

# **National Marine Dredging Company PJSC**

INTERIM CONDENSED CONSOLIDATED  
FINANCIAL STATEMENTS

THREE MONTH PERIOD ENDED 31 MARCH 2018

# National Marine Dredging Company PJSC

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## INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

31 March 2018 (unaudited)

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## **REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

### **TO THE BOARD OF DIRECTORS OF NATIONAL MARINE DREDGING COMPANY**

#### *Introduction*

We have reviewed the accompanying interim condensed consolidated financial statements of National Marine Dredging Company (the “Company”) and its subsidiaries (together referred to as the “Group”) as at 31 March 2018, comprising of the interim consolidated statement of financial position as at 31 March 2018 and the related interim consolidated income statement, interim consolidated statement of comprehensive income, interim consolidated statement of changes in equity and interim consolidated statement of cash flows for the three month period then ended, and other explanatory notes. Management is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with IAS 34 Interim Financial Reporting (“IAS 34”). Our responsibility is to express a conclusion on these interim condensed consolidated financial statements 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 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. Consequently, it 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 of Qualified Conclusion*

Trade and other receivables at 31 March 2018 includes unbilled receivables relating to both unsigned contracts and signed contracts (net of allowances, amounts subsequently invoiced or collected, and amounts recognised on claims under negotiation) with the Government of Abu Dhabi, its department or related parties, amounting to AED 848,941 thousand and AED 186,369 thousand respectively. We were unable to obtain sufficient and appropriate evidence to support the recognition of these balances due to the absence of signed contracts and / or significant delays in the billing, collection and recoverability of these unbilled receivable balances. Consequently, we were unable to determine whether any adjustments to these amounts were necessary.

**REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS** continued

**TO THE BOARD OF DIRECTORS OF NATIONAL MARINE DREDGING COMPANY** continued

*Conclusion*

Based on our review, except for the possible effects of the matters as described in the *Basis of Qualified Conclusion*, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34.

*Emphasis of matters*

- As stated in note 4 to the accompanying interim condensed consolidated financial statements, unbilled receivables include an amount of AED 600,000 thousand recognised on the basis of claims submitted in prior periods. 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 receivables recognised. Our conclusion is not qualified in respect of this matter.
  
- We refer to note 2.3 to the interim condensed consolidated financial statements which discloses the significant judgement made by management in relation to the recognition of revenue over time from unsigned contracts in accordance with the requirements of IFRS 15 “Revenue from Contracts with Customers”. Our conclusion is not qualified in respect of this matter.

*Other matters*

- The consolidated financial statements of the Group for the year ended 31 December 2017 were audited by another auditor who expressed a qualified opinion on those consolidated financial statements on 20 March 2018.
  
- The interim condensed consolidated financial statements of the Group for the three months period ended 31 March 2017 were reviewed by another auditor who expressed a qualified conclusion on those interim condensed consolidated financial statements on 10 May 2017.



Signed by:  
Mohammad Mobin Khan  
Partner  
Ernst & Young  
Registration No 532

15 May 2018  
Abu Dhabi

# National Marine Dredging Company PJSC

## INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2018

	Notes	31 March 2018 AED '000 (Unaudited)	31 December 2017 AED '000 (Audited)
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	3	1,132,189	1,069,627
Goodwill and other intangible assets		50,402	50,601
Financial assets at fair value through other comprehensive income		54,747	58,429
Retention receivables		-	53,822
<b>Total non-current assets</b>		<b>1,237,338</b>	<b>1,232,479</b>
<b>Current assets</b>			
Inventories		235,225	224,451
Trade and other receivables	4	2,652,353	2,476,745
Financial assets at fair value through profit or loss		25,154	26,664
Cash and bank balance	6	53,444	183,412
		2,966,176	2,911,272
Asset classified as held for sale		63,497	86,899
<b>Total current assets</b>		<b>3,029,673</b>	<b>2,998,171</b>
<b>Total assets</b>		<b>4,267,011</b>	<b>4,230,650</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Capital and reserves</b>			
Share capital		250,000	250,000
Share premium		341,500	341,500
Reserves		690,077	695,062
Retained earnings		2,058,561	2,044,373
Proposed dividend		50,000	50,000
<b>Total equity</b>		<b>3,390,138</b>	<b>3,380,935</b>
<b>Non-current liability</b>			
Provision for employees' end of service benefits		93,194	91,438
<b>Current liabilities</b>			
Trade and other payables	5	556,139	626,691
Bank overdraft	6	227,540	131,586
<b>Total current liabilities</b>		<b>783,679</b>	<b>758,277</b>
<b>Total liabilities</b>		<b>876,873</b>	<b>849,715</b>
<b>Total equity and liabilities</b>		<b>4,267,011</b>	<b>4,230,650</b>

Mohamed Thani Murshed Al Rumaithi  
CHAIRMAN

Yasser Nasr Zaghout  
CHIEF EXECUTIVE OFFICER

Edwin Ros  
CHIEF FINANCIAL OFFICER

The attached notes 1 to 13 form part of these interim condensed consolidated financial statements.

