

**National Marine Dredging Company**  
(Public Shareholding Company)

Condensed consolidated interim  
financial information

**30 September 2014**

**Principal business address:**  
P O Box 3649  
Abu Dhabi  
UAE

**National Marine Dredging Company**  
**(Public Shareholding Company)**

Condensed consolidated interim financial information

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## **Independent auditors' report on the review of the condensed consolidated interim financial information**

The Shareholders  
National Marine Dredging Company  
(Public Shareholding Company)  
Abu Dhabi, United Arab Emirates

### *Introduction*

We have reviewed the accompanying condensed consolidated interim financial information of National Marine Dredging Company (Public Shareholding Company) (the "Company") and its subsidiaries (collectively referred to as the "Group") which comprises:

- the condensed consolidated interim statement of financial position as at 30 September 2014;
- the condensed consolidated interim statements of profit or loss and other comprehensive income for the three-month and nine-month period ended 30 September 2014;
- the condensed consolidated interim statement of cash flows for the nine-month period ended 30 September 2014;
- the condensed consolidated statement of changes in equity for the nine-month period ended 30 September 2014; and
- notes to the condensed consolidated interim financial information.

Management is responsible for the preparation and presentation of this condensed consolidated interim financial information in accordance with IAS 34, 'Interim Financial Reporting'. Our responsibility is to express a conclusion on this condensed consolidated interim financial information based on our review.

### *Scope of review*

We conducted our review in accordance with the International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of condensed interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### *Basis for qualified conclusion*

As discussed in note 12 to the condensed interim consolidated financial information, management has recognised revenue and unbilled receivables on projects wherein formal agreements have not been signed for significant periods of time. As at 30 September 2014 unbilled receivables relating to unsigned contracts amounted to AED 514,680 thousand while unbilled receivables relating to signed contracts amounted to AED 1,130,482 thousand. The absence of signed contracts and the significant delays in billing and collection casts doubts on the recoverability of these amounts.



*Conclusion*

Based on our review, except for the possible effects of the matter described in the Basis for Qualified Conclusion paragraph above, if any, nothing has come to our attention that causes us to believe that the accompanying 30 September 2014 condensed consolidated interim financial information is not prepared, in all material respects, in accordance with IAS - 34 *Interim Financial Reporting*.

*Emphasis of matter*

Without further qualifying our opinion, as stated in note 12, management has recognised revenue amounting to AED 450 million on variation claims. While the customer has acknowledged the claims, the amount of the claims is still under negotiation. The finalisation of such negotiations could have a significant impact on the amount of revenue recognised and receivables booked.

A handwritten signature in blue ink, appearing to be 'KPMG' followed by a long horizontal line.

30 MAR 2015

KPMG  
Munther Dajani  
Registration No.268  
Abu Dhabi, United Arab Emirates

**National Marine Dredging Company**  
(Public Shareholding Company)

Condensed consolidated interim statement of profit or loss and other comprehensive income

for the

		Nine-month period ended 30 Sept 2014	Nine-month period ended 30 Sept 2013	Three-month period ended 30 Sept 2014	Three-month period ended 30 Sept 2013
	<i>Note</i>	AED'000	AED'000	AED'000	AED'000
<b>Contract revenue</b>		<b>1,167,301</b>	2,016,215	<b>473,810</b>	631,186
Contract costs		<b>(1,087,995)</b>	(1,764,095)	<b>(311,919)</b>	(555,467)
<b>Gross profit</b>		<b>79,306</b>	252,120	<b>161,891</b>	75,719
Other income	7	<b>34,405</b>	17,214	<b>17,666</b>	2,691
Administrative expenses		<b>(56,916)</b>	(57,525)	<b>(19,474)</b>	(20,454)
Provision for impairment of receivables		<b>(36,532)</b>	-	-	-
<b>Results from operating activities</b>		<b>20,263</b>	211,809	<b>160,083</b>	57,956
Net finance expenses	8	<b>(19,593)</b>	(2,031)	<b>(4,452)</b>	(5,523)
<b>Profit for the period</b>		<b>670</b>	209,778	<b>155,631</b>	52,433
<b>Other comprehensive income</b>					
Fair value (losses) / gains on interest rate swap		(27)	-	821	-
Fair value gains on available for sale financial assets	13	85	593	184	202
Cumulative translation adjustment		(14)	-	(19)	-
<b>Total comprehensive income for the period</b>		<b>714</b>	210,371	<b>156,617</b>	52,635
<b>Earnings per share</b>					
Basic and diluted earnings per share (AED)	9	<b>0.003</b>	0.92	<b>0.64</b>	0.23

The notes set out on pages 8 to 18 form an integral part of the condensed consolidated interim financial information.


