of material topics		34-35	
3-3	Management of material topics		34-35	
GRI 200: ECONOMIC STANDARD SERIES				
GRI 201: ECONOMIC PERFORMANCE 2016				
GRI 201 TOPIC SPECIFIC				
3-3	Management Approach		68-69	
201-1	Direct economic value generated and distributed		68-69	Please refer to our 2022 audited financial statements.
GRI 202: MARKET PRESENCE 2016				
GRI 202 TOPIC SPECIFIC				
3-3	Management Approach		65-66	
202-2	Proportion of senior management hired from the local community	S11: Nationalization	65-66	
GRI 203: INDIRECT ECONOMIC IMPACTS 2016				
GRI 203 TOPIC SPECIFIC				
3-3	Management Approach		13-24	
203-2	Significant indirect economic impacts		13-24	
GRI 204: PROCUREMENT PRACTICES 2016				
GRI 204 TOPIC SPECIFIC				
3-3	Management Approach		69-70	
204-1	Proportion of spending on local suppliers	G4: Supplier Code of Conduct	69-70	

GRI 205: Anti-Corruption 2016				
GRI DISCLOSURE	CONTENT	ADX DISCLOSURE	REFERENCE SECTION	NOTES
GRI 205 TOPIC SPECIFIC				
3-3	Management Approach		25-27	
205-1	Operations assessed for risks related to corruption		25-27	
205-2	Communication and training about anti-corruption policies and procedures		25-27	
205-3	Confirmed incidents of corruption and actions taken	G5: Ethics & Prevention of Corruption	25-27	
GRI 300: ENVIRONMENTAL STANDARD SERIES				
GRI 302: ENERGY 2016				
GRI 302 TOPIC SPECIFIC				
3-3	Management Approach	E10: Climate Risk Mitigation	36-38	
302-1	Energy consumption within the organization	E3: Energy Usage	36-38	
302-2	Energy consumption outside of the organization	E4: Energy Intensity E5: Energy Mix	36-38	
302-3	Energy Intensity	E4: Energy Intensity E5: Energy Mix	36-38	
GRI 303: WATER AND EFFLUENTS 2018				
GRI 303 TOPIC SPECIFIC				
3-3	Management Approach		36-37	
303-5	Water Consumption	E6: Water Usage	36-37	
GRI 304: BIODIVERSITY				
GRI 303 TOPIC SPECIFIC				
3-3	Management Approach		39	

GRI 305: EMISSIONS 2016				
GRI DISCLOSURE	**CONTENT**	**ADX DISCLOSURE**	**REFERENCE SECTION**	**NOTES**
GRI 305 TOPIC SPECIFIC				
3-3	Management Approach	E8 & E9: Environmental Oversight	36-38	
305-1	Direct (Scope 1) GHG emissions	E1: GHG Emissions	36-38	
305-2	Energy indirect (Scope 2) GHG emissions	E1: GHG Emissions	36-38	
305-3	Other indirect (Scope 3) GHG emissions	E1: GHG Emissions	36-38	
305-4	GHG emissions intensity	E1: GHG Emissions E2: Emissions Intensity	36-38	
GRI 306: WASTE 2020				
GRI 306 TOPIC SPECIFIC				
3-3	Management Approach		40-42	
306-3	Waste generated	E7: Environmental Operations	40-42	
GRI 307: ENVIRONMENTAL COMPLIANCE 2020				
GRI 306 TOPIC SPECIFIC				
3-3	Management Approach		36-38	
307-1	Non-compliance with environmental laws and regulations	E8 & E9: Environmental Oversight	36-38	
GRI 308: SUPPLIER ENVIRONMENTAL ASSESSMENT 2016				
GRI 308 TOPIC SPECIFIC				
3-3	Management Approach		68-70	
308-1	New suppliers that were screened using environmental criteria	E7: Environmental Operations	68-70	
GRI 400: SOCIAL STANDARD SERIES				
GRI 401: EMPLOYMENT 2016				
GRI 401 TOPIC SPECIFIC				
3-3	Management Approach		43-47	
401-1	New employee hires and employee turnover	S3: Employee Turnover	43-47	
401-2	Benefits provided to full-time employees that are not provided to part-time employees		43-47	

GRI DISCLOSURE	CONTENT	ADX DISCLOSURE	REFERENCE SECTION	NOTES
GRI 403: OCCUPATIONAL HEALTH & SAFETY 2018				
GRI 403 TOPIC MANAGEMENT DISCLOSURES				
3-3	Management Approach		57-63	
403-1	Occupational health and safety management system	S8: Global Health & Safety	57-63	
403-2	Hazard identification, risk assessment, and incident investigation		57-63	
403-3	Occupational health services		57-63	
403-4	Worker participation, consultation, and communication on Occupational health and safety		57-63	
403-5	Worker training on occupational health and safety		57-63	
403-6	Promotion of worker health		57-63	
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships		57-63	
GRI 403 TOPIC SPECIFIC				
403-8	Workers covered by an occupational health and safety management system	S8: Global Health & Safety	57-63	
403-9	Work-related injuries	S7: Injury Rate	57-63	
GRI 404: TRAINING & EDUCATION 2016				
GRI 404 TOPIC SPECIFIC				
3-3	Management Approach		51-56	
404-1	Average hours of training per year per employee		51-56	
404-2	Programs for upgrading employee skills and transition assistance programs		51-56	
404-3	Percentage of employees receiving regular performance and career development reviews		51-56	

GRI DISCLOSURE	CONTENT	ADX DISCLOSURE	REFERENCE SECTION	NOTES
GRI 405: DIVERSITY AND EQUAL OPPORTUNITY 2016				
GRI 405 TOPIC SPECIFIC				
3-3	Management Approach		48-50	
405-1	Diversity of governance bodies and employees	S4: Gender Diversity	48-50	
		S6: Non-Discrimination	48-50	
		S11: Nationalization	48-50	
		G1: Board Diversity	48-50	
405-2	Median Compensation		48-50	
GRI 406: NON-DISCRIMINATION 2016				
GRI DISCLOSURE	**CONTENT**	**ADX DISCLOSURE**	**REFERENCE SECTION**	**NOTES**
GRI 406 TOPIC SPECIFIC				
3-3	Management Approach		43-45	
406-1	Incidents of discrimination and corrective actions taken	S6: Non-discrimination	43-45	
GRI 413: LOCAL COMMUNITY 2016				
GRI 413 TOPIC SPECIFIC				
3-3	Management Approach	S11: Nationalization	64-66	
		S12: Community Investment		
GRI 414: SUPPLIER SOCIAL ASSESSMENT 2016				
GRI 414 TOPIC SPECIFIC				
3-3	Management Approach		68-70	
414-1	New suppliers that were screened using social criteria	S11: Nationalization	68-70	
		S12: Community Investment		

2022 AUDITED FINANCIAL STATEMENTS

NATIONAL MARINE DREDGING COMPANY PJSC

Reports and consolidated financial statements for the year ended 31 December 2022

NATIONAL MARINE DREDGING COMPANY PJSC

Reports and consolidated financial statements
for the year ended 31 December 2022

شركة الجرافات
البحرية الوطنية
NATIONAL MARINE
DREDGING COMPANY

Directors' Report & Management Discussion and Analysis

The Board of Directors of National Marine Dredging Company ("NMDC" or the "Group") have the pleasure of presenting the 2022 Annual Report along with the audited financial statements as at and for the year ended 31 December 2022.

Highlights

- 2022 was another challenging but successful year for NMDC Group, which is in its second year of the merger with National Petroleum Construction Company ("NPCC"). The merger, which took place on 11 February 2021, resulted in a large scale transformation of the size, scale and breadth of NMDC's operations. This transformation has been reflected in the Groups revenue and profits and overall financial position.

- NMDC Group is continuously raising its ambition, with an optimistic outlook for the marine and EPC markets. The Group holds on to a strong and diversified portfolio of ground-breaking projects mirrored in the consolidated net profit crossing the threshold of AED 1 billion, consecutively for the second time in its history.

- 2022 consolidated net profit at AED 1.3 billion is 30% higher than that of the previous year, while revenues at 10.7 billion are 35% higher than 2021.

- With the current global market engraved with uncertainties, NMDC thrives through ongoing growth and expansion strategy as a global EPC and Marine Dredging group. The Group's all year round unceasing presence and participation in local and International events allows the Group to latch opportunities as new contracts, Memorandum of Understandings, and partnership agreement are signed.

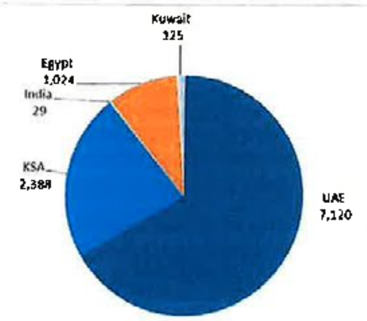
- During the year, the Group entered into a collaboration with Abu Dhabi Ports Company PJSC ("ADPC") to expand its service offerings and capabilities in the Survey and Diving ("S&D") arena. The Group incorporated a joint venture, Safeen Survey and Subsea Services LLC ("Safeen") and made an in-kind contribution to Safeen by way of a transfer of its S&D Division assets, revenue contracts and manpower resources. The Group then disposed 51% of its interest in Safeen to ADPC, retaining 49% interest

شـركـة الجـرافـات البحرية الوطنية
NATIONAL MARINE DREDGING COMPANY

- In addition to the ongoing portfolio of projects, the Group has been awarded with new projects worth AED 9,644 million during 2022.

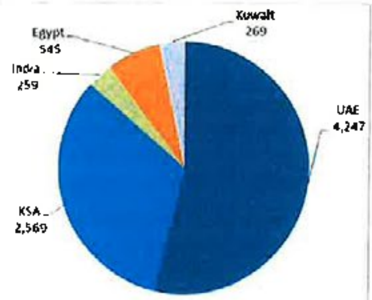
- The Geographical spread of the Group consolidated revenue of AED 10,686 million (2021: AED 7,889 million) presented in the pie chart below represents the Groups strong presence in Middle East and North Africa (MENA) region.

FY Dec' 2022



Contract revenue (geographical - AED million)

FY Dec' 2021



Contract revenue (geographical - AED million)

شـركـة الجـرافـات البحرية الوطنية
NATIONAL MARINE DREDGING COMPANY

- **As a testament to its continuing growth, the Group has been awarded projects in total of AED 9,644 million in FY2022 and AED 220m in January 2023 respectively as summarised below:**

  - The Umm Shaif Field contract from ADNOC in UAE for a contract value of AED 3,474 million. It is worth mentioning that Umm Shaif is ADNOC's most historic offshore asset, and 2022 marks the 60th anniversary of the UAE's first oil export of Umm Shaif crude oil (July 1962);
  - Projects from Saudi Aramco in total of AED 2,471 million which includes Jafurah Development Programme and MNIF 14 Jacket projects for AED 1,689 million and AED 782 million respectively;
  - Lower Zakum Field Contract for building a New Main Gas Line project (NMGL) from ADNOC for AED 2,000 million;
  - Suez Canal dredging works KM 122-132 in Egypt for AED 1,000 million;
  - Charter of DLS-4200 vessel to Yunneng Wind Power Co. Ltd for AED 364 million;
  - Tharwa Town Reclamation Works from Ansab Contracting in Kingdom of Saudi Arabia for AED 256 million;
  - A project for dredging works at the entrance to the navigation channel and the trench of the quay wall in Safaga Port in Egypt with a contract value of AED 79 million; and
  - In January 2023, ADNOC has awarded the Group the pre-construction service agreement (PCSA) related to the Offshore Facilities of the Hail and Ghasha Gas Development project for approximately AED 220 million.

شـركـة الجـرافـات البحـريـة الـوطنيـة
NATIONAL MARINE DREDGING COMPANY

- **Other events/highlights**

  - NPCC, a subsidiary of NMDC, has been ranked as the number one EPC Company in the Middle East, topping Oil & Gas Middle East magazine's EPC Contractors List 2022.
  - At the annual ADIPEC 2022 conference, the world's most influential gathering for the energy ecosystem, the Group has signed a Purchase Order Agreement with Abu Dhabi-based Al Gharbia Pipe Company (AGPC) for the supply of 87 KMs of 34" Submerged Arc Welding Line Pipes for the Lower Zakum Long Term Development Phase-1 (LZ LTDP-1) New Main Gas Line Project.
  - On 19th July NPCC, a subsidiary of NMDC has signed an agreement with Technip Energies to establish a new joint company called NT Energies headquartered in Abu Dhabi. The new joint venture is to accelerate energy transition in the U.A.E and the MENA region.
  - The Group has signed a Memorandum of Understanding (MOU) with James Fisher and Sons (James Fisher) to cooperate on key projects in the oil and gas sector. This collaboration will initially focus on exclusive diving projects in the Middle East.
  - The Group actively participated in the Egypt Petroleum Show and signed various memorandums of understanding to further strengthen its presence in the Egypt market.
  - Adding a new chapter to the Group's history, the Group will construct a new 400,000 square meter fabrication yard in Ras Al Khair port (Saudi Arabia's newest industrial port) to be completed in the year 2026.

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Financial Results

The Group achieved revenues of AED 10,685 million and net profits of AED 1,304 million for the year 2022 as compared to revenues of AED 7,889 million and net profits of AED 1,003 million in 2021.

Despite the improved performance, due to the impact of continuous global unstable economic conditions on the future operations and performance of the Group, the Directors have proposed that no dividends be paid for 2022, in order to enable the Group to maintain its cash reserves to fund its ambitious growth plans and to meet the challenges that may lie ahead.

Financial Position

The Group's equity stands at AED 6,541 million at the end of 2022, which is an increase of 19% from 2021. The growth is primarily on account of the net profit recorded in the year 2022.

In 2022 Group maintained a debt-to-equity ratio at 27% which is lower than in 2021 due to reduction in debt on account of repayments and increase in equity value as mentioned above.

Capital Expenditure

In order to deliver our clients with services to the highest standard, we continue to invest in latest technologies, machinery and equipment that would support the future execution of large, complex projects and improve our margins. Accordingly, we have invested in Fixed Assets worth AED 821 million in 2022 against AED 179 million in 2021. The majority of the capital expenditure in 2022 relates to additions of a Cutter Suction Dredger for AED 425 million, and a DP3 vessel for AED 109 million. The remaining capital expenditure relates to Dry-Docking, Automation/upgrade, and Major Overhaul of existing vessels, and investments in other equipment.

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Fleet

The Group currently owns a marine fleet of more than 120 vessels consisting of:

- 23 dredgers + 3 floating booster stations
- 3 Dynamic Positioning (DP2/DP3) Derrick / Pipelaying barges (with 4,200t & 1,600t lifting capacity & more than 300 pax accommodation each
- 1 Self Propelled Heavy Lift Shift (With 2,500t lifting capacity with 240 pax accommodation)
- 3 towed Derrick / Pipelaying barges
- 6 Self Elevating Platform work barges
- 80+ other support craft (Tugs, Barges, Multicats, Accommodation barge, etc)
- Extensive range of land based equipment (Excavators, cranes, generators, etc)

Following the merger, cross utilization of the fleet between the main business units is a key element of the Group fleet management strategy to ensure the maximization of utilization and cost effective work execution on our portfolio of projects.

Information Technology

During the year 2022, NMDC Group has demonstrated noticeable achievements in all areas. It has automated many business processes to increase customer satisfaction level and implemented new infrastructure to enhance service delivery. In 2022, the Group also launched the ***ERTIQAA*** project, which is the Business Process Reengineering project and Oracle Fusion implementation project. Upon completion, processes across business units will be harmonised using a unified system.

Set out below are the major achievements during the year:

- AVEVA ERM Phase 1 A project went live.
- Oracle HCM - Unified Oracle HCM to accommodate the new changes and policies regarding the merging of corporate team.
- Oracle cloud goal and performance system - Unified goal and appraisal system for the corporate team after the merging
- Enhanced and unified the communication between NMDC group (NMDC- NPCC) through: direct land line, MS teams, VPN direct channels, unified email contacts.

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Quality, Health, Safety and Environmental ("QHSE")

2022 was remarkable for the QHSE department in terms of achievements and the improved synergy creation following the integration and fusion of the department across the business units (BU). 2022 was a continuation of our strong performance path, with Zero fatalities, one Lost Time Recordable Incident Rate (LTIR) of 0.08 per Million manhours worked as well as a Total Recordable Incident Rate (TRIR) of 0.44.

Building up a more solid platform for our QHSE practices and culture, along with unification of QHSE practices, processes and culture across the Group remains a priority that will elevate the Group to even higher levels in 2023.

Some strategic targets and initiatives were set and achieved consistent with our focus on increasing our ability to meet internal and external stakeholders' expectations and providing support for the businesses to improve the NMDC's bottom line effect.

Key achievements:

- All Business units within NMDC Group have passed the surveillance audit for ISO 14001, 45001 and 9001, OHSAD-SF.
- NMDC has passed the accreditation certification by ANAB (ANSI National Accreditation Board) on 10 HSE-related Training Programs
- At NPCC, the Low rework rate stood at 1.06%.
- QHSE Managed to arrange more than 265K QHSE Training hours and 22 HSE campaigns.
- NMDC-Group records exceeded 100 million working hours in the oil and gas projects without LTI.
- Achieved excellent Project Quality Index for ARAMCO projects – 96.38%
- 130 Internal QHSE Audits carried out on all departments, projects, and vessels as per our Quality Assurance Program to ensure high-quality services and compliance with applicable standards and procedures.
- 88 High-profile QHSE tours and site visits made by management during 2022

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Quality, Health, Safety and Environmental ("QHSE") (continued)

The quest for excellent performance and promotion of QHSE culture in the Group has resulted in the implementation of the following initiatives:

- HSE day was held across the Group to celebrate our achievements, promote a safety culture and reward excellence
- Establishment of a dimensional control role in NPCC's Quality department to ensure the Quality of dimensions critical structures.
- Initiate a Quality walkabout program to improve quality culture, communication, and awareness
- Our customers' satisfaction index stood above 75%
- Aramco Award for NPCC as "*best environmentally friendly contractor*" is a continuation of our positive environmental impact.

Our Competitive Strengths

We believe that we are well positioned to maintain and enhance our leadership position in the markets that we operate in, on account of our competitive strengths, some of which are:

One of the largest integrated EPC and dredging entities in the region
The recent merger has transformed NMDC into one of the leading fully integrated EPC players in the region, with increased scale, revenue and cost synergies, access to wider markets and revenue diversification (segmental, geographic and client base), and strong capabilities across the value chain to support future expansion plans.

Largest Portfolio of Marine Assets in the UAE
The Group owns a dredging and marine construction fleet consisting of 23 dredgers with capacities ranging from 1,795 KW to 26,100 KW, including two Trailing Suction Hopper Dredgers with capacities of 6000m3 and 8000m3, 3 Dynamic Positioning (DP2/DP3) Derrick / Pipelaying barges (with 4,200t & 1,600t lifting capacity & more than 300 pax accommodation each, 1 Self Propelled Heavy Lift Shit (With 2,500t lifting capacity with 240 pax accommodation), 3 towed Derrick / Pipelaying barges, 6 Self Elevating Platform work barges.

Our vessels are supported by modern marine equipment such as tugs and multicat crafts, and ably assisted by A-Frame and barges wherever necessary. As part of NMDCs strategy, it continually reviews and expands its fleet to meet the challenging demands of customers and provide a first class service on all projects sanctioned.

Strong relationships with Customers
EPC Contracting and Dredging and Marine Construction are our mainstream business's positioning us at the top as one of the largest players in the region, with an established track record and strong relationships with most of the customers in the region. Today our operations are a highly-sophisticated business, and our latest modern technology helps our customers not only meet their needs but to exceed their expectations.