# National Marine Dredging Company PJSC

## INTERIM CONSOLIDATED INCOME STATEMENT

For the period ended 31 March 2018

		<i>3 months ended 31 March</i>	
		<i>2018</i>	<i>2017</i>
		<i>(Unaudited)</i>	<i>(Unaudited)</i>
	<i>Note</i>	<i>AED '000</i>	<i>AED '000</i>
Contract revenue		<b>332,884</b>	336,219
Contract costs		<b><u>(303,958)</u></b>	<u>(308,217)</u>
<b>Gross profit</b>		<b>28,926</b>	28,002
General and administrative expenses		<b>(15,268)</b>	(22,218)
Foreign currency exchange (loss) gain		<b>(234)</b>	494
Fair value (loss) gain on financial assets at fair value through profit or loss		<b>(1,509)</b>	123
Finance income (expense), net		<b>1,081</b>	(651)
Board remuneration		-	(5,667)
Other income		<b><u>1,192</u></b>	<u>1,466</u>
<b>PROFIT FOR THE PERIOD</b>		<b><u>14,188</u></b>	<u>1,549</u>
Basic and diluted earnings per share (AED)	7	<b><u>0.06</u></b>	<u>0.01</u>

The attached notes 1 to 13 form part of these interim condensed consolidated financial statements.

# National Marine Dredging Company PJSC

## INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the period ended 31 March 2018

	<i>3 months ended 31 March</i> <b>2018</b> <i>(Unaudited)</i> <b>AED '000</b>	<i>2017</i> <i>(Unaudited)</i> <b>AED '000</b>
<b>PROFIT FOR THE PERIOD</b>		
<b>Other comprehensive (loss) income</b>	<b><u>14,188</u></b>	<b><u>1,549</u></b>
<i>Items that will not be reclassified to consolidated income statement:</i>		
Net movement in valuation of investments carried at fair value through other comprehensive income	<b><u>(3,681)</u></b>	<b><u>761</u></b>
<i>Items that may be subsequently reclassified to consolidated income statement</i>		
Exchange differences arising on translation of foreign operations	<b><u>(1,304)</u></b>	<b><u>(88)</u></b>
<b>OTHER COMPREHENSIVE (LOSS) INCOME FOR THE PERIOD</b>	<b><u>(4,985)</u></b>	<b><u>673</u></b>
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>	<b><u>9,203</u></b>	<b><u>2,222</u></b>

The attached notes 1 to 13 form part of these interim condensed consolidated financial statements.

## National Marine Dredging Company PJSC

### INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the period ended 31 March 2018

	<i>Share capital AED '000</i>	<i>Share premium AED '000</i>	<i>Reserves AED '000</i>	<i>Retained earnings AED '000</i>	<i>Proposed dividend AED '000</i>	<i>Total AED '000</i>
Balance at 1 January 2017 (audited)	250,000	341,500	743,405	1,987,629	37,500	3,360,034
Profit for the period	-	-	-	1,549	-	1,549
Other comprehensive income	-	-	673	-	-	673
Total comprehensive income for the period	-	-	673	1,549	-	2,222
Balance at 31 March 2017 (unaudited)	<u>250,000</u>	<u>341,500</u>	<u>744,078</u>	<u>1,989,178</u>	<u>37,500</u>	<u>3,362,256</u>
Balance at 1 January 2018 (audited)	250,000	341,500	695,062	2,044,373	50,000	3,380,935
Profit for the period	-	-	-	14,188	-	14,188
Other comprehensive loss	-	-	(4,985)	-	-	(4,985)
Total comprehensive income for the period	-	-	(4,985)	14,188	-	9,203
Balance at 31 March 2018 (unaudited)	<u>250,000</u>	<u>341,500</u>	<u>690,077</u>	<u>2,058,561</u>	<u>50,000</u>	<u>3,390,138</u>

The attached notes 1 to 13 form part of these interim condensed consolidated financial statements.