The independent auditors' report on the review of the condensed consolidated interim financial information is set out on pages 1 and 2.

**National Marine Dredging Company**  
(Public Shareholding Company)

Condensed consolidated interim statement of financial position  
as at

		30 September 2014 AED'000	31 December 2013 AED'000
<b>Non-current assets</b>			
Property, plant and equipment	10	1,320,425	1,404,958
Goodwill and other intangible assets		53,189	53,785
<b>Total non-current assets</b>		<b>1,373,614</b>	<b>1,458,743</b>
<b>Current assets</b>			
Inventories	11	244,477	249,008
Trade and other receivables	12	2,842,162	3,131,741
Available for sale financial assets	13	9,390	9,305
Financial assets at fair value through profit or loss	14	32,227	38,282
Cash and cash equivalents	15	56,212	212,275
<b>Total current assets</b>		<b>3,184,468</b>	<b>3,640,611</b>
<b>Current liabilities</b>			
Advance from customers (current portion)	17	22,375	48,514
Trade and other payables	18	602,007	768,793
Provision for employees' end of service benefits		76,243	77,549
Dividend payable		32,298	30,612
Loans and borrowings (current portion)	19	422,612	422,612
<b>Total current liabilities</b>		<b>1,155,535</b>	<b>1,348,080</b>
<b>Net current assets</b>		<b>2,028,933</b>	<b>2,292,531</b>
<b>Non-current liabilities</b>			
Loans and borrowings (non-current portion)	19	136,424	410,865
<b>Net assets</b>		<b>3,266,123</b>	<b>3,340,409</b>
<b>Equity</b>			
Share capital	20	250,000	227,849
Share premium	21	341,500	190,205
Additional share capital	21	-	173,446
Reserves	22	735,740	735,696
Proposed dividend	23	-	75,000
Retained earnings		1,938,883	1,938,213
<b>Total equity</b>		<b>3,266,123</b>	<b>3,340,409</b>

The condensed consolidated interim financial information was approved and authorised for issue on 30 MAR 2015 by:

  
Mohammad Thani Murshid  
Al Rumaiithi  
Chairman

  
Yasser Nasr Zaghoul  
Chief Executive Officer

  
Gautam V. Pradhan  
Chief Financial Officer



The notes set out on pages 8 to 18 form an integral part of the condensed consolidated interim financial information.

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**National Marine Dredging Company**  
**(Public Shareholding Company)**

Condensed consolidated interim statement of changes in equity  
for the nine-months ended 30 September

	Share capital AED'000 <i>(note 20)</i>	Share premium AED'000 <i>(note 21)</i>	Additional share capital AED'000	Reserves AED'000 <i>(note 22)</i>	Proposed dividend AED'000 <i>(note 23)</i>	Retained earnings AED'000	Total AED'000
At 1 January 2013	227,849	190,205	-	734,998	113,924	1,806,455	3,073,431
<b>Total comprehensive income for the period</b>							
Profit for the period	-	-	-	-	-	209,778	209,778
<b>Other comprehensive income</b>							
Fair value losses on available for sale financial assets <i>(net)</i>	-	-	-	593	-	-	593
Total comprehensive income for the period	-	-	-	593	-	209,778	210,371
<b>Transactions with owners, recorded directly in equity</b>							
<b>Contributions by and distributions to owners</b>							
Dividend payable	-	-	-	-	(113,924)	-	(113,924)
At 30 September 2013	227,849	190,205	-	735,591	-	2,016,233	3,169,878

....continued

**National Marine Dredging Company**  
(Public Shareholding Company)

Condensed consolidated interim statement of changes in equity *(continued)*  
for the nine-months ended 30 September