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Our strategies

As a Group, we are committed to high quality growth while becoming a largest independent turnkey solution provider in the region. Our growth strategy is underpinned by the following seven strategic objectives that are each supported by a set of underlying initiatives:

- Grow returns through access to new markets and new segments
- Activate selected step-out opportunities to generate new revenue streams
- Solidify Strategic Position through strengthening government and client relationships
- Realize the full potential of the synergies from the merger
- Embrace highest standards of project controls
- Inspire the group's commitment to Net-Zero by launching an ESG Strategy backed by credible actions
- Foster the Group's portfolio growth to build integrated end-to-end service delivery

Internal control systems and their adequacy

The Company's internal control system is established to ensure that the Board and Management are able to achieve their business objectives in a prudent manner, safeguarding interests of the Company's shareholders and other stakeholders, whilst at the same time minimizing key risks such as fraud, unauthorized business activity, misleading financial statements, un-informed risk-taking, or breach of legal or contractual obligations, and also ensuring highest quality achieved in a safe and sustainable environment.

The guidelines for design and implementation of the internal control systems is provided by the Company's approved Corporate Governance Manual and applicable regulations. The Board and its Committees provide oversight on the systems, and the Management is responsible for ensuring that adequate internal controls (both financial and operational) are in place and applied to safeguard and manage the assets of the Company, in an effective and efficient manner.

The Company's internal control is designed to mitigate, not eliminate, significant risks faced. It is recognized that such a system provides reasonable, but not absolute, assurance against material error, omission, misstatement or loss. This is achieved within the Company through a combination of risk identification, evaluation and monitoring processes, appropriate decision and oversight forums, assurance and control functions such as External Audit, Internal Audit, Ethics & Compliance, Quality, Health, Safety and Environment function. These ongoing processes, which comply with leading practices and the Corporate Governance Guide, were in place throughout the year under review and up to the date of approval of the annual report and financial statements.

During the year 2022, the Company was subject to the following independent assessments and improvement initiatives on its internal control system:

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Internal control systems and their adequacy (continued)

Annual external audit and interim reviews of NMDC Group consolidated financial statements through Deloitte, a professional services firm. The external audit work covers assessment of internal controls over financial reporting, although the same does not entail expressing an opinion on the effectiveness of the Company's internal controls.

Process reviews of NMDC Group business processes and functions through the Internal Audit Function, according to an Internal Audit Plan approved by the Audit Committee. The scope of internal audit for the year 2022 covered both core and support processes at NMDC Group, and were prioritized in accordance with Risk Analysis Methodology.

Compliance program was further strengthened by conducting fraud awareness workshops for employees across the group and via internal communications on code of business conduct and whistleblowing awareness.

The Board met its internal control responsibilities in 2022 by reviewing presentations on independent assessments that were conducted, discussing control issues at Board meetings and reviewing the detailed reports from Board Committees, and found that the internal control environment was satisfactory for 2022. During 2022, the Company did not face any major issue requiring disclosure in any report or to the market.

Emiratization

Emiratization is a Key performance indicator of NMDC Group vision and mission for the past years and surely for year 2022.

NMDC Group trains Emiratis in various fields and provides life skills. Various initiatives and channels have been taken at NMDC Group in 2022 for boosting the U.A.E national's talent in the EPC' O&G and dredging and civil marine industry:

NMDC Group has collaborated with Government entities, universities and institutes to hire UAE Nationals in the EPC O&G construction and maritime transport industry through its fresh graduate engineering program.

Fresh Graduate's engineers are tested; interviewed and selected to start an exciting career with the Group through a two years fresh graduate program during which they learn and proceed with on the job training on our sites and in various departments.
In Addition; NMDC Group has established its Dredging Academy through which semi- skilled U.A.E national workforces is hired to be trained in the core activity of the business being dredging. Life dredging simulators are established in the Academy for this particular purpose; and detailed courses are also provided by our industry experts.

As of 2022 U.A.E Nationals constitute 7% of the organization workforce, with plans to keep increasing in the coming years.

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ACKNOWLEDGMENT

On behalf of the Board, I wish to express our appreciation for the support and cooperation of the financial institutions, suppliers, subcontractors, business associates and government authorities and expect the same in future for sustaining the Group's growth rate. The Board would like to place on record its appreciation of the hard work, commitment and unstinting efforts put in by the Group's employees at all levels.

Mohammed Thani Murshed Al Rumaithi
Chairman

Deloitte.

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INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF NATIONAL MARINE DREDGING COMPANY PJSC

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Opinion

We have audited the consolidated financial statements of National Marine Dredging Company PJSC (the "Company") and its subsidiaries (together referred to as the "Group"), which comprise the consolidated statement of financial position as at 31 December 2022, and the consolidated statement of profit or loss and consolidated statement of other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2022, and its consolidated financial performance and its consolidated cash flows for the year ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the other ethical requirements that are relevant to our audit of the Group's consolidated financial statements in the United Arab Emirates, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other matter

The consolidated financial statements of the Group for the year ended 31 December 2021, were audited by another auditor who expressed an unmodified opinion on those statements on 31 January 2022.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of consolidated financial statements of the current period. These matters were discussed 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. The key audit matters are stated below:

Akbar Ahmad (1141), Cynthia Corby (995), Georges Najem (809), Mohammad Jallad (1164), Mohammad Khamees Al Tah (717), Musa Ramahi (872), Mutasem M. Dajani (726), Obada Alkowatly (1056), Rama Padmanabha Acharya (701) and Samir Madbak (386) are registered practicing auditors with the UAE Ministry of Economy.

Deloitte.

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF NATIONAL MARINE DREDGING COMPANY PJSC (continued)

Key Audit Matters (continued)

Key audit matter	How our audit addressed the key audit matter
Revenue recognition	
The Group reported revenue of AED 10,685 million during the year ended 31 December 2022. Revenue recognition is considered to be a key area of focus given there are multiple revenue streams associated with the Group which come from various decentralized operational locations. The Groups business involves entering into contractual relationships with customers to provide a range of services with a significant proportion of the Group's revenues and profits derived from long term contracts. Revenue is quantitatively significant to the consolidated financial statements and requires management to apply significant judgements and make significant estimates when determining the amount of revenue to be recognised. The significant judgements applied and estimates made in applying the Group's revenue recognition policies to long-term contracts entered into by the Group include determining the stage of completion, the timing of revenue recognition and the calculation of the percentage of completion. The nature of these judgements results in them being susceptible to management override with a consequential impact of revenue being recognised in an incorrect period. Consequently, we considered revenue recognition to be a key audit matter. The Group's revenue recognition accounting policy is included in note 3 to the consolidated financial statements.	We performed the following procedures, inter alia, in respect of revenue recognition: • We obtained an understanding of the business process flow and performed walkthroughs to understand the key processes and identify key controls; • We assessed the key controls over revenue to determine if they had been designed and implemented appropriately and tested these controls to determine if they had been operating effectively throughout the year; • We performed audit procedures which included inspecting a sample of contracts, reviewing for variation orders, retrospectively reviewing estimated profit and costs to complete and enquiring of key personnel regarding potential contract losses; • For material contracts identified, we have reviewed the contract terms and verified assumptions made in determining the amount of revenue to be recognised, including consideration of discounts, performance penalties and other cost implications of the contract; • We performed analytical procedures by comparing the gross margins for the different types of revenue streams to the prior year. If we identified an unexpected margin, we carried out more focused testing on these revenue streams; • We performed procedures to assess whether the revenue recognition criteria adopted by Group is appropriate and is in accordance with the Group's accounting policy and the requirements of IFRSs; • We performed testing over manual journal entries posted to revenue to assist us in identifying unusual or irregular transactions; and • We assessed the disclosure in the consolidated financial statements relating to revenue recognition against the requirements of IFRSs.

Deloitte.

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF NATIONAL MARINE DREDGING COMPANY PJSC (continued)

Key Audit Matters (continued)

Key audit matter	How our audit addressed the key audit matter
Valuation of trade receivables and contract assets	
Gross trade and retention receivables and contract assets as at 31 December 2022 were AED 3,106 million and AED 3,115 million respectively, against which expected credit loss ("ECL") allowances of AED 46 million and AED 28 million were recorded, as reflected in notes 13 and 14. These assets represent 39% of the total assets presented in the consolidated statement of financial position and include balances of AED 146 million which had been outstanding for more than 180 days from the reporting date. Further, contract assets include AED 558 million which represents revenue recognised based on unsigned or verbal contracts. The Group assesses at each reporting date whether the financial assets carried at amortised cost are credit-impaired. Management has applied the simplified approach for measurement of ECL allowances relating to trade receivables and contract assets whereby the ECL allowance is measured at an amount equal to lifetime expected credit losses. The ECL model involves the use of various assumptions, macro-economic factors and study of historical trends relating to the Group's trade collections experience. The directors apply significant judgement and make significant estimates when determining how much to record as the ECL allowance. Consequently, together with the significant delays in collecting trade receivables, we have considered the carrying amount of trade receivables and contract assets to be a key audit matter. The Group's disclosures relating to this matter are included in notes 3 and 4 to the consolidated financial statements.	We performed the following procedures in relation to the allowance for ECL: • We obtained an understanding of the process of measurement of the allowance for ECL; • We identified the relevant controls over the determination of the allowance for ECL; • We assessed these controls to determine if they had been designed and implemented appropriately; • We compared the ECL model developed by management against the requirements of IFRSs and reviewed the methodology against accepted best practice; • We tested the arithmetical accuracy of the model; • We tested key assumptions, such as those used to calculate the likelihood of default and the subsequent loss on default, by comparing to historical data. We also considered the incorporation of forwardlooking factors to reflect the impact of future events on expected credit losses; • We agreed the results of the output of the ECL model developed by management to the amounts reported in the consolidated financial statements; and • We assessed the disclosure in the consolidated financial statements relating to this matter against the requirements of the IFRSs.

Other Information

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

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

Deloitte.

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF NATIONAL MARINE DREDGING COMPANY PJSC (continued)

Other Information

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information 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 will read the Group's Annual Report, if we conclude that there is material misstatement therein, we will be required to communicate the matter to those charged with governance and consider whether a reportable irregularity exits in terms of the auditing standards, which must be reported.

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 IFRSs and their preparation in compliance with the applicable provisions of the articles of association of the Company and the UAE Federal Decree Law No. (32) of 2021, and for such internal control as management determines is necessary to enable the preparation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional 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 risk, 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 the one resulting from error, as fraud may involve collusion, forgery, intentional omission, misrepresentations, or the override of internal control.

Deloitte.

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF NATIONAL MARINE DREDGING COMPANY PJSC (continued)

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements (continued)

- 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 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

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 and regulations preclude 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.

Deloitte.

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF NATIONAL MARINE DREDGING COMPANY PJSC (continued)

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Further, as required by the UAE Federal Decree Law No. (32) of 2021, we report that for the year ended 31 December 2022:

- We have obtained all the information we considered necessary for the purposes of our audit;
- the consolidated financial statements have been prepared and comply, in all material respects, with the applicable provisions of the UAE Federal Decree Law No. (32) of 2021;
- The Group has maintained proper books of account;
- The financial information included in the Directors' report is consistent with the books of account of the Group;
- Investments in shares and stocks are included in notes 9 and 10 to the consolidated financial statements and include purchases and investments made by the Group during the year ended 31 December 2022;
- Note 29 to the consolidated financial statements of the Group discloses material related party balances, transactions and the terms under which they were conducted;
- Notes 1 and 27 to the consolidated financial statements discloses that the Group has made any social contributions during the financial year ended 31 December 2022; and

Based on the information that has been made available to us nothing has come to our attention which causes us to believe that the Company has contravened during the financial year ended 31 December 2022 any of the applicable provisions of the UAE Federal Decree Law No. (32) of 2021; or of its Articles of Association which would materially affect its activities or its financial position as at 31 December 2022.

Deloitte & Touche (M.E.)

Mohammad Khamees Al Tah
Registration No. 717
3 February 2023
Abu Dhabi
United Arab Emirates

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Consolidated statement of financial position
as at 31 December 2022

	Notes	2022 AED'000	2021 AED'000
ASSETS			
Non-current assets			
Property, plant and equipment	6	**4,338,615**	4,017,817
Right-of-use assets	7	**340,127**	308,849
Goodwill	8	**5,057**	5,057
Investments in equity accounted investees	9	**191,933**	55,850
Deferred tax assets	11	**8,468**	7,738
Contract assets	14	**-**	687,978
Retentions receivable		**8,184**	28,610
Total non-current assets		**4,892,384**	5,111,899
Current assets			
Inventories	12	**465,522**	343,161
Trade and other receivables	13	**4,741,330**	2,755,006
Contract assets	14	**3,087,043**	3,506,394
Financial assets at fair value through profit or loss	10	**34,535**	29,103
Derivative financial assets	32	**41,747**	6,403
Cash and bank balances	15	**2,783,732**	1,165,323
Total current assets		**11,153,909**	7,805,390
Total assets		**16,046,293**	12,917,289

The accompanying notes form an integral part of these consolidated financial statements.

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Consolidated statement of financial position
as at 31 December 2022 (continued)

	Notes	2022 AED'000	2021 AED'000
EQUITY AND LIABILITIES			
Equity			
Share capital	17	**825,000**	825,000
Merger reserve	18	**765,000**	765,000
Other reserves	19	**(7,786)**	143,184
Retained earnings		**4,955,312**	3,782,325
Equity attributable to the shareholders of the Company		**6,537,526**	5,515,509
Non-controlling interest		**3,080**	2,876
Total equity		**6,540,606**	5,518,385
Liabilities			
Non-current liabilities			
Provision for employees' end of service benefit	20	**403,448**	392,061
Long term borrowings	16	**1,420,392**	1,326,569
Long term lease liabilities	7	**337,317**	306,486
Total non-current liabilities		**2,161,157**	2,025,116
Current liabilities			
Trade and other payables	21	**6,396,050**	4,484,848
Contract liabilities	22	**462,377**	135,276
Derivative financial liabilities	32	**47,236**	5,639
Income tax payable	11	**84,784**	65,077
Short term borrowings	16	**342,346**	676,225
Short term lease liabilities	7	**11,737**	6,723
Total current liabilities		**7,344,530**	5,373,788
Total liabilities		**9,505,687**	7,398,904
Total equity and liabilities		**16,046,293**	12,917,289

To the best of our knowledge, the financial information included in the report fairly presents in all material respects the financial condition, results of operation and cash flows of the Group as of, and for, the periods presented in these consolidated financial statements.

Mohammed Thani Murshed Al Rumaithi	**Yasser Nasr Zaghloul**	**Sreemont Prasad Barua**
Chairman	Group Chief Executive Officer	Group Chief Financial Officer

The accompanying notes form an integral part of these consolidated financial statements.

NATIONAL MARINE DREDGING COMPANY PJSC 20

Consolidated statement of profit or loss
for the year ended 31 December 2022

	Notes	2022 AED'000	2021 AED'000
Revenue from contracts with customers	23	**10,685,339**	7,888,762
Contract costs		**(9,577,424)**	(6,821,581)
Gross profit		**1,107,915**	1,067,181
Share of net results of equity account investees	9	**5,203**	8,864
General and administrative expenses		**(159,419)**	(204,669)
Finance income	24	**28,772**	14,861
Finance costs	25	**(58,764)**	(54,549)
Foreign currency exchange (loss)/gain		**(31,571)**	21,964
Fair value (loss)/gain on financial assets at fair value through profit or loss	10	**(1,959)**	1,265
Gain on partial disposal of a subsidiary's operations	9.1	**237,615**	-
Fair value gain arising on re-measurement	9.2	**116,431**	-
Other income, net	26	**101,282**	145,122
Profit before tax		**1,345,505**	1,000,039
Income tax expenses/(credit) on foreign operations	11	**(41,982)**	2,520
Profit for the year	27	**1,303,523**	1,002,559
Profit attributable to:			
Shareholders of the Company		**1,303,319**	1,002,404
Non-controlling interests		**204**	155
Profit for the year		**1,303,523**	1,002,559
Basic and diluted earnings per share (in AED) attributable to equity holder of the Company	28	**1.58**	1.26

The accompanying notes form an integral part of these consolidated financial statements.

NATIONAL MARINE DREDGING COMPANY PJSC 21

Consolidated statement of comprehensive income
for the year ended 31 December 2022

	Note	2022 AED'000	2021 AED'000
Profit for the year		**1,303,523**	1,002,559
Other comprehensive income			
Items that may be subsequently reclassified to the consolidated statement of profit or loss in subsequent periods:			
Fair value (loss)/gain arising on hedging instruments during the year		**(6,253)**	5,125
Exchange differences arising on translation of foreign operations		**(275,049)**	287
Other comprehensive (loss)/income for the year		**(281,302)**	5,412
Total comprehensive income for the year		**1,022,221**	1,007,971
Profit attributable to:			
Shareholders of the Company		**1,022,017**	1,007,816
Non-controlling interests		**204**	155
Total comprehensive income for the year		**1,022,221**	1,007,971

The accompanying notes form an integral part of these consolidated financial statements.

Consolidated statement of changes in equity
for the year ended 31 December 2022

	Share capital AED'000	Merger reserve AED'000	Other reserves AED'000	Retained earnings AED'000	Equity attributable to the shareholders of the Company AED'000	Non-controlling interest AED'000	Total equity AED'000
Balance at 1 January 2021	575,000	(475,000)	37,532	2,955,161	3,092,693	2,746	3,095,439
Profit for the year	-	-	-	1,002,404	1,002,404	155	1,002,559
Other comprehensive income	-	-	5,412	-	5,412	-	5,412
Total comprehensive income for the year	-	-	5,412	1,002,404	1,007,816	155	1,007,971
Transfer to legal reserve (note 19)	-	-	100,240	(100,240)	-	-	-
Acquisition of subsidiary (note 5)	250,000	1,240,000	-	-	1,490,000	-	1,490,000
Dividend payable	-	-	-	(75,000)	(75,000)	(25)	(75,025)
Balance at 1 January 2022	825,000	765,000	143,184	3,782,325	5,515,509	2,876	5,518,385
Profit for the year	-	-	-	1,303,319	1,303,319	204	1,303,523
Other comprehensive income (note 19)	-	-	(281,302)	-	(281,302)	-	(281,302)
Total comprehensive income for the year	-	-	(281,302)	1,303,319	1,022,017	204	1,022,221
Transfer to legal reserve (note 19)	-	-	130,332	(130,332)	-	-	-
Balance at 31 December 2022	**825,000**	**765,000**	**(7,786)**	**4,955,312**	**6,537,526**	**3,080**	**6,540,606**

The accompanying notes form an integral part of these consolidated financial statements.