# National Marine Dredging Company PJSC

## INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

For the period ended 31 March 2018

		<i>3 months ended 31 March</i>	
		<b>2018</b>	<b>2017</b>
	<i>Note</i>	<i>(Unaudited)</i>	<i>(Unaudited)</i>
		<b>AED '000</b>	<b>AED '000</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit for the period		<b>14,188</b>	1,549
Adjustments for:			
Depreciation of property, plant and equipment		<b>39,563</b>	40,467
Amortisation of intangibles		<b>199</b>	199
Gain on disposal of property, plant and equipment		<b>(314)</b>	(105)
Fair value loss (gain) on financial assets at fair value through profit or loss		<b>1,509</b>	(123)
Provision for employees' end of service benefits		<b>2,832</b>	20,474
Finance (income) expense, net		<b>(1,081)</b>	651
Other provisions		<b>(104)</b>	129
		<b>56,792</b>	63,241
Dividends paid		<b>(55)</b>	(605)
Interest paid		<b>(987)</b>	(651)
Employees' end of service benefit paid		<b>(897)</b>	(8,182)
		<b>54,853</b>	53,803
<b>Net movement in working capital:</b>			
Change in inventories		<b>(10,774)</b>	11,537
Change in trade and other receivables		<b>(121,957)</b>	(348,924)
Change in trade and other payables		<b>(70,448)</b>	179,329
<b>Net cash used in operating activities</b>		<b>(148,326)</b>	(104,255)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of property, plant and equipment		<b>(79,006)</b>	(113,172)
Proceeds from disposal of property, plant and equipment		<b>2,714</b>	2,369
<b>Net cash used in investing activities</b>		<b>(76,292)</b>	(110,803)
<b>Net decrease in cash and cash equivalents</b>		<b>(224,618)</b>	(215,058)
Cash and cash equivalents at 1 January		<b>50,165</b>	137,223
Foreign exchange translation adjustment		<b>(1,304)</b>	(88)
<b>Cash and cash equivalents at 31 March</b>	6	<b>(175,757)</b>	(77,923)

The attached notes 1 to 13 form part of these interim condensed consolidated financial statements.

# National Marine Dredging Company PJSC

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS 31 March 2018

### 1 GENERAL INFORMATION

National Marine Dredging Company (the “Company”) is a public shareholding company incorporated in the Emirates 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.

The Company is primarily engaged in the execution of 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”), a major shareholder. The Group also operates in Bahrain, Egypt, Saudi Arabia and India through its subsidiaries, branches and joint operation.

The interim financial information of the Company as at and for the three months ended 31 March 2018 includes the financial performance and position of the Company and its below mentioned subsidiaries and branches (together referred to as the “Group”).

<i>Name</i>	<i>Country of incorporation</i>	<i>Share of equity</i>		<i>Principal activities</i>
		<i>2018</i>	<i>2017</i>	
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 the 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
National Marine Dredging Company (NMDC)	Saudi Arabia		Branch	Perform drilling operation within the bottom of coastal seas, dredging and withdrawing the soil or extracting out
National Marine Dredging Company	Egypt		Branch	Dredging and associated land reclamation works, civil engineering, port contracting and marine construction
National Marine Dredging Company	Maldives		Branch	Dredging and associated land reclamation works, civil engineering, port contracting and marine construction

### **1 GENERAL INFORMATION** continued

In November 2017, the Company has entered into a Memorandum of Agreement with Canal Harbour and Great Projects Company (CHGP), an affiliated company of Suez Canal Authority in Egypt. The agreement relates to the incorporation of a joint stock company (the "Joint Venture") to execute dredging and related works, and other engineering consulting services awarded by third parties inside and outside the Arab Republic of Egypt. The Joint Venture is agreed to exist initially for a period of five years which will be automatically renewed, and will be incorporated in the Suez Canal Economic Zone. In accordance with the agreement, the shareholding of the Group is 49%. The legal process for incorporating the joint venture is in progress at the date of the issuance of these interim condensed consolidated financial statements.

### **2 BASIS OF PREPARATION AND CHANGES TO THE GROUP'S ACCOUNTING POLICIES**

#### **2.1 Basis of preparation**

The interim condensed consolidated financial statements of the Group are prepared in accordance with International Accounting Standard 34, Interim Financial Reporting.

These interim condensed consolidated financial statements are presented in UAE Dirham (AED) which is the currency of primary economic environment in which the Group operates. Each entity in the Group determines its own functional currency. All financial information presented in AED has been rounded to the nearest thousand except otherwise stated.