	Share capital AED'000 <i>(note 20)</i>	Share premium AED'000 <i>(note 21)</i>	Additional share capital AED'000	Reserves AED'000 <i>(note 22)</i>	Proposed dividend AED'000 <i>(note 23)</i>	Retained earnings AED'000	Total AED'000
At 1 January 2014	227,849	190,205	173,446	735,696	75,000	1,938,213	3,340,409
<b>Total comprehensive income for the period</b>							
Profit for the period	-	-	-	-	-	670	670
<b>Other comprehensive income</b>							
Fair value gain on available for sale financial assets <i>(net)</i>	-	-	-	85	-	-	85
Fair value loss on interest rate swap	-	-	-	(27)	-	-	(27)
Cumulative translation adjustment	-	-	-	(14)	-	-	(14)
Total comprehensive income for the period	-	-	-	44	<del>75,000</del>	670	714
<b>Transactions with owners, recorded directly in equity</b>							
<b>Contributions by and distributions to owners</b>							
Additional share capital	22,151	151,295	(173,446)	-	-	-	-
Dividend payable	-	-	-	-	(75,000)	-	(75,000)
<b>At 30 September 2014</b>	<b>250,000</b>	<b>341,500</b>	<b>-</b>	<b>735,740</b>	<b>-</b>	<b>1,938,883</b>	<b>3,266,123</b>

The notes set out on pages 8 to 18 form an integral part of the condensed consolidated interim financial information.



**National Marine Dredging Company**  
(Public Shareholding Company)

Condensed consolidated interim statement of cash flows  
for the nine-month ended 30 September

	Note	2014 AED'000	2013 AED'000
<b>Cash flows from operating activities:</b>			
Profit for the period		670	209,778
<i>Adjustment for:</i>			
Depreciation	10	133,405	150,130
Amortisation of intangibles		596	199
Interest expense	8	14,792	15,959
Gain on disposal of property, plant and equipment	7	(5,882)	(3,781)
Fair value gain / (loss) on financial assets at fair value through profit or loss	8	6,055	(11,891)
Dividend income	8	(1,254)	(2,037)
Provision for employees' end of service benefits		9,027	14,979
		<u>157,409</u>	<u>373,336</u>
End of service benefits paid		(10,333)	(20,752)
		<u>147,076</u>	<u>352,584</u>
Change in inventories	11	4,531	(14,050)
Change in trade and other receivables	12	289,579	(380,220)
Change in trade and other payables	18	(164,512)	(156,151)
Change in advance from customers	17	(26,139)	(133,609)
		<u>250,535</u>	<u>(331,456)</u>
<b>Net cash from / (used in) operating activities</b>			
<b>Cash flows from investing activities:</b>			
Acquisition of property, plant and equipment	10	(53,579)	(259,401)
Proceeds from disposal of property, plant and equipment		10,589	4,004
Cash paid for acquisition of a subsidiary		(2,300)	(16,500)
Dividend income	8	1,254	2,037
		<u>(44,036)</u>	<u>(269,860)</u>
<b>Net cash used in investing activities</b>			
<b>Cash flows from financing activities:</b>			
Dividend paid		(73,315)	(92,398)
(Repayment of) / proceeds from loan ( <i>net</i> )	19	(274,441)	386,880
Payment of finance lease		-	(82,931)
Interest paid	8	(14,792)	(15,959)
		<u>(362,548)</u>	<u>195,592</u>
<b>Net cash used in / from financing activities</b>			
<b>Net decrease in cash and cash equivalents</b>			
Cash and cash equivalents at 1 January	15	212,275	264,099
Cumulative translation adjustment		(14)	-
		<u>56,212</u>	<u>(141,625)</u>
<b>Cash and cash equivalents at 30 September</b>			

The notes set out on pages 8 to 18 form an integral part of the condensed consolidated interim financial information.

The independent auditors' report on the review of the condensed consolidated interim financial information is set out on pages 1 and 2.

## National Marine Dredging Company (Public Shareholding Company)

Notes to the condensed consolidated interim financial information

### 1 Legal status and principal activities

National Marine Dredging Company (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 Decrees 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 Company is primarily engaged in the execution of dredging contracts and associated land reclamation works in the territorial waters of the United Arab Emirates (“UAE”) and Middle East, principally under the directives of the Government of Abu Dhabi (“the Government”), who is the major shareholder.

The condensed consolidated interim financial information of the Group as at and for the nine month period ended 30 September 2014 includes the financial performance and position of the Company and its below mentioned subsidiaries (collectively referred to as “the Group”).