Consolidated statement of cash flows
for the year ended 31 December 2022

	Notes	2022 AED'000	2021 AED'000
Cash flows from operating activities			
Profit before tax		**1,345,505**	1,000,039
Adjustments for:			
Depreciation of property, plant and equipment	6	**420,768**	438,569
Depreciation of right-of-use assets	7	**13,881**	13,358
Gain on disposal of property, plant and equipment		**(29,828)**	(13,695)
Fair value loss/(gain) on financial assets at fair value through profit or loss	10	**1,959**	(1,265)
Dividend income		**-**	(371)
Provision for slow moving and obsolete inventories	12	**3,237**	2,311
Share of net results of equity accounted investees	9	**(5,203)**	(8,864)
Fair value adjustment from equity accounted investee	9	**(116,431)**	-
Gain on partial disposal of a subsidiary's operations	9	**(237,615)**	-
Provision for expected credit losses		**(35,187)**	108,568
Provision for onerous contracts		**316,416**	386,763
Reversal of provision for liquidated damages		**-**	(297,472)
Gain on bargain purchase		**-**	(49,708)
Finance income		**(28,772)**	(14,861)
Finance costs		**58,764**	54,549
Provision for employees' end of service benefits	20	**53,187**	67,393
		1,760,681	1,685,314
Income tax paid	11	**(39,900)**	(38,890)
Income tax refund	11	**26,995**	1,020
Employees' end of service benefit paid		**(41,800)**	(117,408)
Operating cash flows before movement in working capital		**1,705,976**	1,530,036
Change in inventories		**(119,589)**	51,493
Change in trade and other receivables		**(1,955,359)**	766,560
Change in contract assets		**822,999**	(837,466)
Change in contract liabilities		**327,101**	64,192
Change in trade and other payables		**1,901,102**	53,533
Net cash generated from operating activities		**2,682,230**	1,628,348

The accompanying notes form an integral part of these consolidated financial statements.

Consolidated statement of cash flows
for the year ended 31 December 2022 (continued)

	Notes	2022 AED'000	2021 AED'000
Cash flows from investing activities			
Purchase of property, plant and equipment	6	**(821,187)**	(178,612)
Proceeds from disposal of property, plant and equipment		**50,123**	9,877
Proceeds from disposal of a subsidiary's operations		**262,217**	-
Overdraft assumed on acquisition of subsidiary, net	5	**-**	(481,905)
Dividend received		**1,230**	1,836
Investment in financial assets at fair value through profit and loss		**(7,391)**	-
Interest received		**21,334**	14,861
Net cash used in investing activities		**(493,674)**	(633,943)
Cash flows from financing activities			
Proceeds from term loans		**459,125**	249,414
Repayment of term loans		**(336,057)**	(800,390)
Repayment of lease liabilities		**(21,102)**	(18,162)
Dividends paid		**-**	(75,369)
Interest paid		**(46,976)**	(42,435)
Net cash from generated from/(used in) from financing activities		**54,990**	(686,942)
Net increase in cash and cash equivalents		**2,243,546**	307,463
Cash and cash equivalents at 1 January		**802,199**	508,692
Effect of foreign exchange rate changes		**(262,013)**	(13,956)
Cash and cash equivalents at 31 December	15	**2,783,732**	802,199

The accompanying notes form an integral part of these consolidated financial statements.

Notes to the consolidated financial statements
for the year ended 31 December 2022

1 General information

National Marine Dredging Company ("NMDC" or the "Company") is a public shareholding Company incorporated in the Emirate of Abu Dhabi. The Company was incorporated by Law No. (10) of 1979, as amended by Decree No. (3) and (9) of 1985 issued by His Highness Sheikh Khalifa Bin Zayed Al Nahyan, who was then the Deputy Ruler of the Emirate of Abu Dhabi. The registered address of the Company is P.O. Box 3649, Abu Dhabi, United Arab Emirates.

These consolidated financial statements include the financial performance and position of the Company and its subsidiaries, joint venture and branches (collectively referred to as the "Group"), details of which are set out below.

During 2020, the Company's shareholders accepted an offer from Abu Dhabi Development Holding Company ("ADQ") (an existing shareholder and an entity fully owned by the Government of Abu Dhabi) and other minority shareholders of National Petroleum Construction Company PJSC ("NPCC"), to acquire 100% of the shareholding of NPCC, in exchange for the issuance of 575,000,000 equity shares in the Company to ADQ and the other shareholders of NPCC. This transaction received regulatory approvals on 11 February 2021, and consequently, the Company's share capital stands increased to AED 825,000,000 from that date. As a result of this transaction, the Government of Abu Dhabi became the majority holder of the Company's shares. Subsequently, in May 2021, out of its total shareholding of 58.48% in the Company, ADQ transferred 44.2% to entities in the Alpha Dhabi Holding PJSC ("Alpha") group, a subsidiary of International Holding Company. With this transaction and along with its previous equity shareholding in the Company, Alpha became the majority shareholder of the Company (also refer to notes 5 and 17).

The Company is primarily engaged in the execution of engineering, procurement and construction contracts, dredging contracts and associated land reclamation works in the territorial waters of the UAE, principally under the directives of the Government of Abu Dhabi (the "Government"). The Group also operates in other jurisdictions in the region including Bahrain, Egypt, Saudi Arabia and India through its subsidiaries, branches and joint operations. During the year ended 31 December 2022, the Group has made AED 7.7 million as a social contributions (note 27).

Notes to the consolidated financial statements
for the year ended 31 December 2022 (continued)

1 General information (continued)

Name	*Country of incorporation*	*Percentage holding 2022*	*2021*	*Principal activities*
Subsidiaries of NMDC				
National Petroleum Construction Company PJSC ("NPCC")	UAE	**100%**	100%	Engineering Procurement and Construction.
Emarat Europe Fast Building Technology System Factory L.L.C. (Emarat Europe)	UAE	**100%**	100%	Manufacturing and supply of precast concrete.
National Marine Dredging Company (Industrial)	UAE	**100%**	100%	Manufacturing of steel pipes and steel pipe fittings and holding 1% investment in the Group's subsidiaries to comply with local regulations.
ADEC Engineering Consultancy L.L.C.	UAE	**100%**	100%	Consultancy services in the fields of civil, architectural, drilling and marine engineering along with related laboratory services.
Abu Dhabi Marine Dredging Co S.P.C.	Bahrain	**100%**	100%	Offshore reclamation contracts, services for fixing water installation for marine facilities and excavation contracts.
National Marine and Infrastructure India Private Limited	India	**100%**	100%	Dredging and associated land reclamation works, civil engineering, port contracting and marine construction.
Subsidiaries of NPCC				
National Petroleum Construction Co. (Saudi) LTD.	Saudi Arabia	**100%**	100%	Engineering Procurement and Construction.
NPCC Engineering Limited	India	**100%**	100%	Engineering.
ANEWA Engineering Pvt. Ltd.	India	**80%**	80%	Engineering.
NPCC Service Malaysia SDN*	Malaysia	**100%**	100%	Engineering Procurement and Construction.
Abu Dhabi for Construction Projects*	Iraq	**100%**	100%	Engineering Procurement and Construction.
Branches of NMDC				
National Marine Dredging Company	Saudi Arabia	**Branch**	Branch	Dredging and associated land reclamation works, civil engineering, port contracting and marine construction.
National Marine Dredging Company	Egypt	**Branch**	Branch	Dredging and associated land reclamation works, civil engineering, port contracting and marine construction.
National Marine Dredging Company	Maldives	**Branch**	Branch	Dredging and associated land reclamation works, civil engineering, port contracting and marine construction.
National Marine Dredging Company	Abu Dhabi	**Branch**	Branch	Dredging and associated land reclamation works, civil engineering, port contracting and marine construction.
National Marine Dredging Company	Dubai	**Branch**	Branch	Dredging and associated land reclamation works, civil engineering, port contracting and marine construction.

*dormant entities

Notes to the consolidated financial statements
for the year ended 31 December 2022 (continued)

1 General information (continued)

Name	*Country of incorporation*	*Percentage holding 2022*	*2021*	*Principal activities*
Joint Venture				
The Challenge Egyptian Emirates Marine Dredging Company	Egypt	**49%**	49%	Dredging and associated land reclamation works, civil engineering, port contracting and marine construction.
Associates				
Principia SAS	France	**33.33%**	33.33%	Engineering and consultancy.
Safeen Survey and Subsea Services LLC	UAE	**49%**	-	Marine services related to oil industries.
Joint Operations of NPCC				
Technip – NPCC-Satah Full Field		**50%**	50%	Engineering, Procurement and Construction.
NPCC – Technip –UZ-750 (EPC-1)		**40%**	40%	Engineering, Procurement and Construction.
NPCC – Technip UL -2		**50%**	50%	Engineering, Procurement and Construction.
NPCC – Technip AGFA		**50%**	50%	Engineering, Procurement and Construction.
NPCC – Technip JV – US GAS CAP FEED		**50%**	50%	Engineering, Procurement and Construction.

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

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

The following new and revised IFRSs, which became effective for annual periods beginning on or after 1 January 2022, have been adopted in these financial statements. The application of these revised IFRSs has not had any material impact on the amounts reported for the current and prior years but may affect the accounting for future transactions or arrangements.

Amendments to IFRS 3 Reference to the Conceptual Framework	The Group has adopted the amendments to IFRS 3 Business Combinations for the first time in the current year. The amendments update IFRS 3 so that it refers to the 2018 Conceptual Framework instead of the 1989 Framework. They also add to IFRS 3 a requirement that, for obligations within the scope of IAS 37 Provisions, Contingent Liabilities and Contingent Assets, an acquirer applies IAS 37 to determine whether at the acquisition date a present obligation exists as a result of past events. For a levy that would be within the scope of IFRIC 21 Levies, the acquirer applies IFRIC 21 to determine whether the obligating event that gives rise to a liability to pay the levy has occurred by the acquisition date.
Amendments to IAS 16 Property, Plant and Equipment— Proceeds before Intended Use	The Group has adopted the amendments to IAS 16 Property, Plant and Equipment for the first time in the current year. The amendments prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced before that asset is available for use, i.e. proceeds while bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Consequently, an entity recognises such sales proceeds and related costs in profit or loss. The entity measures the cost of those items in accordance with IAS 2 Inventories.

Notes to the consolidated financial statements
for the year ended 31 December 2022 (continued)

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

2.1 New and revised IFRSs applied with no material effect on the financial statements (continued)

Amendments to IAS 16 Property, Plant and Equipment—Proceeds before Intended Use (continued)	The amendments also clarify the meaning of 'testing whether an asset is functioning properly'. IAS 16 now specifies this as assessing whether the technical and physical performance of the asset is such that it is capable of being used in the production or supply of goods or services, for rental to others, or for administrative purposes. If not presented separately in the statement of comprehensive income, the financial statements shall disclose the amounts of proceeds and cost included in profit or loss that relate to items produced that are not an output of the entity's ordinary activities, and which line item(s) in the statement of comprehensive income include(s) such proceeds and cost.
Amendments to IAS 37 Onerous Contracts—Cost of Fulfilling a Contract	The Group has adopted the amendments to IAS 37 for the first time in the current year. The amendments specify that the cost of fulfilling a contract comprises the costs that relate directly to the contract. Costs that relate directly to a contract consist of both the incremental costs of fulfilling that contract (examples would be direct labour or materials) and an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract).
Annual Improvements to IFRS Accounting Standards 2018-2020 Cycle	The Group has adopted the amendments included in the Annual Improvements to IFRS Accounting Standards 2018-2020 Cycle for the first time in the current year. The Annual Improvements include amendments to four standards. *IFRS 1 First-time Adoption of International Financial Reporting Standards* The amendment provides additional relief to a subsidiary which becomes a first-time adopter later than its parent in respect of accounting for cumulative translation differences. As a result of the amendment, a subsidiary that uses the exemption in IFRS 1:D16(a) can now also elect to measure cumulative translation differences for all foreign operations at the carrying amount that would be included in the parent's consolidated financial statements, based on the parent's date of transition to IFRS Accounting Standards, if no adjustments were made for consolidation procedures and for the effects of the business combination in which the parent acquired the subsidiary. A similar election is available to an associate or joint venture that uses the exemption in IFRS 1: D16(a). *IFRS 9 Financial Instruments* The amendment clarifies that in applying the '10 per cent' test to assess whether to derecognise a financial liability, an entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf. IFRS 16 Leases The amendment removes the illustration of the reimbursement of leasehold improvements.

Notes to the consolidated financial statements
for the year ended 31 December 2022 (continued)

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

2.1 New and revised IFRSs applied with no material effect on the financial statements (continued)

Annual Improvements to IFRS Accounting Standards 2018-2020 Cycle (continued)	*IAS 41 Agriculture* The amendment removes the requirement in IAS 41 for entities to exclude cash flows for taxation when measuring fair value. This aligns the fair value measurement in IAS 41 with the requirements of IFRS 13 Fair Value Measurement to use internally consistent cash flows and discount rates and enables preparers to determine whether to use pre-tax or post-tax cash flows and discount rates for the most appropriate fair value measurement.
Covid-19-Related Rent Concessions beyond 30 June 2021 (Amendment to IFRS 16)	The amendment extends, by one year, the May 2020 amendment that provides lessees with an exemption from assessing whether a COVID-19-related rent concession is a lease modification.

2.2 New and revised IFRS in issue but not yet effective

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

New and revised IFRSs	Effective for annual periods beginning on or after
IFRS 17 *Insurance Contracts*	1 January 2023
IFRS 17 establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts and supersedes IFRS 4 Insurance Contracts. IFRS 17 outlines a general model, which is modified for insurance contracts with direct participation features, described as the variable fee approach. The general model is simplified if certain criteria are met by measuring the liability for remaining coverage using the premium allocation approach. The general model uses current assumptions to estimate the amount, timing and uncertainty of future cash flows and it explicitly measures the cost of that uncertainty. It takes into account market interest rates and the impact of policyholders' options and guarantees.	

Notes to the consolidated financial statements
for the year ended 31 December 2022 (continued)

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

2.2 New and revised IFRS in issue but not yet effective (continued)

New and revised IFRSs	Effective for annual periods beginning on or after
IFRS 17 *Insurance Contracts (continued)*	1 January 2023
In June 2020, the IASB issued Amendments to IFRS 17 to address concerns and implementation challenges that were identified after IFRS 17 was published. The amendments defer the date of initial application of IFRS 17 (incorporating the amendments) to annual reporting periods beginning on or after 1 January 2023. At the same time, the IASB issued Extension of the Temporary Exemption from Applying IFRS 9 (Amendments to IFRS 4) that extends the fixed expiry date of the temporary exemption from applying IFRS 9 in IFRS 4 to annual reporting periods beginning on or after 1 January 2023.	
In December 2021, the IASB issued Initial Application of IFRS 17 and IFRS 9—Comparative Information (Amendment to IFRS 17) to address implementation challenges that were identified after IFRS 17 was published. The amendment addresses challenges in the presentation of comparative information.	
IFRS 17 must be applied retrospectively unless impracticable, in which case the modified retrospective approach or the fair value approach is applied.	
For the purpose of the transition requirements, the date of initial application is the start of the annual reporting period in which the entity first applies the Standard, and the transition date is the beginning of the period immediately preceding the date of initial application.	

Notes to the consolidated financial statements
for the year ended 31 December 2022 (continued)

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

2.2 New and revised IFRS in issue but not yet effective (continued)

New and revised IFRSs	Effective for annual periods beginning on or after
Amendments to IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Effective date not yet decided
The amendments to IFRS 10 and IAS 28 deal with situations where there is a sale or contribution of assets between an investor and its associate or joint venture. Specifically, the amendments state that gains or losses resulting from the loss of control of a subsidiary that does not contain a business in a transaction with an associate or a joint venture that is accounted for using the equity method, are recognised in the parent's profit or loss only to the extent of the unrelated investors' interests in that associate or joint venture. Similarly, gains and losses resulting from the remeasurement of investments retained in any former subsidiary (that has become an associate or a joint venture that is accounted for using the equity method) to fair value are recognised in the former parent's profit or loss only to the extent of the unrelated investors' interests in the new associate or joint venture. The effective date of the amendments has yet to be set by the Board; however, earlier application of the amendments is permitted.	
Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current	1 January 2023
The amendments to IAS 1 published in January 2020 affect only the presentation of liabilities as current or noncurrent in the statement of financial position and not the amount or timing of recognition of any asset, liability, income or expenses, or the information disclosed about those items. The amendments clarify that the classification of liabilities as current or non-current is based on rights that are in existence at the end of the reporting period, specify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability, explain that rights are in existence if covenants are complied with at the end of the reporting period, and introduce a definition of 'settlement' to make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services. The amendments are applied retrospectively.	

Notes to the consolidated financial statements
for the year ended 31 December 2022 (continued)

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

2.2 New and revised IFRS in issue but not yet effective (continued)

New and revised IFRSs	Effective for annual periods beginning on or after
Amendments to IAS 1 and IFRS Practice Statement 2 – Disclosure of accounting policies	1 January 2023

The amendments change the requirements in IAS 1 with regard to disclosure of accounting policies. The amendments replace all instances of the term 'significant accounting policies' with 'material accounting policy information'. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. The supporting paragraphs in IAS 1 are also amended to clarify that accounting policy information that relates to immaterial transactions, other events or conditions is immaterial and need not be disclosed. Accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material.

The IASB has also developed guidance and examples to explain and demonstrate the application of the 'four-step materiality process' described in IFRS Practice Statement 2.

Amendments to IAS 8 – Definition of Accounting Estimates	1 January 2023

The amendments replace the definition of a change in accounting estimates with a definition of accounting estimates. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty". The definition of a change in accounting estimates was deleted. However, the IASB retained the concept of changes in accounting estimates in the Standard with the following clarifications:

- A change in accounting estimate that results from new information or new developments is not the correction of an error;
- The effects of a change in an input or a measurement technique used to develop an accounting estimate are changes in accounting estimates if they do not result from the correction of prior period errors.

The IASB added two examples (Examples 4-5) to the Guidance on implementing IAS 8, which accompanies the Standard. The IASB has deleted one example (Example 3) as it could cause confusion in light of the amendments.

Notes to the consolidated financial statements
for the year ended 31 December 2022 (continued)

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

2.2 New and revised IFRS in issue but not yet effective (continued)

New and revised IFRSs	Effective for annual periods beginning on or after
Amendments to IAS 12 - Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023

The amendments introduce a further exception from the initial recognition exemption. Under the amendments, an entity does not apply the initial recognition exemption for transactions that give rise to equal taxable and deductible temporary differences.

Depending on the applicable tax law, equal taxable and deductible temporary differences may arise on initial recognition of an asset and liability in a transaction that is not a business combination and affects neither accounting nor taxable profit. For example, this may arise upon recognition of a lease liability and the corresponding right-of-use asset applying IFRS 16 at the commencement date of a lease.

Following the amendments to IAS 12, an entity is required to recognise the related deferred tax asset and liability, with the recognition of any deferred tax asset being subject to the recoverability criteria in IAS 12. The IASB also adds an illustrative example to IAS 12 that explains how the amendments are applied. The amendments apply to transactions that occur on or after the beginning of the earliest comparative period presented. In addition, at the beginning of the earliest comparative period an entity recognises:

- A deferred tax asset (to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised) and a deferred tax liability for all deductible and taxable temporary differences associated with:
  - Right-of-use assets and lease liabilities;
  - Decommissioning, restoration and similar liabilities and the corresponding amounts recognised as part of the cost of the related asset.
- The cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at that date.

Notes to the consolidated financial statements
for the year ended 31 December 2022 (continued)

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

2.2 New and revised IFRS in issue but not yet effective (continued)

New and revised IFRSs	Effective for annual periods beginning on or after
Extension of the Temporary Exemption from Applying IFRS 9 (Amendments to IFRS 4)	1 January 2023
The amendment changes the fixed expiry date for the temporary exemption in IFRS 4 *Insurance Contracts* from applying IFRS 9 *Financial Instruments*, so that entities would be required to apply IFRS 9 for annual periods beginning on or after 1 January 2023.	
Lease Liability in a Sale and Leaseback (Amendments to IFRS 16)	1 January 2024
The amendment clarifies how a seller-lessee subsequently measures sale and leaseback transactions that satisfy the requirements in IFRS 15 to be accounted for as a sale.	
Non-current Liabilities with Covenants (Amendments to IAS 1)	1 January 2024
The amendment clarifies how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability. Only covenants with which an entity is required to comply on or before the reporting date affect the classification of a liability as current or non-current. In addition, an entity has to disclose information in the notes that enables users of financial statements to understand the risk that non-current liabilities with covenants could become repayable within twelve months.	