The interim condensed consolidated financial statements do not include all information and disclosures required in the annual consolidated financial statements and should be read in conjunction with the Group's annual consolidated financial statements for the year ended 31 December 2017. In addition, results for the three month period ended 31 March 2018 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2018.

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

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2017, except for the adoption of following new standard and interpretations effective as of 1 January 2018.

Although these new standard, interpretations and amendments apply for the first time in 2018, they do not have a material impact on the interim condensed consolidated financial statements of the Group. The new interpretations and amendments relate to the following:

- IFRIC Interpretation 22 Foreign Currency Transactions and Advance Considerations
- Amendments to IAS 40 Transfers of Investment Property
- Amendments to IFRS 2 Classification and Measurement of Share-based Payment Transactions
- Annual Improvements to IFRS Standards 2014 – 2016 Cycle amending IFRS 1 and IAS 28
- IFRS 15 Revenue from Contracts with Customers

**2 BASIS OF PREPARATION AND CHANGES TO THE GROUP'S ACCOUNTING POLICIES**  
continued

**2.2 New standards, interpretations and amendments adopted by the Group** continued

*IFRS 15 Revenue from Contracts with Customers*

IFRS 15 supersedes IAS 11 Construction Contracts, IAS 18 Revenue and related Interpretations and it applies to all revenue arising from contracts with customers, unless those contracts are in the scope of other standards. The new standard establishes a five-step model to account for revenue arising from contracts with customers. Under IFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The standard requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers. The standard also specifies the accounting for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract. The Group adopted IFRS 15 effective 1 January 2018 using the modified retrospectively method of adoption.

Management has assessed the impact of IFRS 15 in line with the current revenue recognition policies. Based on this assessment, there has not been any material change from the adoption of IFRS 15 in the revenue recognition policies detailed in note 4 of the Group's consolidated financial statements for the year ended 31 December 2017.

**2.3 CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY**

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

In preparing these interim condensed consolidated financial statements, the significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those applied in the consolidated financial statements for the year ended 31 December 2017, except for the new judgements and estimates explained below.

*Determining whether unsigned (verbal) agreements meet the definition of contract under IFRS 15:*

Certain projects for the Government of Abu Dhabi, its department or related parties, are executed on the basis of verbally agreed terms (including an estimate of total project cost and timelines) in line with the Group's historical business practice. Management considers such unsigned (verbal) agreements to meet the definition of a 'contract with customer' under IFRS 15.

# National Marine Dredging Company PJSC

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS 31 March 2018

### 3 PROPERTY, PLANT AND EQUIPMENT

	<i>AED'000</i>
Cost	
At 1 January 2017 (audited)	3,285,389
Additions	195,638
Disposals	(22,129)
Transfers to assets 'classified as held for sale'	<u>(182,983)</u>
At 1 January 2018	3,275,915
Additions	81,123
Disposals	(15,887)
Transfers from assets 'classified as held for sale'	<u>56,828</u>
<b>At 31 March 2018 (unaudited)</b>	<b><u>3,397,979</u></b>
Accumulated depreciation	
At 1 January 2017 (audited)	2,167,032
Charge for the year	156,841
Disposals	(21,501)
Transfers to assets 'classified as held for sale'	<u>(96,084)</u>
At 1 January 2018 (audited)	2,206,288
Charge for the period	39,563
Disposals	(13,487)
Transfers from assets 'classified as held for sale'	<u>33,426</u>
<b>At 31 March 2018 (unaudited)</b>	<b><u>2,265,790</u></b>
Carrying amount	
<b>At 31 March 2018 (unaudited)</b>	<b><u>1,132,189</u></b>
At 31 December 2017 (audited)	<u>1,069,627</u>

### 4 TRADE AND OTHER RECEIVABLES

	<i>31 March 2018 (Unaudited) AED'000</i>	<i>31 December 2017 (Audited) AED'000</i>
Trade receivables, net of provision for impairment	498,773	542,210
Retention receivables – current portion	85,370	42,698
Unbilled receivables, net of provision for impairment	1,916,115	1,756,925
Deposits and prepayments	27,057	26,894
Other receivables	<u>125,038</u>	<u>108,018</u>
	<b><u>2,652,353</u></b>	<b><u>2,476,745</u></b>

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.