Subsidiary	Country of incorporation and operation	Share of equity %		Principal activity
		2014	2013	
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
ADEC Engineering Consultancy L.L.C	UAE	100	100	Consultancy services in the field of civil, architectural, drilling and marine engineering along with related laboratory services
National Marine Dredging Co S.P.C.	Qatar	100	-	Dredging and associated land reclamation works, drilling & deepening of waterways and ports & marine installation works
Abu Dhabi Marine Dredging Co S.P.C.	Bahrain	100	-	Offshore reclamation contracts, services for fixing water installation for marine facilities, and excavation contracts
National Marine and Infrastructure India Private Limited	India	100	-	Dredging and associated land reclamation works, civil engineering, port contracting, and marine construction

# **National Marine Dredging Company**

## **(Public Shareholding Company)**

### Notes to the condensed consolidated interim financial information

#### **2 Statement of compliance**

The condensed consolidated interim financial information has been prepared in accordance with the International Accounting Standard IAS 34 - *Interim Financial Reporting*. They accordingly do not include all the information required for a complete set of annual financial statements, and should be read in conjunction with the consolidated financial statements of the Company as at and for the year ended 31 December 2013.

#### **3 Significant accounting policies**

The accounting policies applied by the Group in these condensed consolidated interim financial information are the same as those applied by the Company in its financial statements as at and for the year ended 31 December 2013, except for the adoption of new standards and interpretations effective as of 1 January 2014 as set out below.

##### *a) New standards, interpretations and amendments adopted by the Group*

###### *Offsetting Financial Assets and Financial Liabilities (Amendments to IAS 32)*

The amendments to IAS 32 clarify the offsetting criteria in IAS 32 by explaining when an entity currently has a legally enforceable right to set-off and when gross settlement is equivalent to net settlement. The amendments are effective for annual periods beginning on or after 1 January 2014 and interim periods within those annual periods. The application of this standard did not have any impact on the condensed consolidated interim financial information.

###### *Recoverable Amount Disclosures for Non-Financial Assets (Amendments to IAS 36) (2013)*

The IASB has issued amendments to reverse the unintended requirement in IFRS 13 Fair Value Measurement to disclose the recoverable amount of every cash-generating unit to which significant goodwill or indefinite-lived intangible assets have been allocated. Under the amendments, recoverable amount is required to be disclosed only when an impairment loss has been recognised or reversed.

The amendments apply retrospectively for annual periods beginning on or after 1 January 2014. The application of this standard did not have any impact on the condensed consolidated interim financial information.

#### **4 Estimates**

The preparation of condensed consolidated interim financial information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing these condensed consolidated interim financial information, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the financial statements as at and for the year ended 31 December 2013.

#### **5 Financial risk management**

The Company's financial risk management objectives and policies are consistent with those disclosed in the financial statements as at and for the year ended 31 December 2013.

**National Marine Dredging Company**  
(Public Shareholding Company)

Notes to the condensed consolidated interim financial information

**6 Staff costs**

	Nine-month period ended 30 Sept 2014 AED'000	Nine-month period ended 30 Sept 2013 AED'000	Three-month period ended 30 Sept 2014 AED'000	Three-month period ended 30 Sept 2013 AED'000
Salaries and wages	87,241	86,895	28,641	27,501
Other benefits	150,948	164,305	48,333	53,621
	<u>238,189</u>	<u>251,200</u>	<u>76,974</u>	<u>81,122</u>

**7 Other income**

	Nine-month period ended 30 Sept 2014 AED'000	Nine-month period ended 30 Sept 2013 AED'000	Three-month period ended 30 Sept 2014 AED'000	Three-month period ended 30 Sept 2013 AED'000
Gain on disposal of property, plant and equipment	5,882	3,781	2,295	1,900
Foreign exchange gain / (loss)	1,415	(823)	1,011	(2,011)
Insurance claim	7,474	7,724	280	2,189
Miscellaneous income	19,634	6,532	14,080	613
	<u>34,405</u>	<u>17,214</u>	<u>17,666</u>	<u>2,691</u>

**8 Net finance expenses**

	Nine-month period ended 30 Sept 2014 AED'000	Nine-month period ended 30 Sept 2013 AED'000	Three-month period ended 30 Sept 2014 AED'000	Three-month period ended 30 Sept 2013 AED'000
Fair value (loss) / gain on financial assets at fair value through profit or loss (refer note 14)	(6,055)	11,891	276	561
Interest expense	(14,792)	(15,959)	(5,174)	(6,901)
Dividend income	1,254	2,037	446	817
	<u>(19,593)</u>	<u>(2,031)</u>	<u>(4,452)</u>	<u>(5,523)</u>

**9 Earnings per share**

Basic earnings per share are calculated by dividing the profit attributable to shareholders by the weighted average number of ordinary shares outstanding during the period. The weighted average number of ordinary shares outstanding at the end of the period was 245,456,103 shares (30 September 2013: 227,848,502).