The above stated new standards and amendments are not expected to have any significant impact on financial statement of the Group.

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

Notes to the consolidated financial statements
for the year ended 31 December 2022 (continued)

3 Summary of significant accounting policies

Statement of compliance

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) and applicable provisions of the Federal Decree law no 32 of 2021.

Federal Law No. 32 of 2021 on Commercial Companies (the “New Companies Law”) was issued on 20 September 2021 and has come into effect on 2 January 2022, to entirely replace Federal Law No. 2 of 2015 on Commercial Companies, as amended (the “2015 Law”). The Company has applied the requirements New Companies Law during the year ended 31 December 2022.

Functional and presentation currency

These consolidated financial statements are presented in United Arab Emirates Dirhams (AED) which is the functional and presentation currency of the Group and all values are rounded to the nearest thousand except when otherwise indicated.

Basis of preparation

The consolidated financial statements have been prepared on a historical cost basis, except for derivative financial instruments and financial assets at fair value through profit or loss, that have been measured at fair value.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and the entities controlled by the Company (its subsidiaries) made up to 31 December each year. Control is achieved where the Company has:

- power over the investee;
- is exposed, or has rights, to variable returns from its involvement; and
- has the ability to use its power to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Group has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Group considers all relevant facts and circumstances in assessing whether or not it’s voting rights in an investee are sufficient to give it power, including:

- the size of the Group's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Group, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Group has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

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Notes to the consolidated financial statements
for the year ended 31 December 2022 (continued)

3 Summary of significant accounting policies (continued)

Basis of consolidation (continued)

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between the members of the Group are eliminated on consolidation.

Non-controlling interests in subsidiaries are identified separately from the Group's equity therein. Those interests of non-controlling shareholders that are present ownership interests entitling their holders to a proportionate share of net assets upon liquidation may initially be measured at fair value or at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets. The choice of measurement is made on an acquisition-by-acquisition basis. Other non-controlling interests are initially measured at fair value. Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Revenue recognition

IFRS 15 establishes a five-step model that applies to revenue arising from contracts with customers. Revenue is recognised at an amount that reflects the consideration to which the Group expects to be entitled in exchange for transferring goods or services to a customer. The five steps are:

Step 1 Identify contract(s) with a customer;
Step 2 Identify performance obligations in the contract;
Step 3 Determine the transaction price;
Step 4 Allocate the transaction price to the performance obligations in the contract; and
Step 5 Recognise revenue when (or as) the Group satisfies a performance obligation.

Notes to the consolidated financial statements
for the year ended 31 December 2022 (continued)

3 Summary of significant accounting policies (continued)

Revenue recognition (continued)

The Company 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.

For performance obligations where one of the above conditions are not met, revenue is recognised at the point in time at which the performance obligation is satisfied.

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. The Group recognises revenue when the amount of revenue can be reliably measured; when it is probable that future economic benefits will flow to the entity; and when specific criteria have been met for each of the Group's activities, as described above. The Group bases its estimate of return on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

Contract revenue

Contract revenue comprises revenue from execution of contracts relating to lump-sum engineering, procurement and construction project services, dredging activities and associated land reclamation works. Lump-sum engineering, procurement and construction project execution services contracts contain distinct goods and services that are not distinct in the context of the contract. These are therefore combined into a single performance obligation.

The Group recognises revenue from its lump-sum engineering, procurement and construction project execution services contracts over time as the assets constructed are highly customized for the customers' needs with no alternative use and the Group has right to payment for performance completed to date.

Contract revenue includes the initial amount agreed in the contract plus any variations in contract work, and incentive payments, to the extent that it is probable that they will result in revenue, they can be measured reliably and will be approved by the customers. Claims are recognised when negotiations have reached an advanced stage such that it is probable that the customer will accept the claim and the amount can be measured reliably. Contract revenue also includes revenue from securing the award of significant projects for dredging and reclamation works. These amounts are recognised when all significant service obligations arising from the related services have been discharged.

Notes to the consolidated financial statements
for the year ended 31 December 2022 (continued)

3 Summary of significant accounting policies (continued)

Revenue recognition (continued)

Contract revenue (continued)

If the outcome of a contract can be estimated reliably, contract revenue is recognised in the consolidated statement of profit or loss in proportion to the stage of completion of the contract. Based on the method that most reliably measures the actual work performed on each contract, the stage of completion is determined either on the basis of surveys of work performed or in the proportion of the contract costs incurred for work performed to date as compared to the estimated total contract costs. Losses on contracts are assessed on an individual contract basis and a provision is recorded for the full amount of any anticipated losses, including losses relating to future work on a contract, in the period in which the loss is first foreseen.

In case of contracts, where revenue is recognised on the basis of surveys of work performed, revenue is measured by applying contractual rates, or the minimum recoverable rates expected, to the actual quantities dredged or the related works performed. Revenue is adjusted subsequently based on final customer approval if rates approved are different from those originally used.

When the outcome of a contract cannot be estimated reliably, revenue is recognised only to the extent of contract costs incurred that it is probable will be recoverable; and contract costs should be recognised as an expense in the period in which they are incurred.

Warranty Obligations

The Group generally provides warranties for general repairs of defects that existed at the time of sale, as required by law. As such, all warranties are assurance-type warranties under IFRS 15, which the Group accounts for under IAS 37 Provisions, Contingent Liabilities and Contingent Assets.

Significant financing component

For lump sum engineering, construction and procurement projects, if there is a difference in the timing of when the Group receives the advance and progress payments and when it recognises the contract revenue, the Group implies the existence of implicit significant financing component and adjusts transaction price to include the effects of time of value of money. The Group records interest on the delayed payments as interest income. For other contracts generally, the Group receives short-term advances from its customers. Using the practical expedient in IFRS 15, the Group does not adjust the promised amount of consideration for the effects of a significant financing component if it expects, at contract inception, that the period between the transfer of the promised good or service to the customer and when the customer pays for that good or service will be one year or less.

Notes to the consolidated financial statements
for the year ended 31 December 2022 (continued)

3 Summary of significant accounting policies (continued)

Revenue recognition (continued)

Variation orders and claims

Variation orders and claims are only included in revenue when it is probable that these will be accepted and can be measured reliably. The Group provides for liquidated damages claims where the customer has the contractual right to apply liquidated damages and it is considered probable that the customer will successfully pursue such a claim.

Liquidated damages and penalties

Liquidated damages, penalties and similar payments, price concession (discounts) or deductions are accounted for as variable considerations. When management concludes on the existence of variable consideration, the Group estimates the amount of variable consideration at contract inception by using either (i) the expected value approach or (ii) the most likely amount. The Group use the method that best predicts the amount of consideration to which it will be entitled based on the terms of the contract. This would also apply to contractual incentive payments or early completion bonuses, if any.

Cost to obtain and costs to fulfil a contract

The Group applied the practical expedient to immediately expense contract acquisition costs when the asset that would have resulted from capitalising such costs would have been amortised within one year or less. The Group does not incur any costs to obtain a contract and costs to fulfil a contract that are eligible for capitalisation.

Other income

Sale of scrap
Income from the sale of scrap is recognized at the time customers take delivery and risk and rewards are transferred to customers as per agreed terms and conditions.

Dividend income
Dividend income is recognised in the consolidated statement of profit or loss on the date that the Group's right to receive payment is established, which in the case of quoted securities is the ex-dividend date.

Insurance claim
Insurance claims is recognised in the consolidated statement of profit or loss on the date the Group receives the claim value.

Finance income
Finance income comprises interest income on bank deposits. Interest income is recognised as it accrues in the consolidated statement of profit or loss.

**Notes to the consolidated financial statements
for the year ended 31 December 2022 (continued)**

3 Summary of significant accounting policies (continued)

Property, plant and equipment

Recognition and measurement
Items of property, plant and equipment are stated at cost, less accumulated depreciation and impairment losses, if any.

Cost includes expenditures that are directly attributable to the acquisition of the assets. The cost of self-constructed assets includes the cost of materials, direct labor and any other costs directly attributable to bringing the asset to a working condition for its intended use, the costs of dismantling and removing the items and restoring the site on which they are located and capitalised borrowing costs. Cost also may include transfer from other comprehensive income of any gain or loss on qualifying cash flow hedges of foreign currency for purchase of property, plant and equipment. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Subsequent costs
The cost of replacing a part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. Vessel overhaul and dry-docking costs are capitalised as a separate component of dredgers when incurred. The costs of day to day servicing of property, plant and equipment are recognised in the consolidated statement of profit or loss as incurred.

Depreciation
Depreciation is recognised in the consolidated statement of profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. Vessel overhaul and dry docking costs are depreciated over the period up to next dry-docking, which is generally four years. The estimated useful lives for other items of property, plant and equipment for the current and comparative years are as follows:

	Years
Building and base facilities	25
Dredgers	5 - 30
Barges, support vessels, plant, pipelines and vehicles	1 - 40
Office equipment and furniture	3 - 5

Depreciation methods, useful lives and residual values are reviewed at each financial year end, with the effect of any changes in estimate accounted for on a prospective basis.

Items of property, plant and equipment are depreciated from the date that they are installed and are ready for use, or in respect of internally constructed assets, from the date that the asset is completed and ready for use.

**Notes to the consolidated financial statements
for the year ended 31 December 2022 (continued)**

3 Summary of significant accounting policies (continued)

Property, plant and equipment (continued)

Capital work in progress
The Group capitalises all costs relating to the construction of tangible fixed assets as capital work-in-progress, up to the date of completion of the asset. Such costs are transferred from capital work-in-progress to the appropriate asset category upon completion, and are depreciated over their estimated useful economic lives from the date of such completion.

Derecognition
An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss. Insurance claim proceeds, if any, against an insured item of property, plant and equipment are recognised in “other income” in profit or loss.

Impairment of non-financial assets

The Group assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset’s recoverable amount. An asset’s recoverable amount is the higher of an asset’s or CGU’s fair value less costs of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. The Group bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Group’s CGUs to which the individual assets are allocated.

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Group estimates the asset’s or CGU’s recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset’s recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the consolidated statement of profit and loss unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

Notes to the consolidated financial statements
for the year ended 31 December 2022 (continued)

3 Summary of significant accounting policies (continued)

Impairment of non-financial assets (continued)

Goodwill is tested for impairment annually and when circumstances indicate that the carrying value may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of each CGU (or group of CGUs) to which the goodwill relates. When the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in future periods.

Investments in associates and joint ventures

An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. 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 results and assets and liabilities of associates or joint ventures are incorporated in these consolidated financial statements using the equity method of accounting, except when the investment is classified as held-for-sale, in which case it is accounted for in accordance with IFRS 5.

Under the equity method, an investment in an associate or a joint venture is recognised initially in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate or joint venture. When the Group's share of losses of an associate or a joint venture exceeds the Group's interest in that associate or joint venture (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate or joint venture), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture.

An investment in an associate or a joint venture is accounted for using the equity method from the date on which the investee becomes an associate or a joint venture. On acquisition of the investment in an associate or a joint venture, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in consolidated statement of profit or loss in the period in which the investment is acquired.

Notes to the consolidated financial statements
for the year ended 31 December 2022 (continued)

3 Summary of significant accounting policies (continued)

Investments in associates and joint ventures (continued)

The requirements of IAS 36 are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment in an associate or a joint venture. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with IAS 36 as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognised is not allocated to any asset, including goodwill that forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with IAS 36 to the extent that the recoverable amount of the investment subsequently increases.

The Group discontinues the use of the equity method from the date when the investment ceases to be an associate or a joint venture. When the Group retains an interest in the former associate or a joint venture and the retained interest is a financial asset, the Group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition in accordance with IFRS 9. The difference between the carrying amount of the associate or a joint venture at the date the equity method was discontinued, and the fair value of any retained interest and any proceeds from disposing of a part interest in the associate or a joint venture is included in the determination of the gain or loss on disposal of the associate or joint venture.

In addition, the Group accounts for all amounts previously recognised in consolidated statement of comprehensive income in relation to that associate on the same basis as would be required if that associate had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in consolidated statement of comprehensive income by that associate or joint venture would be reclassified to consolidated statement of profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to consolidated statement of profit or loss (as a reclassification adjustment) when the associate or joint venture is disposed of.

When the Group reduces its ownership interest in an associate or a joint venture but the Group continues to use the equity method, the Group reclassifies to consolidated statement of profit or loss the proportion of the gain or loss that had previously been recognised in consolidated statement of comprehensive income relating to that reduction in ownership interest if that gain or loss would be reclassified to consolidated statement of profit or loss on the disposal of the related assets or liabilities.

When a Group entity transacts with an associate or a joint venture of the Group, profits and losses resulting from the transactions with the associate or joint venture are recognised in the Group's consolidated financial statements only to the extent of interests in the associate or joint venture that are not related to the Group.

The Group applies IFRS 9, including the impairment requirements, to long-term interests in an associate or joint venture to which the equity method is not applied and which form part of the net investment in the investee. Furthermore, in applying IFRS 9 to long-term interests, the Group does not take into account adjustments to their carrying amount required by IAS 28 (i.e. adjustments to the carrying amount of long-term interests arising from the allocation of losses of the investee or assessment of impairment in accordance with IAS 28).

3 Summary of significant accounting policies (continued)

Interests in joint operations

A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. 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.

When a Group entity undertakes its activities under joint operations, the Group as a joint operator recognises in relation to its interest in a joint operation:

- its assets, including its share of any assets held jointly;
- its liabilities, including its share of any liabilities incurred jointly;
- its revenue from the sale of its share of the output arising from the joint operation;
- its share of the revenue from the sale of the output by the joint operations; and
- its expenses, including its share of any expenses incurred jointly.

The Group accounts for the assets, liabilities, revenues and expenses relating to its interest in a joint operation in accordance with the IFRSs applicable to the particular assets, liabilities, revenues and expenses. When a Group entity transacts with a joint operation in which a group entity is a joint operator (such a sale or contribution of assets), the Group is considered to be conducting the transaction with the other parties to the joint operations, and gains and losses resulting from the transactions are recognised in the Group's consolidated financial statements only to the extent of other parties' interests in the joint operation.

When a Group entity transacts with a joint operation in which a Group entity is a joint operator (such as a purchase of asset), the Group does not recognise its share of the gains and losses until it resells those assets to a third party.

3 Summary of significant accounting policies (continued)

Inventories

Inventories comprise stores and consumable spares and are measured at the lower of cost and net realisable value. The costs of inventories are based on the weighted average method, and include expenditure incurred in acquiring the inventories and other costs incurred in bringing them to their existing location and condition.

Net realisable value is the estimated selling price in the ordinary course of business, less selling expenses.

Provision for slow moving and obsolete inventories is established based on expected usage as assessed by management.

Employee benefits

Accrual is made for estimated liability for employees' entitlement to annual leave and leave passage as a result of services rendered by eligible employees up to the end of reporting period.

Provision is made for the full amount of end of service benefits due to employees in accordance with the UAE Labour Law and other applicable laws as per the jurisdictions of the relevant subsidiaries, for their period of service up to the end of the reporting period.

Pension contributions are made in respect of UAE national employees to the UAE General Pension and Social Security Authority in accordance with the UAE Federal Law No. (2), 2000 for Pension and Social Security. Such contributions are charged to profit or loss during the employees' period of service.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, 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 profit or loss in the period in which they are incurred.

Notes to the consolidated financial statements
for the year ended 31 December 2022 (continued)

3 Summary of significant accounting policies (continued)

Foreign currencies

Transactions in foreign currencies are translated to AED at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to AED at the exchange rate at that date.

The foreign currency gain or loss on monetary items is the difference between the amortised cost in AED at the beginning of the year, adjusted for effective interest and payments during the period and the amortised cost in foreign currency translated at the exchange rate at the end of the year.

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are retranslated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to AED at the exchange rate at the date that the fair value was determined. Foreign currency differences arising on translation are recognised in the consolidated statement of profit or loss, except for the exchange differences arising on the retranslation of equity instruments at fair value through OCI and qualifying cash flow hedges to the extent the hedge is effective, which are recognised in other comprehensive income. Foreign currency gains and losses on financial assets and financial liabilities are reported on a net basis.

For the purposes of presenting these consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into AED using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the dates of transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity as foreign currency translation reserves.

Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows. When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Notes to the consolidated financial statements
for the year ended 31 December 2022 (continued)

3 Summary of significant accounting policies (continued)

Provisions (continued)

Onerous contracts

Present obligations arising under onerous contracts are recognised and measured as provisions. An onerous contract is considered to exist where the Group has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received from the contract.

Warranties

Provisions for the expected cost of warranty obligations are recognised at the date of sale of the relevant products, to settle the Group's obligation based on past experience of the Group.

Cash and cash equivalents

In the statement of financial position, cash and bank balances comprise cash (i.e. cash on hand and demand deposits) and cash equivalents. Cash equivalents are short-term (generally with original maturity of three months or less), highly liquid investments that are readily convertible to a known amount of cash and which are subject to an insignificant risk of changes in value. Cash equivalents are held for the purpose of meeting short-term cash commitments rather for investment or other purposes.

Bank balances for which use by the Group is subject to third party contractual restrictions are included as part of cash unless the restrictions result in a bank balance no longer meeting the definition of cash. Contractual restrictions affecting use of bank balances are disclosed in note 15. If the contractual restrictions to use the cash extend beyond 12 months after the end of the reporting period, the related amounts are classified as non-current in the statement of financial position.

For the purposes of the statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts which are repayable on demand and form an integral part of the Group's cash

Leases

The Group as a lessee

The Group assesses whether contract is or contains a lease, at inception of the contract. The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. For these leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate.

Notes to the consolidated financial statements
for the year ended 31 December 2022 (continued)

3 Summary of significant accounting policies (continued)

Leases (continued)

The Group as a lessee (continued)

Lease payments included in the measurement of the lease liability comprise:

- fixed lease payments (including in-substance fixed payments), less any lease incentives;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the amount expected to be payable by the lessee under residual value guarantees;
- the exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is presented as a separate line item in the consolidated statement of financial position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Group remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- the lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revise discount rate is used).

A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.

The Group did not make any such adjustments during the periods presented.

The right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use of asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The right-of-use of assets are presented as a separate line in the consolidated statement of financial position.

Notes to the consolidated financial statements
for the year ended 31 December 2022 (continued)

3 Summary of significant accounting policies (continued)

Leases (continued)

The Group as a lessee (continued)

The Group applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for an identified impairment loss as described in the 'Property and equipment' policy.

Variable rents that do not depend on an index or rate are not included in the measurement of the lease liability and the right-of-use asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs and are included in the line 'Other expenses' in the consolidated statement of profit or loss.

As a practical expedient, IFRS 16 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement. The Group has not used this practical expedient.

Financial instruments

Financial assets and financial liabilities are recognised in the Group's consolidated statement of financial position when the Group becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Classification of financial assets

Debt instruments that meet the following conditions are measured subsequently at amortised cost:

- the financial asset is held within a business model whose objective is 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.

Notes to the consolidated financial statements
for the year ended 31 December 2022 (continued)

3 Summary of significant accounting policies (continued)

Financial instruments (continued)

Financial assets (continued)

Classification of financial assets (continued)

Debt instruments that meet the following conditions are measured subsequently at fair value through other comprehensive income (FVTOCI):

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; 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.

By default, all other financial assets are measured subsequently at fair value through profit or loss (FVTPL). Despite the foregoing, the Group may make the following irrevocable election/designation at initial recognition of a financial asset:

- the Group may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if certain criteria are met (see (iii) below); and
- the Group may irrevocably designate a debt investment that meets the amortised cost or FVTOCI criteria as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

(i) Amortised cost and effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period.

For financial assets other than purchased or originated credit-impaired financial assets (i.e. assets that are credit-impaired on initial recognition), the effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) excluding expected credit losses, through the expected life of the debt instrument, or, where appropriate, a shorter period, to the gross carrying amount of the debt instrument on initial recognition. For purchased or originated credit-impaired financial assets, a credit-adjusted effective interest rate is calculated by discounting the estimated future cash flows, including expected credit losses, to the amortised cost of the debt instrument on initial recognition.

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. The gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any loss allowance.

Notes to the consolidated financial statements
for the year ended 31 December 2022 (continued)

3 Summary of significant accounting policies (continued)

Financial instruments (continued)

Financial assets (continued)

Classification of financial assets (continued)

(i) Amortised cost and effective interest method (continued)

Interest income is recognised using the effective interest method for debt instruments measured subsequently at amortised cost and at FVTOCI. For financial assets other than purchased or originated credit-impaired financial assets, interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired (see below). For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset. If, in subsequent reporting periods, the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset.

For purchased or originated credit-impaired financial assets, the Group recognises interest income by applying the credit-adjusted effective interest rate to the amortised cost of the financial asset from initial recognition. The calculation does not revert to the gross basis even if the credit risk of the financial asset subsequently improves so that the financial asset is no longer credit-impaired.

Interest income is recognised in profit or loss and is included in the "finance income" (note 24).

(ii) Debt instruments classified as at FVTOCI

The corporate bonds are classified as at FVTOCI. The corporate bonds are initially measured at fair value plus transaction costs. Subsequently, changes in the carrying amount of these corporate bonds as a result of foreign exchange gains and losses, impairment gains or losses, and interest income calculated using the effective interest method are recognised in profit or loss. The amounts that are recognised in profit or loss are the same as the amounts that would have been recognised in profit or loss if these corporate bonds had been measured at amortised cost. All other changes in the carrying amount of these corporate bonds are recognised in other comprehensive income and accumulated under the heading of investments revaluation reserve. When these corporate bonds are derecognised, the cumulative gains or losses previously recognised in other comprehensive income are reclassified to profit or loss.

Notes to the consolidated financial statements
for the year ended 31 December 2022 (continued)

3 Summary of significant accounting policies (continued)

Financial instruments (continued)

Financial assets (continued)

Classification of financial assets (continued)

(iii) Equity instruments designated as at FVTOCI

On initial recognition, the Group may make an irrevocable election (on an instrument-by-instrument basis) to designate investments in equity instruments as at FVTOCI. Designation at FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognised by an acquirer in a business combination.

A financial asset is held for trading if:
- it has been acquired principally for the purpose of selling it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has evidence of a recent actual pattern of short-term profit-taking; or
- it is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument).

Investments in equity instruments at FVTOCI are initially measured at fair value plus transaction costs.

Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the investments revaluation reserve. The cumulative gain or loss is not being reclassified to profit or loss on disposal of the equity investments, instead, it is transferred to retained earnings.

Dividends on these investments in equity instruments are recognised in profit or loss in accordance with IFRS 9, unless the dividends clearly represent a recovery of part of the cost of the investment.

(iv) Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortised cost or FVTOCI (see (i) to (iii) above) are measured at FVTPL. Specifically:

- Investments in equity instruments are classified as at FVTPL, unless the Group designates an equity investment that is neither held for trading nor a contingent consideration arising from a business combination as at FVTOCI on initial recognition (see (iii) above).
- Debt instruments that do not meet the amortised cost criteria or the FVTOCI criteria (see (i) and (ii) above) are classified as at FVTPL. In addition, debt instruments that meet either the amortised cost criteria or the FVTOCI criteria may be designated as at FVTPL upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency (so called 'accounting mismatch') that would arise from measuring assets or liabilities or recognising the gains and losses on them on different bases. The Group has not designated any debt instruments as at FVTPL.

Notes to the consolidated financial statements
for the year ended 31 December 2022 (continued)

3 Summary of significant accounting policies (continued)

Financial instruments (continued)

Financial assets (continued)

(iv) Financial assets at FVTPL (continued)

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss to the extent they are not part of a designated hedging relationship. The net gain or loss recognised in profit or loss includes any dividend or interest earned on the financial asset and is included in the 'other gains and losses' line item.

Impairment of financial assets

The Group recognises a loss allowance for expected credit losses on investments in debt instruments that are measured at amortised cost or at FVTOCI, lease receivables, trade receivables and contract assets, as well as on financial guarantee contracts. 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.

The Group always recognises lifetime ECL for trade receivables, contract assets and lease receivables. The expected credit losses on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For all other financial instruments, the Group recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month ECL.

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.

(i) Significant increase in credit risk

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument at the reporting date with the risk of a default occurring on the financial instrument at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. Forward-looking information considered includes the future prospects of the industries in which the Group's debtors operate, obtained from economic expert reports, financial analysts, governmental bodies, relevant think-tanks and other similar organisations, as well as consideration of various external sources of actual and forecast economic information that relate to the Group's core operations.

Notes to the consolidated financial statements
for the year ended 31 December 2022 (continued)

3 Summary of significant accounting policies (continued)

Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets (continued)

(i) Significant increase in credit risk (continued)

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk for a particular financial instrument, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor, or the length of time or the extent to which the fair value of a financial asset has been less than its amortised cost;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor;
- significant increases in credit risk on other financial instruments of the same debtor;
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

Despite the foregoing, the Group assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if:

- The financial instrument has a low risk of default,
- The debtor has a strong capacity to meet its contractual cash flow obligations in the near term, and
- Adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

The Group considers a financial asset to have low credit risk when the asset has external credit rating of 'investment grade' in accordance with the globally understood definition or if an external rating is not available, the asset has an internal rating of 'performing'. Performing means that the counterparty has a strong financial position and there is no past due amounts.

Notes to the consolidated financial statements
for the year ended 31 December 2022 (continued)

3 Summary of significant accounting policies (continued)

Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets (continued)

(i) Significant increase in credit risk (continued)

For financial guarantee contracts, the date that the Group becomes a party to the irrevocable commitment is considered to be the date of initial recognition for the purposes of assessing the financial instrument for impairment. In assessing whether there has been a significant increase in the credit risk since initial recognition of a financial guarantee contracts, the Group considers the changes in the risk that the specified debtor will default on the contract.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

(ii) Definition of default

The Group considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that financial assets that meet either of the following criteria are generally not recoverable:

- when there is a breach of financial covenants by the debtor; or
- information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collateral held by the Group).

Irrespective of the above analysis, the Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

(iii) Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- significant financial difficulty of the issuer or the borrower;
- a breach of contract, such as a default or past due event (see (ii) above);
- the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for that financial asset because of financial difficulties.

Notes to the consolidated financial statements
for the year ended 31 December 2022 (continued)

3 Summary of significant accounting policies (continued)

Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets (continued)

(iv) Write-off policy

The Group writes off a financial asset when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of trade receivables, when the amounts are over two years past due, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

(v) Measurement and recognition of expected credit losses

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date; for financial guarantee contracts, the exposure includes the amount drawn down as at the reporting date, together with any additional amounts expected to be drawn down in the future by default date determined based on historical trend, the Group's understanding of the specific future financing needs of the debtors, and other relevant forward-looking information.

For financial assets, the expected credit loss is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the original effective interest rate. For a lease receivable, the cash flows used for determining the expected credit losses is consistent with the cash flows used in measuring the lease receivable in accordance with IAS 17 Leases.

For a financial guarantee contract, as the Group is required to make payments only in the event of a default by the debtor in accordance with the terms of the instrument that is guaranteed, the expected loss allowance is the expected payments to reimburse the holder for a credit loss that it incurs less any amounts that the Group expects to receive from the holder, the debtor or any other party.

If the Group has measured the loss allowance for a financial instrument at an amount equal to lifetime ECL in the previous reporting period, but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the Group measures the loss allowance at an amount equal to 12-month ECL at the current reporting date, except for assets for which simplified approach was used.

The Group recognises an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt instruments that are measured at FVTOCI, for which the loss allowance is recognised in other comprehensive income and accumulated in the investment revaluation reserve, and does not reduce the carrying amount of the financial asset in the consolidated statement of financial position.

Notes to the consolidated financial statements
for the year ended 31 December 2022 (continued)

3 Summary of significant accounting policies (continued)

Financial instruments (continued)

Financial assets (continued)

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire; or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset.

Financial liabilities and equity instruments

Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recorded at the proceeds received, net of direct issue costs.

Financial liabilities

Trade and other payables and due to related parties, classified as 'financial liabilities', are initially measured at fair value, net of transaction costs, and are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis, except for short term liabilities when the recognition of interest is immaterial.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire.

Notes to the consolidated financial statements
for the year ended 31 December 2022 (continued)

3 Summary of significant accounting policies (continued)

Financial liabilities and equity instruments (continued)

Derecognition of financial liabilities (continued)

The Group enters into derivative financial instruments to manage exposure to variable interest rate fluctuations. Further details of derivative financial instruments are disclosed in note 32.

Derivatives are initially recognised at fair value at the date the derivative contracts are entered into and are subsequently re-measured to their fair value at the end of each reporting period. The resulting gain or loss is recognised in consolidated statement of profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of recognition in consolidated statement of profit or loss depends on the nature of the hedging relationship.

A derivative with a positive fair value is recognised as a financial asset whereas a derivative with a negative fair value is recognised as a financial liability. Derivatives are not offset in the consolidated financial statements unless the Group has both a legally enforceable right and intention to offset. A derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the instrument is more than 12 months and it is not due to be realised or settled within 12 months. Other derivatives are presented as current assets or current liabilities.

Hedge accounting

The Group designates derivatives as hedging instruments in respect of foreign currency risk and interest rate risk in fair value hedges, cash flow hedges, or hedges of net investments in foreign operations, as appropriate. Hedges of foreign exchange risk on firm commitments are accounted for as cash flow hedges.

At the inception of the hedge relationship, the Group documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the Group documents whether the hedging instrument is effective in offsetting changes in fair values or cash flows of the hedged item attributable to the hedged risk, which is when the hedging relationships meet all of the following hedge effectiveness requirements:

- There is an economic relationship between the hedged item and the hedging instrument;
- The effect of credit risk does not dominate the value changes that result from that economic relationship; and
- The hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the Group actually hedges and the quantity of the hedging instrument that the Group actually uses to hedge that quantity of hedged item.

If a hedging relationship ceases to meet the hedge effectiveness requirement relating to the hedge ratio but the risk management objective for that designated hedging relationship remains the same, the Group adjusts the hedge ratio of the hedging relationship (i.e. rebalances the hedge) so that it meets the qualifying criteria again.

Notes to the consolidated financial statements
for the year ended 31 December 2022 (continued)

3 Summary of significant accounting policies (continued)

Hedge accounting (continued)

Note 32 sets out details of the fair values of the derivative instruments used for hedging purposes.

Cash flow hedges

The effective portion of changes in the fair value of derivatives and other qualifying hedging instruments that are designated and qualify as cash flow hedges is recognised in consolidated statement of comprehensive income and accumulated under the heading of cash flow hedging reserve, limited to the cumulative change in fair value of the hedged item from inception of the hedge. The gain or loss relating to the ineffective portion is recognised immediately in consolidated statement of profit or loss.

Amounts previously recognised in other comprehensive income and accumulated in equity are reclassified to consolidated statement of profit or loss in the periods when the hedged item affects consolidated statement of profit or loss, in the same line as the recognised hedged item. However, when the hedged forecast transaction results in the recognition of a non-financial asset or a non-financial liability, the gains and losses previously recognised in other comprehensive income and accumulated in equity are removed from equity and included in the initial measurement of the cost of the non-financial asset or non-financial liability. This transfer does not affect consolidated statement of comprehensive income. Furthermore, if the Group expects that some or all of the loss accumulated in the cash flow hedging reserve will not be recovered in the future, that amount is immediately reclassified to consolidated statement of profit or loss.

The Group discontinues hedge accounting only when the hedging relationship (or a part thereof) ceases to meet the qualifying criteria (after rebalancing, if applicable). This includes instances when the hedging instrument expires or is sold, terminated or exercised. The discontinuation is accounted for prospectively. Any gain or loss recognised in consolidated statement of comprehensive income and accumulated in cash flow hedge reserve at that time remains in equity and is reclassified to consolidated statement of profit or loss when the forecast transaction occurs. When a forecast transaction is no longer expected to occur, the gain or loss accumulated in the cash flow hedge reserve is reclassified immediately to consolidated statement of profit or loss.

4 Critical accounting judgments and key sources of estimation uncertainty

While applying the accounting policies as stated in note 3, management of the Group has made certain judgments, estimates and assumptions that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revision 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. The significant judgments and estimate made by management are summarised as follows:

4.1 Critical judgments in applying the Group's accounting policies

The following are the critical judgments, apart from those involving estimations (see 4.2 below), that the management have made in the process of applying the Group's accounting policies and have the most significant effect on the amounts recognised in the consolidated financial statements.

Notes to the consolidated financial statements
for the year ended 31 December 2022 (continued)

4 Critical accounting judgments and key sources of estimation uncertainty (continued)

4.1 Critical judgments in applying the Group's accounting policies (continued)

Revenue recognition

Management considers recognising revenue over time, if one of the following criteria is met, otherwise revenue will be recognised at a point in time:

- the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;
- the Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or
- the Group's performance does not create an asset with an alternative use to the entity and the entity has an enforceable right to payment for performance completed to date.

Capitalisation of costs

Management determines whether the Group will recognise an asset from the costs incurred to fulfil a contract and costs incurred to obtain a contract if the costs meet all the following criteria:

- the costs relate directly to a contract or to an anticipated contract that the Group can specifically identify;
- the costs generate or enhance resources of the Group that will be used in satisfying performance obligations in the future; and
- the costs are expected to be recovered.

Such asset will be amortised on a systematic basis that is consistent with the transfer to the customer of the goods or services to which the asset relates.

Contract variations

Contract variations are recognised as revenue only to the extent that the Group is confident of realising the economic benefits of the variation in accordance with its interpretation of the underlying circumstances. The Group considers prior experience, application of contract terms and the relationship with the customers in making its judgement.

Contract claims

Contract claims are recognised as revenue only when the Group is confident of realising the economic benefits of the claim in accordance with its assessment of the underlying circumstances. The Group reviews judgments related to these contract claims periodically and adjustments are made in the future periods, if assessments indicate that such adjustments are appropriate.

Notes to the consolidated financial statements
for the year ended 31 December 2022 (continued)

4 Critical accounting judgments and key sources of estimation uncertainty (continued)

4.1 Critical judgments in applying the Group's accounting policies (continued)

Business model assessment

Classification and measurement of financial assets depends on the results of the SPPI and the business model test. The Group determines the business model at a level that reflects how group of financial assets are managed together to achieve a particular business objective. This assessment includes judgement reflecting all relevant evidence including how the performance of the assets is evaluated and their performance measured, the risks that affect the performance of the assets and how these are managed and how the managers of the assets are compensated. The Group monitors financial assets measured at amortised cost or fair value through other comprehensive income that are derecognised prior to their maturity to understand the reason for their disposal and whether the reasons are consistent with the objective of the business for which the asset was held. Monitoring is part of the Group's continuous assessment of whether the business model for which the remaining financial assets are held continues to be appropriate and if it is not appropriate whether there has been a change in business model and so a prospective change to the classification of those assets.

Determining whether unsigned (verbal) agreements meet the definition of contract under IFRS 15

Certain projects for the Government of Abu Dhabi, its departments or related parties, and for customers in Egypt, are executed on the basis of verbally agreed terms (including estimates of total project cost and timelines) in line with the Group's historical business practice. Management has determined such unsigned verbal agreements meet the definition of a 'contract with customer' under IFRS 15 on the basis of external legal opinions. Based on legal opinions, management considers such unsigned verbal agreements to meet the definition of a 'contract with customer' under IFRS 15 since the Group and the customer agree upon the essential elements of a contract and any other lawful conditions, though matters of detail are left to be agreed upon at a later date, and the contract is deemed to be made and binding even in the absence of agreement on these matter of detail. In addition, under Article 132 of the UAE Civil code and under the Supreme Administrative Court Ruling in Case no. 134 of 42 Judicial Year dated 22 July 1997 a contract can be oral or written and a contract can also result from acts which demonstrate the presence of mutual consent between the relevant parties.

Joint arrangement

For assessing joint control, the Group has considered the contractual agreement of sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control. For the purpose of assessing whether a joint arrangement is a joint venture or joint operation, the Group has considered whether it has joint control on the rights to the net assets of the arrangements, in which case these are treated as joint ventures, or rights to the assets and obligations for the liabilities relating to the arrangement, in which case these are treated as joint operations.

The Group has concluded that the Group entity "The Challenge Egyptian Emirates Marine Dredging Company", is a joint venture because each party has equal representation on the Board of Directors and unanimous consent of the Board of Directors is required for any resolution to be passed and the Group has rights to the net assets of the joint arrangement established by contractual agreement.

Notes to the consolidated financial statements
for the year ended 31 December 2022 (continued)

4 Critical accounting judgments and key sources of estimation uncertainty (continued)

4.1 Critical judgments in applying the Group's accounting policies (continued)

Significant increase in credit risk

As explained in note 3, ECL are measured as an allowance equal to 12 month ECL for stage 1 assets, or lifetime ECL for stage 2 or stage 3 assets. An asset moves to stage 2 when its credit risk has increased significantly since initial recognition. IFRS 9 does not define what constitutes a significant increase in credit risk. In assessing whether the credit risk of an asset has significantly increased the Group takes into account qualitative and quantitative reasonable and supportable forward looking information.

Determining the lease term

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated). Potential future cash outflows have not been included in the lease liability because it is not reasonably certain that the leases will be extended (or not terminated).

Merger reserve

Judgment is needed to determine whether a financial instrument, or its component parts, on initial recognition is classified as a financial liability, a financial asset or an equity instrument in accordance with IAS 32. In making its judgment, the Group considered, in particular, whether the instrument includes a contractual obligation to deliver cash or another financial asset to another entity and whether it may be settled in the Group's own equity instrument. Accordingly, it was concluded that merger reserve should be part of equity.

The key assumptions concerning the future, and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

4.2 Key sources of estimation uncertainty

Contract revenue

Revenue from construction contracts is recognised in the consolidated statement of profit or loss 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.

As stated in note 3 to the consolidated financial statements, contract revenue is recognised in the consolidated statement of profit or loss on the basis of 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.

Notes to the consolidated financial statements
for the year ended 31 December 2022 (continued)

4 Critical accounting judgments and key sources of estimation uncertainty (continued)

4.2 Key sources of estimation uncertainty (continued)

Contract revenue

When the outcome of a contract cannot be estimated reliably, revenue is recognised only to the extent of contract costs incurred that it is probable will be recoverable. 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 period to period.

Useful lives and residual value of property, plant and equipment

Management reviews the residual values and estimated useful lives of property, plant and equipment at the end of each annual reporting period in accordance with IAS 16 *Property, Plant and Equipment*. Management determined that current year expectations do not differ from previous estimates based on its review. For the newly purchased vessels during the year, management performed an internal assessment supported by an external expert to determine the useful lives and residual value of these vessels.