There are no potentially dilutive instruments therefore the basic and diluted earnings per share are same.

**National Marine Dredging Company**  
(Public Shareholding Company)

Notes to the condensed consolidated interim financial information

**10 Property, plant and equipment**

	<b>Total AED'000</b>
<i>Cost</i>	
At 1 January 2014	3,176,352
Additions	53,579
Disposals	(45,467)
<b>At 30 September 2014</b>	<b>3,184,464</b>
<i>Depreciation</i>	
At 1 January 2014	1,771,394
Charge for the period	133,405
Disposals	(40,760)
<b>At 30 September 2014</b>	<b>1,864,039</b>
<i>Net carrying amount</i>	
<b>At 30 September 2014</b>	<b>1,320,425</b>

**11 Inventories**

	<b>30 September 2014 AED'000</b>	<b>31 December 2013 AED'000</b>
Spare parts and consumable stores	256,731	266,319
Raw materials	3,312	2,025
Finished goods	11,507	5,990
Less: provision for slow moving and obsolete inventories	(27,073)	(25,326)
	<u>244,477</u>	<u>249,008</u>

**12 Trade and other receivables**

	<b>30 September 2014 AED'000</b>	<b>31 December 2013 AED'000</b>
Trade receivables	503,129	625,944
Less: provision for impairment of receivables	(73,205)	(36,674)
	<u>429,924</u>	<u>589,270</u>
Unbilled receivables ( <i>net of provisions</i> )	2,112,386	2,287,668
Deposits and prepayments	53,754	53,159
Other receivables	246,098	201,644
	<u>2,842,162</u>	<u>3,131,741</u>

## National Marine Dredging Company (Public Shareholding Company)

### Notes to the condensed consolidated interim financial information

#### 12 Trade and other receivables (continued)

65% (2013: 79%) of the trade receivables balance above, amounting to AED 326,592 thousand (31 December 2013: AED 468,827 thousand) is receivable from the Government of Abu Dhabi, its departments and other related parties.

Unbilled receivables include AED 514,680 thousand (31 December 2013: AED 695,990 thousand), out of which AED 36,199 thousand (31 December 2013: AED 295,799 thousand) has been recognised as revenue during the period, receivable from Government of Abu Dhabi and its departments for which the contracts are not signed. Further, unbilled amount of AED 514,680 thousand includes an amount of AED 478,471 thousand, which is outstanding for periods exceeding one year as at the reporting date. Unbilled receivables also include AED 1,130,482 thousand (31 December 2013: AED 1,574,082 thousand) on signed contracts from various customers, out of which AED 582,825 thousand (31 December 2013: AED 2,112,593 thousand) has been recognised as revenue during the period.

Management has exercised significant judgment in estimating the amounts of revenue recognised, and unbilled receivables recoverable, on these projects wherein formal agreements are currently not in place for significant periods of time. Furthermore, the unbilled receivables on such projects have not been subsequently invoiced or recovered for more than one year, consequently raising uncertainties over the recoverability of these amounts. In addition, during the nine-month period, management has recognised revenue and unbilled receivables amounting to AED 450 million, out of a total proposed claim amount of AED 771 million, which has been acknowledged by the customer, but for which the amount is still under negotiation. However, based on the status of discussions with the counterparties, past payment history and the relationship between the parties, management has assessed that these recorded amounts are fully recoverable.

#### 13 Available for sale financial assets

	30 September 2014 AED'000	31 December 2013 AED'000
At 1 January	9,305	8,380
Change in fair value (refer note 22)	85	925
	<u>9,390</u>	<u>9,305</u>

Available for sale financial assets comprise equity investments listed in securities markets in the United Arab Emirates. Such instruments are denominated in UAE Dirhams.

#### 14 Financial assets at fair value through profit or loss

	30 September 2014 AED'000	31 December 2013 AED'000
At 1 January	38,282	24,399
Fair value adjustments	(6,055)	13,883
	<u>32,227</u>	<u>38,282</u>

Financial assets at fair value through profit or loss comprise equity instruments listed on securities markets in United Arab Emirates. Such instruments are denominated in UAE Dirhams.