When inventories become old or obsolete, an estimate is made of their net realisable value. Inventory items are categorised based on their movements during the year, their physical condition and their expected future use, and accordingly, different proportions of the value of each category are recognised as an allowance for impairment of slow moving and obsolete inventories. Based on the factors, management has identified inventory items as slow and now moving to calculate the allowance for slow moving inventories. Revisions to the allowance for slow moving inventories would require if the outcome of these indicative factors differ from the estimates. Allowance for slow moving inventories at 31 December 2022 AED 51,965 thousand (31 December 2021: AED 48,728 thousand).

Calculation of loss allowance

When measuring ECL the Group uses reasonable and supportable forward looking information, which is based on assumptions for the future movement of different economic drivers and how these drivers will affect each other. The Group uses estimates for the computation of loss rates.

Loss given default is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, taking into account cash flows from collateral and integral credit enhancements.

Probability of default constitutes a key input in measuring ECL. Probability of default is an estimate of the likelihood of default over a given time horizon, the calculation of which includes historical data, assumptions and expectations of future conditions. As per ECL model, the impairment loss allowance for trade and retention receivables and contract assets required as at 31 December 2022 is AED 45,823 thousand (2021: AED 56,362 thousand) and AED 27,558 thousand (31 December 2021: AED 52,206 thousand), respectively.

Notes to the consolidated financial statements
for the year ended 31 December 2022 (continued)

4 Critical accounting judgments and key sources of estimation uncertainty (continued)

4.2 Key sources of estimation uncertainty (continued)

Contract assets

Contract assets represent amounts relating to work performed which is yet to be billed to customers. Contract assets are measured by applying the minimum recoverable rates expected, to the actual quantities dredged or the related works performed. The contract assets expected to be realised after a period of one year from the reporting date are classified and presented as non-current. Significant judgments are involved in management's assessment of the amounts of revenue and contract assets recognised and the recoverability of these amounts. These judgments are reviewed as events occur and accordingly any changes thereon may have an impact on the amount of revenue recognised and contract assets in these consolidated financial statements.

The Group receives lump sum payments from certain clients in settlement of outstanding invoices and as advances for several projects. The allocation of proceeds against invoices and contract assets is determined based on management's judgment.

Contract variations and claims

Contract variations are recognised as revenues only to the extent that it is probable that they will result in revenue which can be reliably measured. This requires the exercise of estimating the value of variations based on management's prior experience, application of contract terms and the relationship with the customers.

Contract claims are recognised as revenue only when management believes that an advanced stage of negotiation has been reached and the revenue can be estimated with reasonable certainty. Management reviews the judgement related to these contract claims periodically and adjustments are made in the future periods, if assessments indicate that such adjustments are appropriate.

Useful lives and residual values of property, plant and equipment

The useful lives and residual values of the property and equipment are based on management's judgement of the historical pattern of useful live and the general standards in the industry. Management has reviewed the residual values and the estimated useful lives of property and equipment in accordance with IAS 16 Property, Plant and Equipment and has determined that current year expectations do not differ from previous estimates based on its review.

Impairment of property, plant and equipment

The Group assesses for indicators of impairment of property, plant and equipment at each reporting period. In determining whether impairment losses should be recorded, the Group makes judgments as to whether there is any observable data indicating that there is a measurable decrease in the estimated future cash flows. Accordingly, an allowance for impairment is made where there is an identified loss event or condition which, based on previous experience, is evidence of a reduction in the recoverability of the cash flows.

Notes to the consolidated financial statements
for the year ended 31 December 2022 (continued)

4 Critical accounting judgments and key sources of estimation uncertainty (continued)

4.2 Key sources of estimation uncertainty (continued)

Uncertain tax positions

Uncertainties exist with respect to the interpretation of complex tax regulations, changes in tax laws, and the amount and timing of future taxable income. Given the wide range of international business relationships and the long term nature and complexity of existing contractual agreements, differences may arise between the actual results and adjustments to tax income and expense already recorded. Deferred tax assets are recognised for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Assessing the recoverability of deferred income tax assets requires the Group to make significant assumptions related to expectations of future taxable income. Estimates of future taxable income are based on forecast cash flows from operations and the application of existing tax laws in each jurisdiction. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the Group to realise the net deferred tax assets recorded at the reporting date could be impacted. As of 31 December 2022, the Group has recognised a balance of AED 8,468 thousand as a deferred tax asset (31 December 2021: AED 7,738). The uncertain tax positions, for example tax disputes, have been accounted for by the applying the most likely amount. The most likely amount is the single most likely amount in a range of realistically possible options.

Legal claims and contingencies

When assessing the possible outcomes of legal claims and contingencies, the Group rely on the opinions of the legal counsel. The opinions of the Group's legal counsel are based on their professional judgment and take into consideration the current stage of proceedings and legal experience accumulated with respect to various matters. As the results of the claims may ultimately be determined by courts or otherwise settled, they may be different from such estimates.

Discount rate used for initial measurement of lease liability

The Group, as a lessee, measures the lease liability at the present value of the unpaid lease payments at the commencement date. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Group, on initial recognition of the lease, uses its incremental borrowing rate. Incremental borrowing rate is the rate of interest that the Company would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use assets in similar economic environment.

Derivative financial instruments

The fair values of derivative financial instruments measured at fair value are generally obtained by reference to quoted market prices, discounted cash flow models and recognised pricing models as appropriate. When independent prices are not available, fair values are determined by using valuation techniques which refer to observable market data. These include comparison with similar instruments where market observable prices exist, discounted cash flow analysis, option pricing models and other valuation techniques commonly used by market participants.

Notes to the consolidated financial statements
for the year ended 31 December 2022 (continued)

4 Critical accounting judgments and key sources of estimation uncertainty (continued)

4.2 Key sources of estimation uncertainty (continued)

Warranty provision

Management has estimated contract warranty costs expected to arise on projects, based on management's best estimates, past experience and expected future maintenance costs.

Impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating units to which goodwill has been allocated. The value in use calculation requires the management to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate present value. Where the actual future cash flows are less than expected, a material impairment loss may arise. Management is satisfied that there is no impairment on goodwill at 31 December 2022 and 31 December 2021.

5 Acquisition of National Petroleum Construction Company PJSC

As stated in note 1, in 2020, the Company received and approved an offer from the shareholders of NPCC to transfer 100% of the shareholding of NPCC to NMDC (the "Transaction"). On 11 February 2021 (the "Acquisition Date") all regulatory approvals related to the Transaction were received, and the entire issued share capital of NPCC was transferred to NMDC in consideration for the issuance of a convertible instrument by NMDC to NPCC's shareholders on the acquisition date. This convertible instrument was converted upon issuance into 575,000,000 ordinary shares at a par value of AED 1 each representing 69.70% of the issued share capital of the post-merger combined entity.

In accordance with IFRS 3 *Business Combinations,* the Transaction is accounted for as a reverse acquisition with NPCC being deemed to be the Accounting Acquirer and NMDC deemed to be the Accounting Acquiree for accounting purposes. NPCC was determined to be the Accounting Acquirer based on the following facts and circumstances: (i) the transaction was effected by the way of an exchange of equity instruments (ii) as a result of this merger, ADQ, the majority shareholder of NPCC and 32% shareholder of NMDC immediately prior to the merger, held a majority shareholding of 58.48% of the share capital of the Company, post-acquisition (iii) ADQ has the ability to elect the majority of the Board members of the Company; and (iv) NPCC's consolidated financial performance and position were greater than NMDC as indicated by the parameters in the following table:

	NPCC			**NMDC**		
	2018	2019	2020	2018	2019	2020
AED'000						
Revenue	5,341,014	6,064,094	4,424,373	1,532,069	2,810,733	3,776,232
Profit after tax	543,092	471,272	106,992	120,959	180,844	351,756
Total assets	6,994,340	6,961,691	7,397,813	4,741,391	5,766,705	7,231,363

Notes to the consolidated financial statements
for the year ended 31 December 2022 (continued)

5 Acquisition of National Petroleum Construction Company PJSC (continued)

Based on the principles of reverse acquisition, (i) the information presented in these consolidated financial statements for the comparative period are those of the Accounting Acquirer; (ii) the share capital is adjusted to reflect the share capital of the Accounting Acquiree and therefore share capital presented in the consolidated statement of changes in equity is of NMDC (refer note 17); (iii) the assets acquired and liabilities assumed of NMDC are reported at their fair values as of the Acquisition Date; (iv) NMDC remains the continuing registrant and the reporting company (also referred as the Company as defined above); and (v) a merger reserve of AED 765,000 thousand has been created (refer note 18) and earnings per share for the comparative period has been adjusted (refer note 28).

Purchase consideration
In a business combination in which the acquirer and the acquiree (or its former owners) exchange only equity interests, the fair value of the acquiree's equity interests may be more reliably measurable than the fair value of the acquirer's equity interests. If so, the acquirer should determine the amount of goodwill by using the fair value of the acquiree's equity interests rather than the fair value of the equity interests transferred.

Since the transaction is deemed to be a reverse acquisition, purchase consideration would be an equivalent of the equity interests that would have had to be issued by NPCC to give NMDC shareholders the same proportionate shareholding. At the date of merger NPCC had 100,000,000 outstanding issued shares AED 1 each. It represented 69.7% of the value of the combined entity. NPCC, as the accounting acquirer, issued hypothetical shares to the shareholders of NMDC that represented 30.3% of the value of the combined entity. To this end, NPCC issued 43,478,261 hypothetical shares as the purchase consideration for the acquisition of NMDC. According to the deal, NMDC would issue 575,000,000 shares in exchange for 100,000,000 shares in NPCC, which implies that the exchange ratio is 5.75 NMDC shares for 1 NPCC share. The market price of NMDC shares on 10 February 2021 ("the Transaction Date") was AED 5.96 per share. Considering that the fair value of NPCC shares at the Transaction Date was AED 34.27 per share, consequently, the purchase consideration is considered to be AED 1,490,000 thousand.

The following table summarizes the acquisition date fair value of the consideration transferred:

Post-merger capital structure (from the perspective of NPCC - the accounting acquirer)	**Shares**	***% Ownership***
NPCC outstanding shares pre-transaction	100,000,000	69.7%
Shares to be issued to NMDC to achieve post-merger capital structure	43,478,261	30.3%
Post-merger capital structure (Reverse acquisition)	**143,478,261**	100%

Notes to the consolidated financial statements
for the year ended 31 December 2022 (continued)

5 Acquisition of National Petroleum Construction Company PJSC (continued)

Purchase consideration calculation

Number of new shares NMDC will issue to obtain 100% of NPCC	575,000,000
Number of NPCC outstanding shares pre-transaction	100,000,000
Exchange ratio: number of NMDC shares per 1 NPCC share	5.75
NMDC quoted share price at the Transaction Date, AED	5.96
Fair Value of 1 share in NPCC at the Transaction Date, AED	34.27
Shares to be issued to NMDC to achieve post-merger capital structure	43,478,261
Consideration transferred for the reverse acquisition (43,478,261 new shares issued at AED 34.27 per share), AED'000	1,490,000

Identifiable assets acquired and liabilities assumed

The following table summarises the recognised fair values of assets acquired and liabilities assumed:

	AED'000
Assets	
Property, plant and equipment	1,527,764
Right-of-use assets	24,210
Investment in equity accounted investee	24,438
Financial assets at fair value through profit or loss	27,838
Inventories	244,292
Trade and other receivables	1,345,312
Contract assets	2,400,347
Deferred tax asset	4,142
Total assets	5,598,343
Liabilities	
Terms loans	(566,897)
Overdraft (net of cash and bank balance)	(481,905)
Lease liabilities	(12,416)
Employees end of service benefits	(133,300)
Trade and other payables	(2,864,117)
	(4,058,635)
Net assets acquired	1,539,708
Purchase consideration	(1,490,000)
Gain on bargain purchase (note 26)	49,708

Notes to the consolidated financial statements
for the year ended 31 December 2022 (continued)

5 Acquisition of National Petroleum Construction Company PJSC (continued)

Gain on bargain purchase

The acquisition resulted in a bargain purchase transaction because the fair value of the net assets acquired exceeded the purchase consideration. The bargain purchase gain of AED 49,708 is recognised and presented under "Other income, net" in the consolidated income statement of profit or loss.

Acquisition related costs

The Group has incurred acquisition-related costs amounting to AED 4,567 thousand.

Revenue and profit before tax contributed by the Accounting Acquiree

For the period from 11 February 2021 to 31 December 2021, the Accounting Acquiree contributed revenue of AED 3,946,235 thousand and net profit before tax of AED 835,506 thousand to the Group's results. If the Transaction had occurred on 1 January 2021, management estimates that consolidated pro-forma revenue would have been AED 8,247,827 thousand, and consolidated pro-forma net profit before tax for the year would have been AED 999,526 thousand.

Trade and retention receivables contributed by the Accounting Acquiree

On 11 February 2021, the acquired business includes trade and retention receivables with a fair value of AED 896,463 thousand and a gross contractual value of AED 1,100,820 thousand.

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Notes to the consolidated financial statements
for the year ended 31 December 2022 (continued)

6 Property, plant and equipment

	Building and base facilities AED'000	Dredgers AED'000	Barges support vessels, plan and pipelines and vehicles AED'000	Office equipment and furniture AED'000	Capital work-in-progress AED'000	Total AED'000
Cost						
At 1 January 2021	537,705	-	5,791,855	113,017	18,526	6,461,103
Acquisition of a subsidiary	53,416	924,079	511,402	10,927	27,940	1,527,764
Additions	14,606	2,970	79,957	3,978	77,101	178,612
Transfers	4,261	44,538	9,652	63	(58,514)	-
Disposals	(57)	(31)	(51,401)	(182)	-	(51,671)
Exchange differences	-	-	-	(195)	-	(195)
At 1 January 2022	609,931	971,556	6,341,465	127,608	65,053	8,115,613
Additions	2,434	5,038	94,914	8,131	710,670	821,187
Transfers	4,181	470,465	34,786	3	(515,444)	(6,009)
Disposals	(5,118)	(7,034)	(644,651)	(1,987)	-	(658,790)
Exchange differences	(3)	-	(4,430)	(2,140)	-	(6,573)
At 31 December 2022	**611,425**	**1,440,025**	**5,822,084**	**131,615**	**260,279**	**8,265,428**
Accumulated depreciation						
At 1 January 2021	356,564	-	3,262,292	90,167	-	3,709,023
Charge for the year	18,664	74,477	334,406	11,022	-	438,569
Disposals	-	-	(49,620)	(13)	-	(49,633)
Exchange differences	-	-	-	(163)	-	(163)
At 1 January 2022	375,228	74,477	3,547,078	101,013	-	4,097,796
Charge for the year	22,630	88,237	298,739	11,162	-	420,768
Disposals	(2,625)	(312)	(586,036)	(1,284)		(590,257)
Exchange differences	-	-	(304)	(1,190)	-	(1,494)
At 31 December 2022	**395,233**	**162,402**	**3,259,477**	**109,701**	**-**	**3,926,813**
Carrying amount						
At 31 December 2022	**216,192**	**1,277,623**	**2,562,607**	**21,914**	**260,279**	**4,338,615**
At 31 December 2021	234,703	897,079	2,794,387	26,595	65,053	4,017,817

a. Certain items of property, plant and equipment with a carrying value of AED 2,212 million (2021: AED 1,864 million) have been pledged to secure the borrowings of the Group (see note 16). The Group is not allowed to pledge these assets as security for other borrowings or to sell them to another entity.
b. Property, plant and equipment includes fully depreciated assets of AED 2,137 million.
c. Building and base facilities are located in Mussafah, Abu Dhabi, UAE on leased land.

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Notes to the consolidated financial statements
for the year ended 31 December 2022 (continued)

7 Right-of-use assets and lease liabilities

	Right-of-use assets (land) AED'000	Lease liabilities AED'000
As at 1 January 2021	297,997	306,841
Acquisition during the -year	24,210	12,416
Depreciation expense	(13,358)	-
Interest expense	-	12,114
Payments	-	(18,162)
As at 1 January 2022	**308,849**	**313,209**
Addition during the year	**45,159**	**45,159**
Depreciation expense	**(13,881)**	**-**
Interest expense	**-**	**11,788**
Payments	**-**	**(21,102)**
As at 31 December 2022	**340,127**	**349,054**

The Group leases includes land with the average lease term is 20 - 30 years (2021: 2 - 30 years).

Lease liabilities is disclosed in the consolidated statement of financial position as follows:

	2022 AED'000	2021 AED'000
Current liabilities	**11,737**	6,723
Non-current liabilities	**337,317**	306,486
Total	**349,054**	313,209

Following are the amounts recognised in the consolidated statement of profit or loss:

	2022 AED'000	2021 AED'000
Depreciation on right-of-use assets	**13,881**	13,358
Interest expense on lease liabilities	**11,788**	12,114

Notes to the consolidated financial statements
for the year ended 31 December 2022 (continued)

7 Right-of-use assets and lease liabilities (continued)

	2022 AED'000	2021 AED'000
Less than 1 year	**11,737**	6,723
More than 1 year to 5 years	**47,738**	39,339
Later than 5 years	**289,579**	267,147
Total	**349,054**	313,209

8 Goodwill

Acquisition of subsidiaries

In 2015, the Group acquired 80% stake in ANEWA Engineering Pvt LTD through one of its subsidiaries NPCC Engineering Limited, India.

Acquisition date fair values of the identifiable assets and liabilities of the subsidiaries were determined as follows:

	Total AED'000
Fair value of net assets acquired	12,749
Consideration paid	7,692
Goodwill on acquisition	5,057

Notes to the consolidated financial statements
for the year ended 31 December 2022 (continued)

9 Investment in equity accounted investees

The movements in investment in equity accounted investees are as follows:

	2022 AED'000	2021 AED'000
At 1 January	**55,850**	24,013
Acquisition during the year (note 5)	-	24,438
Transfers from property, plant, and equipment (note 9.2)	**23,636**	-
Fair value gain arising on the re-measurement (note 9.2)	**116,431**	-
Dividend received during the year	**(1,230)**	(1,465)
Foreign exchange movement	**(7,957)**	-
Share of profit for the year	**5,203**	8,864
At 31 December	**191,933**	55,850

9.1 During the current year, the Group incorporated an entity, Safeen Survey and Subsea Services LLC (Safeen) with Abu Dhabi Ports as a shareholder. The Group made an in-kind contribution to Safeen with a transfer of its Diving and Subsea Division property, plant and equipment, employees, and revenue contracts. The Group disposed 51% of its interest in Safeen to Abu Dhabi Ports Company PJSC resulting in a gain of AED 237,615 thousand.

9.2 The Group retained 49% interest in Safeen which was initially recognised at a cost of AED 23,636 thousand. Subsequently, the interest was remeasured at fair value resulting in a gain of AED 116,431 thousand. The investment in Safeen is accordingly recorded at a total value of AED 140,067 thousand.

The carrying amounts of the Group's investments in equity accounted investees at 31 December are as follows:

	2022 AED'000	2021 AED'000
Safeen Survey and Subsea Services LLC (note 9.2)	**140,067**	-
Principia SAS	**23,667**	23,806
The Challenge Egyptian Emirates Marine Dredging Company	**28,199**	32,044
	191,933	55,850

The total assets, total liabilities and net assets under financial information of the equity accounted investees above exclude the balances related to an associate "Principia", as this information was unavailable.

Notes to the consolidated financial statements
for the year ended 31 December 2022 (continued)

10 Financial assets at fair value through profit or loss

	2022 **AED'000**	2021 AED'000
At 1 January	**29,103**	-
Acquisition during the year	**7,391**	27,838
Change in fair value	**(1,959)**	1,265
	34,535	29,103

The financial assets at fair value through profit or loss (FVTPL) at the end of reporting date are detailed below.

	2022 **AED'000**	2021 AED'000
Investment in quoted UAE equity securities	**34,535**	29,103

The fair value of the quoted UAE equity securities at the reporting date is based on the quoted market prices at 31 December 2022 as per Level 1 valuation (note 32).

11 Taxation

The component of foreign income tax expense/(credit) are:

	2022 **AED'000**	2021 AED'000
Current tax:		
Current tax on profits for the year	**55,430**	37,480
Reversal of tax provisions created in prior years relating to Group's operation in India	**(9,917)**	(40,000)
Total current tax expense/(credit)	**45,513**	(2,520)
Deferred tax:		
Origination and reversal of temporary differences	**(3,531)**	-
Total deferred tax:	**(3,531)**	-
Income tax expense/(credit)	**41,982**	(2,520)

Notes to the consolidated financial statements
for the year ended 31 December 2022 (continued)

11 Taxation (continued)

The income tax credit for the year can be reconciled to the accounting profit as follows:

	2022 **AED'000**	2021 AED'000
Profit before income tax	**264,173**	172,551
Tax calculated at domestic tax rates applicable to profits in respective tax jurisdictions	**20%**	22%
Income tax expense (excludes prior years tax provision reversal)	**51,899**	37,480

Income tax charge

The tax rate used for reconciliation above are rates applicable to the profits in the respective foreign tax jurisdictions, mainly in Egypt, India and Saudi Arabia.

The movement in income tax payable is as follows:

	2022 **AED'000**	2021 AED'000
At 1 January	**65,077**	86,606
Assumed on acquisition	**-**	15,265
Charge/(credit) for the year	**41,982**	(2,520)
Refund received during the year	**26,995**	1,020
Movement in deferred tax asset	**-**	3,596
Exchange difference	**(9,370)**	-
Payments during the year	**(39,900)**	(38,890)
At 31 December	**84,784**	65,077

The movement in deferred tax assets is as follows:

	2022 **AED'000**	2021 AED'000
At 1 January	**7,738**	-
Acquired on acquisition (note 5)	**-**	4,142
Charged / (redited) to profit or loss for the year	**3,531**	(4,572)
Other temporary and translation differences	**(2,801)**	8,168
At 31 December	**8,468**	7,738

Notes to the consolidated financial statements
for the year ended 31 December 2022 (continued)

12 Inventories

	2022 AED'000	2021 AED'000
Spare parts, fuel and consumables	**517,487**	391,889
Less: allowance for slow moving and obsolete inventories	**(51,965)**	(48,728)
	465,522	343,161

Movement in the allowance for slow moving inventories:

	2022 AED'000	2021 AED'000
At 1 January	**48,728**	46,417
Charge during the year	**3,237**	2,311
At 31 December	**51,965**	48,728

13 Trade and other receivables

	2022 AED'000	2021 AED'000
Trade receivables, net of allowance for expected credit loss	**2,871,999**	1,787,619
Retention receivables – current portion	**188,127**	17,105
Deposits and prepayments	**195,081**	84,297
Advances paid to suppliers	**1,053,927**	480,003
VAT and GST receivables	**34,768**	183,217
Advances paid to employees	**34,988**	31,674
Other receivables	**362,440**	171,091
	4,741,330	2,755,006

The average credit period on sales of goods is 60 days (2021: 60 days). No interest is charged on outstanding trade receivables.

Notes to the consolidated financial statements
for the year ended 31 December 2022 (continued)

13 Trade and other receivables (continued)

Receivables, net are expected, on the basis of past experience, to be fully recoverable. It is not the practice of the Group to obtain collateral over receivables and the vast majority are, therefore, unsecured.

Allowance for expected credit losses
The Group recognises lifetime expected credit loss (ECL) for trade and retention receivables using the simplified approach. To determine the expected credit losses all debtors are classified into four categories:

- Category I – billed receivables and unbilled receivables from governments and related companies;
- Category II – private companies with low credit risk;
- Category III – private companies with high credit risk; and
- Category IV – debtors at default.

Trade and retentions receivable as at 31 December 2022

	Categories I AED'000	II AED'000	III AED'000	IV AED'000	Total AED'000
Expected credit loss rate	**0 to 2%**	**0 to 3%**	**3 to 99%**	**100%**	
Estimated total gross carrying amount	**2,698,311**	**391,251**	**-**	**16,387**	**3,105,949**
Provision for expected credit losses	**(28,224)**	**(1,212)**	**-**	**(16,387)**	**(45,823)**
Net trade and retention receivables	**2,670,087**	**390,039**	**-**	**-**	**3,060,126**

Trade and retentions receivable as at 31 December 2021

	Categories I AED'000	II AED'000	III AED'000	IV AED'000	Total AED'000
Expected credit loss rate	**0 to 2%**	**0 to 3%**	**3 to 99%**	**100%**	
Estimated total gross carrying amount	1,418,745	407,711	-	34,630	1,861,086
Provision for expected credit losses	(17,634)	(4,098)	-	(34,630)	(56,362)
Net trade and retention receivables	1,401,111	403,613	-	-	1,804,724

Notes to the consolidated financial statements
for the year ended 31 December 2022 (continued)

13 Trade and other receivables (continued)

These are adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money, where appropriate.

In determining the recoverability of a trade receivable, the Group considers any change in the credit quality of the trade receivable from the date the credit was initially granted up to the reporting date. Trade receivables are considered past due once they have passed their contracted due date. Management has not recognised an expected credit loss in respect of delays in recovery of receivables expected to be recovered in full in the future as these are expected to be recovered in the short term and therefore no discounting adjustment is required.

	2022 AED'000	2021 AED'000
Trade and retention receivables	**3,105,949**	1,861,086
Less: provision for expected credit losses	**(45,823)**	(56,362)
At 31 December	**3,060,126**	1,804,724

Ageing of trade and retention receivables

The ageing of non-impaired trade and retention receivables is as follows:

	2022 AED'000	2021 AED'000
Not past due	**2,143,478**	1,077,095
Past due (1 day-90 days)	**732,063**	441,012
Past due (91 days–180 days)	**38,137**	38,480
Past due (above 180 days)	**146,448**	248,137
	3,060,126	1,804,724

Movement in the provision for expected credit losses on trade and retention receivables is as follows:

	2022 AED'000	2021 AED'000
At 1 January	**56,362**	-
(Reversal)/charge during the year	**(10,539)**	56,362
At 31 December	**45,823**	56,362

Notes to the consolidated financial statements
for the year ended 31 December 2022 (continued)

14 Contract assets

	2022 AED'000	2021 AED'000
Non-current		
Construction contracts, net of allowance for expected credit losses and discounting	-	307,508
Work in progress	-	380,470
	-	687,978
Current		
Construction contracts, net of allowance for expected credit losses	**2,554,624**	3,220,401
Work in progress	**532,419**	285,993
	3,087,043	3,506,394

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

14.1 Construction contracts, net of allowance for expected credit loss and discount

This represents unbilled balances expected to be billed after a period of 12 months from the reporting date and accordingly classified and presented as non-current. The balance is presented net of allowance for expected credit losses and discount. The value of discount was AED Nil recorded in the consolidated statement of profit or loss.

Notes to the consolidated financial statements
for the year ended 31 December 2022 (continued)

14 Contract assets (continued)

14.2 Construction contracts, net of allowance for expected credit losses

The directors of the Group always measure the loss allowance on amounts due from customers at an amount equal to lifetime ECL, taking into account the historical default experience, the nature of the customer and where relevant, the sector in which they operate.

There has been no change in the estimation techniques or significant assumptions made during the current reporting period in assessing the loss allowance for the amounts due from customers under construction contracts.

	2022 AED'000	2021 AED'000
Changes in contract assets during the year		
At 1 January	**3,527,909**	1,395,528
Add: acquisition during the year	**-**	1,595,194
Add: revenue recognised during the year	**10,685,339**	7,888,762
Add/(less): movement in expected credit loss provision	**24,648**	(52,206)
Add/(less): discounting of non-current portion	**7,418**	(7,418)
Less: progress billings	**(11,690,690)**	(7,291,951)
Total *(including non-current portion)*	**2,554,624**	3,527,909

Notes to the consolidated financial statements
for the year ended 31 December 2022 (continued)

14 Contract assets (continued)

14.2 Construction contracts, net of allowance for expected credit losses (continued)

Construction contracts, net of allowance for expected credit losses and discount, are analysed as follows:

	2022 AED'000	2021 AED'000
Unsigned contracts		
Government of Abu Dhabi and its related entities	**204,519**	232,267
Equity accounted investees	**350,948**	248,440
Other entities	**2,961**	-
	558,428	480,707
Signed contracts		
Government of Abu Dhabi and its related entities	**1,050,610**	1,520,150
Equity accounted investees	**819,357**	193,229
Other entities	**126,229**	1,333,823
	1,996,196	3,047,202
	2,554,624	3,527,909

Allowance for expected credit losses

The Group recognises lifetime expected credit loss (ECL) for construction contracts using the simplified approach. To determine the expected credit losses all debtors are classified into four categories:

- Category I – billed receivables and unbilled receivables from governments and related companies;
- Category II – private companies with low credit risk;
- Category III – private companies with high credit risk; and
- Category IV – debtors at default.

Notes to the consolidated financial statements
for the year ended 31 December 2022 (continued)

14 Contract assets (continued)

14.2 Construction contracts, net of allowance for expected credit losses (continued)

Construction contracts as at 31 December 2022

	Categories I AED'000	II AED'000	III AED'000	IV AED'000	Total AED'000
Expected credit loss rate	**0 to 2%**	**0 to 3%**	**3 to 99%**	**100%**	
Estimated total gross carrying amount	**2,276,399**	**296,935**	**-**	**8,848**	**2,582,182**
Provision for expected credit losses	**(15,833)**	**(2,877)**	**-**	**(8,848)**	**(27,558)**
Net contract assets	**2,260,566**	**294,058**	**-**	**-**	**2,554,624**

Construction contracts as at 31 December 2021

	Categories I AED'000	II AED'000	III AED'000	IV AED'000	Total AED'000
Expected credit loss rate	**0 to 2%**	**0 to 3%**	**3 to 99%**	**100%**	
Estimated total gross carrying amount	2,898,606	672,665	-	8,844	3,580,115
Provision for expected credit losses	(51,181)	(38,181)	-	(8,844)	(52,206)
Net contract assets	2,893,425	634,484	-	-	3,527,909

Movement in the provision for expected credit losses on construction contracts (unbilled receivables) is as follows:

	2022 AED'000	2021 AED'000
At 1 January	**52,206**	-
(Reversal)/charge during the year	**(24,648)**	52,206
At 31 December	**27,558**	52,206

Notes to the consolidated financial statements
for the year ended 31 December 2022 (continued)

14 Contract assets (continued)

14.3 Work in progress

Work in progress represents costs incurred on projects for which the Group is required to meet specific contractual obligations such as joint inspections, milestone completion and customer acceptance/handover, prior to billing the customer. Those obligations are expected to progressively be met over time, resulting in a winding down of the balance throughout the remaining contractual period.

The work in progress balance on which revenue is expected to be earned post one year from the reporting date is classified and presented as non-current.

15 Cash and cash equivalents

	2022 AED'000	2021 AED'000
Cash in hand	**1,822**	2,036
Cash at banks:		
Cash in hand	**735,491**	803,527
Short term deposits, with maturity less than 90 days	**2,046,419**	359,760
Cash and bank balances	**2,783,732**	1,165,323
Less: bank overdraft (note 16)	**-**	(363,124)
	2,783,732	802,199

Short-term deposits have original maturities of three months or less. These deposits, carry interest in the range of 2.9% - 4.73% per annum (2021: 1.2% - 8.2% per annum). Bank overdraft carried interest at the prevailing market rate.

Notes to the consolidated financial statements
for the year ended 31 December 2022 (continued)

16 Borrowings

	2022 AED'000	2021 AED'000
Long term borrowings		
Non-current portion of term loans	**1,420,392**	1,326,569
Short term borrowings		
Current portion of term loans	**342,346**	313,101
Bank overdrafts	**-**	363,124
	342,346	676,225

The term loans comprise of the following:

Term loan 1:

A drawdown from a syndicated loan agreement amounting to USD 500 million carrying an effective interest rate of LIBOR + 0.90%. The total syndicated loan agreement consists of two portions; Conventional amounting to USD 167 million, and Islamic amounting to USD 333 million. In accordance with the terms of the agreement, the loan is repayable in quarterly instalments which commenced from June 2020 and is expected to be fully repaid by March 2027. The loan is secured against mortgage of five (5) vessels. The outstanding balance of the loan facility at 31 December 2022 is AED 1.11 billion (2021: AED 1.37 billion).

Term loan 2:

A term loan of AED 249 million obtained in December 2021, with a 5 years tenor which carries an interest rate of 1 month EIBOR + 1.15% per annum. The loan is repayable in quarterly instalments commencing from March 2022 and is expected to be fully repaid by December 2026. This loan is secured against mortgage of a Hopper Dredger. The outstanding balance of the loan facility at 31 December 2022 is AED 217 million (2021: AED 249 million).

Term loan 3:

A short term loan amounting to AED 200 million with a total tenor of 12 months which carries an interest rate of 1 month EIBOR + 1.3% per annum. The loan is payable in twelve (12) monthly instalments which commenced from February 2021. This loan is fully repaid in the current year.

Term loan 4:

During the year, a term loan of AED 459 million was obtained in June 2022, with a 10 years tenor and an interest rate of 1 month EIBOR + 0.88% per annum. The loan is repayable in quarterly instalments commencing from August 2022 and is expected to be fully repaid by May 2032. The outstanding balance of the loan facility at 31 December 2022 is AED 436 million (2021: AED Nil). This loan is secured against mortgage of a Dredger.

Notes to the consolidated financial statements
for the year ended 31 December 2022 (continued)

16 Borrowings (continued)

The contractual repayment schedule of the term loans is as follows:

	2022 AED'000	2021 AED'000
Less than one year	**342,346**	313,101
1 to 5 years	**1,213,783**	1,275,154
5 years and above	**206,609**	51,415
At 31 December	**1,762,738**	1,639,670

Movement in the term loans:

	2022 AED'000	2021 AED'000
Balance at 1 January	**1,639,670**	1,638,024
Liabilities assumed on acquisition	**-**	566,897
Loan obtained during the year	**459,125**	249,414
Foreign exchange fluctuation	**-**	(14,275)
Loan repayments	**(336,057)**	(800,390)
At 31 December	**1,762,738**	1,639,670

17 Share capital

	2022 AED'000	2021 AED'000
Authorised, issued and fully paid		
825,000,000 (31 December 2021: 825,000,000) ordinary shares of AED 1 each	**825,000**	825,000

As described in note 5 to these consolidated financial statements, the merger between NMDC and NPCC is recognised as reverse acquisition as per IFRS 3 Business combination. Accordingly, the share capital at 31 December 2020 is adjusted retroactively to reflect the number of shares (575,000,000 shares) issued to the shareholders of NPCC in the Company.

The Company's shareholders received 250,000,000 shares in the Company as purchase consideration and accordingly the issued share capital of the Company increased to 825,000,000 shares.

Notes to the consolidated financial statements
for the year ended 31 December 2022 (continued)

18 Merger reserve

In accordance with IFRS 3 and per the principles of reverse acquisition, the equity structure appearing in these consolidated financial statements reflects the capital structure (number of shares) of the Accounting Acquiree (NMDC), including the shares issued by NMDC to NPCC to effect the business combination (note 5). This results in the creation of a 'Merger reserve'. The Merger reserve of AED 765,000 thousand is calculated as the difference between:

(a) Sum of purchase consideration AED 1,490,000 thousand (note 5) and the share capital of NPCC prior to the merger of AED 100,000 thousand; and

(b) Post-merger share capital of the Company of AED 825,000 thousand (825,000,000 shares at par value of AED 1).

The retroactive adjustment of AED 475,000 thousand is the difference between the value of new shares, which NMDC issued to obtain 100% of NPCC and the value of NPCC outstanding shares pre-merger.

19 Other reserves

	Legal reserve AED'000	Restricted reserve AED'000	Hedging reserve AED'000	Foreign currency translation reserve AED'000	Total AED'000
At 1 January 2021	50,000	1,291	(4,361)	(9,398)	37,532
Transfer of 10% of current year profit	100,240	-	-	-	100,240
Fair value gain on revaluation of hedging instruments	-	-	5,125	-	5,125
Cumulative translation adjustment on foreign operations	-	-	-	287	287
At 1 January 2022	**150,240**	**1,291**	**764**	**(9,111)**	**143,184**
Transfer of 10% of current year profit	**130,332**	-	-	-	**130,332**
Fair value gain on revaluation of hedging instruments	-	-	**(6,253)**	-	**(6,253)**
Cumulative translation adjustment on foreign operations	-	-	-	**(275,049)**	**(275,049)**
At 31 December 2022	**280,572**	**1,291**	**(5,489)**	**(284,160)**	**(7,786)**

Notes to the consolidated financial statements
for the year ended 31 December 2022 (continued)

19 Other reserves (continued)

Legal reserve

In accordance with UAE Federal Law No. (32) of 2021, 10% of the annual profit of the Group is transferred to a non-distributable legal reserve. Transfers to this reserve are required to be made until such time as it equals 50% of the paid-up share capital of the Company.

Restricted reserve

The statutory reserves of the subsidiaries have been transferred to the restricted reserve as these amounts are not available for distribution.

20 Provision for employees' end of service benefits

	2022 AED'000	2021 AED'000
At 1 January	**392,061**	308,776
Assumed on acquisition (note 5)	**-**	133,300
Charge for the year	**53,187**	67,393
Paid during the year	**(41,800)**	(117,408)
At 31 December	**403,448**	392,061

During the year, the Group has contributed a total amount of AED 27,778 thousand (2021: AED 28,827 thousand) towards the Abu Dhabi Pension and Retirement Benefits Fund.

21 Trade and other payables

	2022 AED'000	2021 AED'000
Trade payables	**1,426,446**	1,303,095
Project and other accruals	**2,826,428**	1,696,939
Advances from customers (note 12.1)	**1,426,419**	603,730
Provisions (note 12.2)	**336,826**	401,845
Dividends payable (note 12.3)	**21,693**	22,268
Retentions payable	**111,539**	55,200
VAT payables	**122,821**	176,161
Other payables	**123,878**	225,610
	6,396,050	4,484,848

Notes to the consolidated financial statements
for the year ended 31 December 2022 (continued)

21 Trade and other payables (continued)

The Group has financial risk management policies in place to ensure that all payables are paid within the credit timeframe. No interest is payable on the outstanding balances.

21.1 Advances from customers

These represent amounts received in advance from customers for certain projects which will be adjusted against future billing during the course of the projects as per contractual terms.

21.2 Provisions

	2022 AED'000	2021 AED'000
Provision for liquidated damages	**11,887**	19,783
Provision for Board remuneration and employee bonus	**83,622**	101,740
Provision for future losses	**97,777**	88,695
Provision for unused vacations	**68,739**	58,693
Provision for warranty	**10,364**	25,891
Other provisions	**64,437**	107,043
	336,826	401,845

21.3 Dividends payable

	2022 AED'000	2021 AED'000
At 1 January	**22,268**	-
Liabilities assumed on acquisition	**-**	22,612
Dividend approved for payment during the year	**-**	75,000
Payments during the year	**(575)**	(75,344)
	21,693	22,268

At the annual general meeting held on 15 March 2022, the shareholders approved a dividend of AED Nil relating to the year ended 31 December 2021 (AED 0.30 per share for the total amounting to AED 75,000 thousand for the year ended 31 December 2021).