Financial assets at fair value through profit or loss comprise equity instruments listed on securities markets in United Arab Emirates. Such instruments are denominated in UAE Dirhams.

## **National Marine Dredging Company** (Public Shareholding Company)

### Notes to the condensed consolidated interim financial information

#### **15 Cash and cash equivalents**

For the purposes of the condensed consolidated interim statement of cash flows, cash and cash equivalents comprise the following:

	<b>30 September</b>	31 December
	<b>2014</b>	2013
	<b>AED'000</b>	AED'000
Cash in hand	1,024	859
Cash at banks		
- current accounts	53,540	210,113
- short term deposits*	1,648	1,303
	<u>56,212</u>	<u>212,275</u>
<b>Cash and cash equivalents</b>	<b><u>56,212</u></b>	<b><u>212,275</u></b>

\*Short term deposits have original maturities of less than 3 months and earn interest at prevailing market rates.

#### **16 Related party transactions and balances**

Related parties comprise the Company's shareholders and key management.

The Company derives a significant portion of its revenue from the Government of Abu Dhabi, the major shareholder, and its departments (*refer note 12*).

#### **17 Advance from customers**

Advance from customers represent advances received by the Company in respect of dredging contracts from projects set out below:

	<b>30 September</b>	31 December
	<b>2014</b>	2013
	<b>AED'000</b>	AED'000
SARB	7,752	-
Water circulation project	2,819	4,029
Zakum project	-	31,706
GASCO project	1,894	3,735
Port of Fujairah project	1,665	4,180
Takreer carbon project	932	2,847
Ruwais channel extension	18	-
Others	7,295	2,017
	<u>22,375</u>	<u>48,514</u>
	<b><u>22,375</u></b>	<b><u>48,514</u></b>

**National Marine Dredging Company**  
(Public Shareholding Company)

Notes to the condensed consolidated interim financial information

**18 Trade and other payables**

	30 September 2014 AED'000	31 December 2013 AED'000
Trade payables	157,905	323,751
Accrued liabilities	394,250	406,332
Retention payable	33,339	28,045
Other payables	16,513	10,665
	<u>602,007</u>	<u>768,793</u>

**19 Loans and borrowings**

	30 September 2014 AED'000	31 December 2013 AED'000
Revolving Mudaraba facility <sup>1</sup>	350,000	583,482
Commodity Murabaha <sup>2</sup>	143,423	166,885
Ijarah Muntahia Bitamleek	65,613	83,110
	<u>559,036</u>	<u>833,477</u>

	30 September 2014 AED'000	31 December 2013 AED'000
Current portion	422,612	422,612
Non-current portion	136,424	410,865
	<u>559,036</u>	<u>833,477</u>

**<sup>1</sup>Revolving Mudaraba Facility**

*Facility 1*

In 2012, the Company obtained Revolving Mudaraba facility from a commercial bank amounting to AED 350 million to finance the working capital requirements for projects executed by the Company. As per the facility agreement the Company was entitled to draw down the amount against invoices raised on certain projects and the bank was entitled to a profit of 1 Month EIBOR + Margin. The facility was secured against the irrevocable and unconditional assignment of project receipts in favour of the bank. In December 2013, the Company settled the facility in full and replaced this facility with another Mudaraba facility (*refer facility 2 below*) with another commercial bank.

*Facility 2*

In 2013, the Company obtained a revolving Mudaraba facility from a commercial bank amounting to AED 350 million to replace facility 1. As per the facility agreement the bank is entitled to a profit of 1 Month EIBOR + Margin. The facility is repayable within one year from the draw down date. The facility is secured against the irrevocable and unconditional assignment of project receipts in favour of the bank. As at 30 September 2014, the balance outstanding on the facility amounted to AED 350 million (*31 December 2013: AED 350 million*).



## **National Marine Dredging Company** **(Public Shareholding Company)**

### Notes to the condensed consolidated interim financial information

#### **19 Loans and borrowings (continued)**

##### *<sup>1</sup>Revolving Mudaraba Facilities (continued)*

###### *Facility 3*

In 2013, the Company has availed an amount of AED 233 million from a commercial bank to finance the working capital requirements of projects executed by the Company. The amount was repayable on realisation of the invoices against which the facility is obtained or two years from the date of first draw down of the underlying tranche and carried a profit of 3 Months EIBOR + Margin. The facility was secured against the assignment of proceeds from projects financed under the facility, in favour of the bank. During the period, the Company has settled the facility.