Notes to the consolidated financial statements
for the year ended 31 December 2022 (continued)

22 Contract liabilities

	2022 AED'000	2021 AED'000
Contract liabilities	**462,377**	135,276

The above amount represents deferred revenue arising from construction contracts. These contracts have performance obligations (unsatisfied or partially unsatisfied) which is expected to be recognised as revenue over the remaining tenor of these contracts.

23 Revenue from contracts with customers

23.1 Revenue by activity and geography

	UAE AED'000	**International AED'000**	**Group AED'000**
31 December 2022			
Dredging and reclamation	**1,906,307**	**1,023,404**	**2,929,711**
Marine construction	**1,950,649**	**-**	**1,950,649**
Engineering, procurement and construction	**3,262,634**	**2,542,345**	**5,804,979**
Total	**7,119,590**	**3,565,748**	**10,685,339**
31 December 2021			
Dredging and reclamation	1,300,094	568,462	1,868,556
Marine construction	1,816,373	-	1,816,373
Engineering, procurement and construction	1,107,429	3,096,404	4,203,833
Total	4,223,896	3,664,866	7,888,762

23.2 Timing of revenue recognition

	2022 AED'000	2021 AED'000
Services transferred over time	**10,685,339**	7,888,762

Notes to the consolidated financial statements
for the year ended 31 December 2022 (continued)

23 Revenue from contracts with customers (continued)

23.3 Other information

The following table provides information relating to the Group's major customers who individually contribute more than 10% of Group revenue:

	Dredging and reclamation AED'000	Marine construction AED'000	Other Engineering Procurement & Construction AED'000	Total AED'000
31 December 2022				
Customer 1	**-**	**-**	**2,275,502**	**2,275,502**
Customer 2	**26,737**	**597,064**	**1,683,565**	**2,307,366**
	26,737	**597,064**	**3,959,067**	**4,582,868**
31 December 2021				
Customer 1	-	-	2,569,467	2,569,467
Customer 2	102,164	1,155,152	774,125	2,031,441
	102,164	1,155,152	3,343,592	4,600,908

23.4 Unsatisfied performance obligation

The transaction price allocated to (partially) unsatisfied performance obligations at 31 December 2022 and 31 December 2021 are as set out below:

	2022 AED'000	2021 AED'000
Within one year	**16,097,177**	7,527,063
More than one year	**14,642,805**	11,650,259
	30,739,982	19,177,322

Notes to the consolidated financial statements
for the year ended 31 December 2022 (continued)

24 Finance income

	2022 AED'000	2021 AED'000
Interest income	**21,334**	14,861
Release of discounting on long term contract assets	**7,438**	-
	28,772	14,861

Finance income comprises income from short term deposits, which carry interest at variable market rates plus a spread.

25 Finance costs

	2022 AED'000	2021 AED'000
Interest expense on bank overdraft and term loans	**(46,976)**	(42,435)
Interest expense on lease liabilities	**(11,788)**	(12,114)
	(58,764)	(54,549)

Finance costs mainly include bank interest on overdraft facilities, term loans, lease liabilities and other bank transaction charges. Overdraft facilities carry interest at prevailing market rates.

26 Other income, net

	2022 AED'000	2021 AED'000
Gain on bargain purchase (note 5)	**-**	49,708
Insurance claim	**18,385**	22,591
Income from scrap sales	**38,539**	46,651
Gain on sale of property, plant and equipment	**29,828**	13,695
Miscellaneous income	**14,530**	12,477
	101,282	145,122

Notes to the consolidated financial statements
for the year ended 31 December 2022 (continued)

27 Profit for the year

Profit for the year is stated after:

	2022 AED'000	2021 AED'000
Salaries and other benefits	**1,688,872**	1,493,395
Depreciation of property, plant and equipment	**420,768**	438,569
Social contributions	**7,757**	7,295
Recovery of long outstanding receivable *	**-**	330,015

*In previous year, the Group entered into a final settlement for one of its projects whereby an amount of AED 330,015 thousand was agreed as full and final settlement for the project dues which were previously written off by the Group. As such, the recovery has been recorded in the consolidated statement of profit or loss under contract costs as a reduction of total contract costs. This amount is fully recovered in the current year.

28 Earnings per share

Basic earnings per share has been computed by dividing the profit for the year attributable to the ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year.

	2022 AED'000	2021 AED'000
Profit attributable to the shareholders of the Company (AED'000)	**1,303,319**	1,002,404
Weighted average number of ordinary shares ('000)	**825,000**	796,233
Earnings per share attributable to the shareholders of the Company (AED)	**1.58**	1.26

Notes to the consolidated financial statements
for the year ended 31 December 2022 (continued)

28 Earnings per share (continued)

In accordance with the requirements of IFRS 3, the basic earnings per share in these consolidated financial statements, following a reverse acquisition, for the comparative year have been restated. The basic earnings per share for the comparative year was calculated by dividing NPCC's profit attributable to ordinary shareholders for the comparative year by NPCC's historical weighted average number of ordinary shares that were outstanding, multiplied by the exchange ratio established by the business combination agreement.

Diluted earnings per share as of 31 December 2022 and 31 December 2021 are equivalent to basic earnings per share.

29 Related party transactions and balances

Related parties include majority Shareholders, equity accounted investees, Directors and key management personnel, management entities engaged by the Group and those enterprises over which majority Shareholders, Directors, the Group or its affiliates can exercise significant influence, or which can exercise significant influence over the Group. In the ordinary course of business, the Group provides services to, and receives services from, such enterprises on terms agreed by management.

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

	2022 AED'000	2021 AED'000
Due from equity accounted investee for project related work:		
Trade and other receivables (note 13)	**146,364**	183,183
Contract assets (note 14)	**540,660**	463,542
Due from/to other related parties:		
Trade and other receivables (note 13)	**38,739**	66,800
Contract assets (note 14)	**38,143**	194,136
Trade and other payables (note 21)	**54,916**	70,842
Bank balance (note 15)	**1,866,368**	857,236
Borrowings (note 16)	**653,583**	495,402

Notes to the consolidated financial statements
for the year ended 31 December 2022 (continued)

29 Related party transactions and balances (continued)

Transactions with related parties included in the consolidated statement of profit or loss are as follows:

	2022 AED'000	2021 AED'000
Other related parties		
Material and services purchased / received	**51,974**	18,638
Revenue earned	**33,114**	920,561
Interest expense (net)	**3,312**	11,025
Equity accounted investee		
Revenue earned	**742,864**	545,849

Transactions with key management personnel

Compensation of key management personnel is as follows:

	2022 AED'000	2021 AED'000
Salaries and other short-term benefits	**9,743**	7,979
Employees' end of service benefits	**632**	573
	10,375	8,552

Notes to the consolidated financial statements
for the year ended 31 December 2022 (continued)

30 Interest in joint operations

The Group has share of assets, liabilities and results of operations for the following joint operations along with share percentage:

	2022	2021
Joint operations		
Technip – NPCC – Satah Full Field	**50%**	50%
NPCC – TECHNIP – UZ-750 (EPC-1)	**40%**	40%
NPCC – TECHNIP UL-2	**50%**	50%
NPCC – TECHNIP AGFA	**50%**	50%
NPCC - Technip JV - US GAS CAP Feed	**50%**	50%

The consolidated financial statements include the following amounts as a result of proportionate consolidation of its interests in joint operations:

	2022 AED'000	2021 AED'000
Total assets	**60,008**	140,801
Total liabilities	**39,438**	27,804
Net assets	**20,570**	112,997
Total revenue	**11,033**	6,847
Profit for the year	**11,693**	45,368

Notes to the consolidated financial statements
for the year ended 31 December 2022 (continued)

31 Contingencies and commitments

	2022 AED'000	2021 AED'000
Bank guarantees	**10,491,238**	7,264,399
Letters of credit	**465,903**	270,034
Capital commitments	**86,011**	41,293
Purchase commitments	**4,537,861**	1,672,312

The above letters of credit and bank guarantees issued in the normal course of business.

32 Financial risk management objectives and policies

The main risks arising from the Group's financial instruments are interest rate risk, liquidity risk, foreign currency risk, equity risk and credit risk. The Group's management reviews and agrees policies for managing each of these risks which are summarised below.

Credit risk

The Group seeks to limit its credit risk with respect to customers by dealing with good reputation and financially sound customers and monitoring outstanding receivables. Of the trade receivables at 31 December 2022, 81% is due from the Group's five largest customers (31 December 2021: 84%). The maximum exposure is the carrying amount as disclosed in note 13 to the consolidated financial statements.

With respect to credit risk arising from the other financial assets of the Group, including cash and cash equivalents, the Group's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments. The Group manages its credit risk with respect to banks by only dealing with reputable banks.

Liquidity risk

The Group seeks to limit its liquidity risk by ensuring bank facilities are available. As at 31 December 2022, the Group has AED 1,284,500 thousand (2021: AED 911,876 thousand) of un-utilised credit facilities from banks.

Notes to the consolidated financial statements
for the year ended 31 December 2022 (continued)

32 Financial risk management objectives and policies (continued)

Liquidity risk (continued)

The table below summarises the maturities of the Group's undiscounted financial liabilities at 31 December, based on contractual payment dates and current market interest rates:

	On demand AED'000	Less than 1 year AED'000	1 to 5 years AED'000	More than 5 years AED'000	Total AED'000
At 31 December 2022					
Trade and other payables	**-**	**2,227,987**	**-**	**-**	**2,227,987**
Lease liabilities	**-**	**24,003**	**109,545**	**431,395**	**564,943**
Term loans	**-**	**414,557**	**1,357,971**	**232,632**	**2,005,160**
Total	**-**	**2,666,547**	**1,467,516**	**664,027**	**4,798,090**
At 31 December 2021					
Trade and other payables	-	2,254,895	-	-	2,254,895
Lease liabilities	-	6,723	39,339	267,147	313,209
Bank overdrafts	363,124	-	-	-	363,124
Term loans	-	337,955	1,340,337	51,757	1,730,049
Total	363,124	2,599,573	1,379,676	318,904	4,661,277

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, currency risk and other price risk, such as equity price risk. Financial instruments affected by market risk include bank deposits and equity investments.

Notes to the consolidated financial statements
for the year ended 31 December 2022 (continued)

32 Financial risk management objectives and policies (continued)

Interest rate risk

The Group is mainly exposed to interest rate risk on bank overdrafts and term loans.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of the Group's profit for one year.

	Effect on profit/equity AED '000
2022	
+100 increase in basis points	**(17,627)**
-100 decrease in basis points	**17,627**
2021	
+100 increase in basis points	(20,028)
-100 decrease in basis points	20,028

Interest rate swap contracts

Under interest rate swap contracts, the Group agrees to exchange the difference between fixed and floating rate interest amounts calculated on agreed notional principal amounts. Such contracts enable the Group to mitigate the risk of changing interest rates on the fair value of issued fixed rate debt and the cash flow exposures on the issued variable rate debt. The fair value of interest rate swaps at the reporting date is determined by discounting the future cash flows using the curves at reporting date and the credit risk inherent in the contract, and is disclosed below.

The average interest rate is based on the outstanding balances at the end of the financial year.

The interest rate swaps settle on a quarterly basis. The floating rate on the interest rate swaps is the 3 months USD LIBOR rate. The Group will settle the difference between the fixed and floating interest rate on a net basis.

The following tables detail the notional principal amounts and remaining terms of interest rate swap contracts outstanding as at the end of the reporting year AED 554,578 thousand (2021: AED 686,758 thousand):

	USD'000	*AED'000*
2022		
Instrument I: outstanding receive floating pay fixed USD LIBOR 3M (0.8%)	**11,367**	**41,747**
2021		
Instrument I: outstanding receive floating pay fixed USD LIBOR 3M (0.8%)	1,665	6,115

Notes to the consolidated financial statements
for the year ended 31 December 2022 (continued)

32 Financial risk management objectives and policies (continued)

Foreign currency risk

Foreign currency risk is the risk that financial instrument will fluctuate due to change in foreign exchange rates. Assets are typically funded in the same currency as that of the business being transacted to eliminate exchange exposures.

The Group is exposed to exchange rate fluctuations related to the Euro, Egyptian Pound, Indian Rupees and Sterling Pound denominated as assets and liabilities. Other currencies are pegged to AED, and hence no currency fluctuation risks exist for them.

	2022		2021	
	Liabilities AED'000	**Assets AED'000**	Liabilities AED'000	Assets AED'000
Egyptian Pound	**146,194**	**1,011,867**	520,735	1,377,874
Euro	**46,053**	**72,210**	56,851	1,453
Saudi Riyal	**16,103**	**1,517,164**	449,199	456,062
	208,350	**2,601,241**	1,026,785	1,835,389

Based on the sensitivity analysis to a 5% increase/decrease in the AED against the relevant foreign currencies (assumed outstanding for the full year):

(a) there is AED **43,284** thousand (2021: AED 42,857) net revaluation gain/ loss on the Egyptian Pound outstanding balances.

(b) there is AED **1,308** thousand (2021: AED 2,770 thousand) net revaluation gain/ loss on the Euro outstanding balances.

(c) there is AED **75,053** thousand (2021: AED 343 thousand) net revaluation gain/ loss on the Saudi Riyal outstanding balances.

Equity price risk

The Group's listed equity securities are susceptible to market price arising from uncertainties about future values of the investment securities. The Group manages equity price risk through diversification and placing limits on individual and total equity investments. The Group's management reviews and approves all investment decisions.

The following demonstrates the sensitivity of the cumulative changes in fair value to reasonably possible fair value changes in equity prices, with all variables held constant. The effect of the decreases in equity prices is expected to be equal and opposite to the effect of the increases shown.

Notes to the consolidated financial statements
for the year ended 31 December 2022 (continued)

32 Financial risk management objectives and policies (continued)

Investments carried at fair value through profit or loss

2022	***AED'000***
5% change in variables	**1,727**
2021	*AED'000*
5% change in variables	1,455

Forward foreign exchange contracts

It is the policy of the Group to enter into forward foreign exchange contracts to cover specific foreign currency payments and receipts. The Group also enters into forward foreign exchange contracts to manage the risk associated with anticipated sales and purchase transactions out to six months. Basis adjustments are made to the carrying amounts of non-financial hedged items when the anticipated sales or purchase transactions take place.

The following table details the forward foreign currency contract outstanding at the end of the reporting period:

	Foreign currency	Notional amount AED'000	Fair value AED'000	Fair value changes AED'000
2022				
Forward contract	**EUR**	**644,445**	**597,209**	**(47,236)**
2021				
Forward contract	EUR	265,971	260,620	(5,351)

Capital management

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value.

The Group manages its capital structure and makes adjustments to it in light of changes in business conditions. No changes were made in the objectives, policies or processes during the years ended 31 December 2022 and 31 December 2021. Capital comprises share capital, reserves, retained earnings, and is measured at AED 6,537,526 thousand as at 31 December 2022 (2021: AED 5,515,509 thousand).

Notes to the consolidated financial statements
for the year ended 31 December 2022 (continued)

32 Financial risk management objectives and policies (continued)

Fair value of financial instruments

Fair value measurement recognized in the consolidated statement of financial position

The fair values of the Group's financial assets and liabilities as at 31 December 2022 and 31 December 2021 are not materially different from their carrying values at that reporting date.

The following table provides the fair value measurement hierarchy of the Group's financial assets and liabilities which are measured at fair value as at 31 December 2022 and 31 December 2021:

	Total AED'000	Quoted prices in active markets (Level 1) AED'000	Significant observable inputs (Level 2) AED'000	Significant unobservable inputs (Level 3) AED'000
As at 31 December 2022				
Derivative financial asset	**41,747**	**-**	**41,747**	**-**
Derivative financial liability	**(47,236)**	**-**	**(47,236)**	**-**
Financial assets at fair value through profit or loss (FVTPL)	**34,535**	**34,535**	**-**	**-**
As at 31 December 2021				
Derivative financial asset	6,403	-	6,403	-
Derivative financial liability	(5,639)	-	(5,639)	-
Financial assets at fair value through profit or loss (FVTPL)	29,103	29,103	-	-

Notes to the consolidated financial statements
for the year ended 31 December 2022 (continued)

33 Segment information

Geographical segment information

The Group has aggregated its geographical segments into UAE and International. UAE segment includes projects in the UAE, while International segment includes operations in Egypt, Kingdom of Saudi Arabia, Bahrain, India, Kuwait, Maldives and East Africa.

The following table shows the Group's geographical segment analysis:

	UAE AED'000	International AED'000	31 December 2022 Group AED'000
Segment revenue	7,678,859	3,565,748	11,244,608
Intersegment revenue	-	-	(559,269)
Revenue			10,685,339
Segment gross profit	691,416	416,499	1,107,915
Share of net results of equity accounted investees	-	-	5,203
General and administrative expenses	-	-	(159,419)
Foreign currency exchange gain/(loss)	-	-	(31,571)
Fair value gain on financial assets at fair value through profit or loss	-	-	(1,959)
Finance income			28,772
Finance costs	-	-	(58,764)
Gain on partial disposal of a subsidiary's operations	-	-	237,615
Fair value gain arising on the remeasurement	-	-	116,431
Other income, net	-	-	101,282
Profit before tax for the year			1,345,505
Income tax charge on foreign operations	-	(41,982)	(41,982)
Profit after tax			1,303,523
Total assets	12,369,517	3,676,776	16,046,293
Total liabilities	6,966,648	2,539,039	9,505,687

Notes to the consolidated financial statements
for the year ended 31 December 2022 (continued)

33 Segment information (continued)

	UAE AED'000	International AED'000	31 December 2021 Group AED'000
Segment revenue	4,664,507	3,664,866	8,239,373
Intersegment revenue	-	-	(440,611)
Revenue			7,888,762
Segment gross profit	1,052,491	14,690	1,067,181
Share of net results of equity accounted investees	-	-	8,864
General and administrative expenses	-	-	(204,669)
Foreign currency exchange gain	-	-	21,964
Fair value gain on financial assets at fair value through profit or loss	-	-	1,265
Finance income	-	-	14,861
Finance costs	-	-	(54,549)
Other income, net			145,122
Profit before tax for the year			1,000,039
Income tax credit on foreign operations	-	2,520	2,520
Profit after tax			1,002,559
Total assets	9,706,721	3,210,568	12,917,289
Total liabilities	4,918,066	2,480,838	7,398,904

Notes to the consolidated financial statements
for the year ended 31 December 2022 (continued)

34 Subsequent events

Corporate Income Tax

On 3 October 2022, the United Arab Emirates (UAE) Ministry of Finance ("MoF") issued Federal Decree-Law No 47 of 2022 on the Taxation of Corporations and Businesses, Corporate Tax Law ("CT Law") to implement a new CT regime in the UAE. The new CT regime is applicable for accounting periods beginning on or after 1 June 2023.

Generally, UAE businesses will be subject to a 9% CT rate, however a rate of 0% could be applied to taxable income not exceeding a particular threshold or to certain types of entities, to be prescribed by way of a Cabinet Decision.

The Group is currently assessing the impact of these laws and regulations and will apply the requirements as further guidance is provided by the relevant tax authorities, which will be applicable for the Group for the financial year beginning 1 January 2024.

35 Reclassification of prior year balances

Certain comparative figures have been reclassified/regrouped, wherever necessary, as to conform to the presentation adopted in these consolidated financial statements. These reclassifications do not materially change the presentation of the consolidated financial statements.

36 Approval of consolidated financial statements

The consolidated financial statements were approved by management and authorised for issue on 1 February 2023.