##### *<sup>2</sup>Commodity Murabaha*

###### *Facility 4*

In April 2012, to facilitate the purchase of shareholding in Emarat Europe Fast Building Technology Factory LLC (*refer note 24*), the Company obtained a commodity murabaha facility from a bank amounting to AED 108 million for a period of three years. The bank is entitled to a profit equal to 3 months EIBOR + margin. The principal amount is to be repaid in four quarterly instalments commencing from two years of the draw down. The first three instalments of AED 6.75 million each are payable quarterly, commencing 2 years from the draw down date. The Company has an option to repay the remaining amount of AED 81 million in one tranche as the fourth instalment, or to enter into a new murabaha agreement for AED 81 million. The facility is secured against a corporate guarantee from Emarat Europe Fast Building Technology Factory LLC covering the facility amount of AED 108 million. As at 30 September 2014, the outstanding balance amounted to AED 108 million (*2013: AED 108 million*). During the period, the Company settled the facility in full and replaced this facility with another Mudaraba facility (*refer facility 5 below*) with another commercial bank.

###### *Facility 5*

In 2014, the Company obtained a Commodity Murabaha facility from a commercial bank amounting to AED 108 million to replace facility 4. As per the facility agreement the bank is entitled to a profit of 1 Month EIBOR + Margin. The principal amount is to be repaid in thirty six monthly instalments of AED 2.25 million each, commencing from the draw down date. The Company has an option to repay the remaining amount of AED 29 million in one tranche as the thirty sixth instalments, or to enter into a new commodity murabaha agreement for AED 29 million. As at 30 September 2014, the balance outstanding on the facility amounted to AED 101 million (*31 December 2013: AED 108 million*).

In 2013, the Company obtained a commodity murabaha facility to facilitate the purchase of items of property, plant and equipment, from a bank amounting to AED 100 million for a period of three years. The bank is entitled to a profit equal to 3 Months EIBOR + Margin. The principal amount is to be repaid in twelve quarterly instalments commencing from the draw down. As at 30 September 2014 the balance outstanding amounted to AED 42 million (*31 December 2013: 63 million*).

##### *Ijarah Muntahia Bitamleek*

During 2013, to facilitate the purchase of items of property, plant and equipment, the Company obtained a Ijarah Muntahia Bitamleek facility from a commercial bank amounting to AED 87 million for a period of three years. The bank is entitled to a profit equal to 3 Months EIBOR + Margin. The principal amount is to be repaid in eleven quarterly instalments of AED 4.37 million each, commencing from the draw down date. The Company has an option to repay the remaining amount of AED 39 million in one tranche as the twelfth instalment, or to enter into a new Ijarah Muntahia Bitamleek agreement for AED 39 million. As at 30 September 2014, the outstanding balance amounted to AED 66 million (*31 December 2013: 79 million*).

##### *Interest rate swap*

The Company has entered into an interest rate swap agreement with commercial banks to hedge against the risk of unfavourable market changes with respect of the floating interest rate on the long term borrowings.

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**20 Share capital**

	<b>30 September 2014 AED'000</b>	31 December 2013 AED'000
Authorised, issued and fully paid: 250,000,000 (31 December 2013: 227,848,502) ordinary shares of AED 1 each	<b>250,000</b>	<b>227,849</b>

**21 Share premium**

On 4 February 2010, the Company and Tasameem Real Estate LLC ("Tasameem") entered into an agreement according to which the Company was to issue 50,000,000 convertible bonds to Tasameem to be converted into 50,000,000 equity shares of the Company at AED 7.83 per share over a period of four years. The issue and the conversion of these bonds were to take place as per the schedule stated in the agreement and set out below.

The table set out below represents schedule for the issue of the bonds and the conversion thereof into equity shares:

Issue No.	Issue date as per agreement	Conversion date	Issue value AED	Number of shares to be issued	Settlement method
1	2 February 2010	15 March 2010	131,330,664	16,772,753	Transfer of property, plant and equipment
2	30 January 2011	15 March 2011	86,723,112	11,075,749	Cash
3	30 January 2012	15 March 2012	86,723,112	11,075,749	Cash
4	30 January 2013	15 March 2013	86,723,112	11,075,749	Cash

In accordance with the above, the Company issued 16,773 and 11,076 thousand convertible bonds to Tasameem in 2010 and 2011, respectively, for a total consideration of AED 218,054 thousand. These bonds were converted to 27,849 thousand equity shares of the Company at the face value of AED 1 per share resulting in an increase in the Company's share capital by AED 16,773 thousand in 2010 and AED 11,076 thousand in 2011. On 29 November 2013, Company issued the balance 22,151 thousand convertible bonds to Tasameem for a total consideration of AED 173,446 thousand, representing issue number 3 and 4 set out in the table below. These bonds were converted to 22,151 thousand equity shares of the Company at the face value of AED 1 per share resulting in an increase in the Company's share capital by AED 22,151 thousand in 2014.

The excess of the consideration over the face value of the equity shares issued, as set out below, has been recorded as share premium:

	<b>AED'000</b>
Par value of shares issued	<b>50,000</b>
Share premium	<b>341,500</b>
	<b>391,500</b>

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Notes to the condensed consolidated interim financial information

**22 Reserves**

	Legal reserve AED'000	Asset replacement reserve AED'000	Regulatory reserve AED'000	Cumulative translation adjustment AED'000	Unrealised loss on interest rate swap AED'000	Unrealised gain on available for sale financial assets AED'000	Total AED'000
At 1 January 2013	113,924	595,000	20,000	-	-	6,074	734,998
Fair value loss on available for sale financial assets (net)	-	-	-	-	-	593	593
<b>At 30 September 2013</b>	<b>113,924</b>	<b>595,000</b>	<b>20,000</b>	<b>-</b>	<b>-</b>	<b>6,667</b>	<b>735,591</b>
	Legal reserve AED'000	Asset replacement reserve AED'000	Regulatory reserve AED'000	Cumulative translation adjustment AED'000	Unrealised loss on interest rate swap AED'00	Unrealised gain on available for sale financial assets AED'000	Total AED'000
At 1 January 2014	113,924	595,000	20,000	-	(227)	6,999	735,696
Fair value loss on available for sale financial assets (net)	-	-	-	-	-	85	85
Fair value loss on interest rate swap	-	-	-	-	(27)	-	(27)
Cumulative translation adjustment	-	-	-	(14)	-	-	(14)
<b>At 30 September 2014</b>	<b>113,924</b>	<b>595,000</b>	<b>20,000</b>	<b>(14)</b>	<b>(254)</b>	<b>7,084</b>	<b>735,740</b>

## National Marine Dredging Company (Public Shareholding Company)

### Notes to the condensed consolidated interim financial information

#### 22 Reserves (continued)

##### Legal reserve

The Articles of Association of the Company require that 10% of the Company's profit be transferred to a non-distributable statutory reserve until the amount of the statutory reserve reaches an amount equal to 50% of the Company's paid-up capital. No such transfers have been made to this reserve as the threshold limit has already been reached.

##### Asset replacement reserve

This reserve represents an appropriation from the annual profit at the discretion of the Board of Directors with the approval of the General Assembly to facilitate the financing of dredgers and support craft and other major items of capital structure. No appropriation was proposed from the current or prior period profit.

##### Regulatory reserve

Transfers to and from the regulatory reserve are made at the discretion of the Board of Directors with the approval of the General Assembly and in accordance with the powers granted by the Articles of Association. This reserve may be used for such purposes as the Directors deem necessary for the Company's activities. No appropriation was made from the current or prior year profit.

#### 23 Proposed dividend

The Board of Directors at a meeting held on 24 March 2014, recommended a final dividend of AED 0.3 per share, for the year ended 31 December 2013 amounting to AED 75,000 thousand (2012: AED 0.50 amounting to AED 113,924 thousand) for the Company's shareholders. At the Annual General Meeting held on 29 April 2014, the shareholders approved the final dividend of AED 0.3 per share, amounting to AED 75,000 thousand (2012: 113,924 thousand) to all the shareholders whose names were included in the register of members as at 29 April 2014.

#### 24 Contingencies and commitments

In addition to the securities provided in relation to the loans and borrowings as disclosed in note 19, the Group has following contingencies and commitments:

	30 September 2014 AED'000	31 December 2013 AED'000
Guarantees	1,243,383	1,352,099
Letters of credit	8,784	16,581

#### 25 Business and geographical segments

##### Business segments

The majority of the Company's revenue is generated from marine dredging contracts and associated works carried out for the Government of Abu Dhabi.

##### Geographical segments

All of the Company's projects are carried out in the territorial waters of the United Arab Emirates.