# National Marine Dredging Company PJSC

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS 31 March 2018

### 4 TRADE AND OTHER RECEIVABLES continued

Unbilled receivables, net of provision for impairment, are analysed as follows:

	<i>31 March 2018 (Unaudited) AED'000</i>	<i>31 December 2017 (Audited) AED'000</i>
<i>Unsigned contracts</i>		
- Government of Abu Dhabi and its related entities	<b>848,941</b>	803,024
- Other entities	<b><u>43,444</u></b>	<u>-</u>
	<b><u>892,385</u></b>	<u>803,024</u>
<i>Signed contracts</i>		
- Government of Abu Dhabi and its related entities	<b>986,965</b>	890,443
- Other entities	<b><u>36,765</u></b>	<u>63,458</u>
	<b><u>1,023,730</u></b>	<u>953,901</u>
	<b><u>1,916,115</u></b>	<u>1,756,925</u>

Unbilled receivables include AED 629,174 thousand (31 December 2017: AED 627,708 thousand) and AED 786,369 thousand (31 December 2017: AED 780,183 thousand), outstanding for a period exceeding one year, from unsigned and signed contracts respectively.

Unbilled receivables include AED 89,599 thousand and AED 135,414 thousand recognised as revenue during the period from unsigned and signed contracts respectively.

Prior to 2015, management has recognised revenue amounting to AED 600 million from a contract with government related entity, out of a total proposed claim amounting to AED 1,306 million. Unbilled receivables include AED 600 million in relation to this contract (31 December 2017: AED 600 million). The customer has acknowledged receipt of the claim and advised that the claim is under review. A provisional acceptance certificate has been received from the customer in 2017.

#### **Allowance for expected credit loss**

The Group recognises lifetime expected credit loss (ECL) for trade and unbilled receivables using the simplified approach. To determine the expected credit losses all debtors were classified into four categories:

- Category I – billed receivables and unbilled receivables from government related companies;
- Category II – private companies with low credit risk;
- Category III – private companies with high credit risk; and
- Category IV – debtors at default.

These were 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.

# National Marine Dredging Company PJSC

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS 31 March 2018

### 4 TRADE AND OTHER RECEIVABLES continued

#### Trade and retention receivables as at 31 March 2018 (unaudited)

	<i>Categories</i>				<i>Total</i> <i>AED'000</i>
	<i>I</i> <i>AED'000</i>	<i>II</i> <i>AED'000</i>	<i>III</i> <i>AED'000</i>	<i>IV</i> <i>AED'000</i>	
Expected Credit Loss rate	0 to 1%	1 to 20%	20 to 60%	100%	
Estimated total gross carrying amount	522,183	73,103	60	37,498	632,844
Lifetime Expected Credit Loss	<u>(1,567)</u>	<u>(9,606)</u>	<u>(30)</u>	<u>(37,498)</u>	<u>(48,701)</u>
<b>Net trade and retention receivables</b>	<b><u>520,616</u></b>	<b><u>63,497</u></b>	<b><u>30</u></b>	<b><u>-</u></b>	<b><u>584,143</u></b>

#### Trade and retention receivables as at 31 December 2017 (audited)

	<i>Categories</i>				<i>Total</i> <i>AED'000</i>
	<i>I</i> <i>AED'000</i>	<i>II</i> <i>AED'000</i>	<i>III</i> <i>AED'000</i>	<i>IV</i> <i>AED'000</i>	
Expected Credit Loss rate	0 to 1%	1 to 20%	20 to 60%	100%	
Estimated total gross carrying amount	581,258	68,558	116	37,498	687,430
Lifetime Expected Credit Loss	<u>(1,743)</u>	<u>(9,428)</u>	<u>(31)</u>	<u>(37,498)</u>	<u>(48,700)</u>
<b>Net trade and retention receivables</b>	<b><u>579,515</u></b>	<b><u>59,130</u></b>	<b><u>85</u></b>	<b><u>-</u></b>	<b><u>638,730</u></b>

#### Unbilled receivables as at 31 March 2018 (unaudited)

	<i>Categories</i>				<i>Total</i> <i>AED'000</i>
	<i>I</i> <i>AED'000</i>	<i>II</i> <i>AED'000</i>	<i>III</i> <i>AED'000</i>	<i>IV</i> <i>AED'000</i>	
Expected credit loss rate	0 to 1%	1 to 20%	20 to 60%	100%	
Estimated total gross carrying amount	1,901,070	23,647	5,621	26,642	1,956,980
Lifetime expected credit loss	<u>(7,604)</u>	<u>(4,729)</u>	<u>(1,890)</u>	<u>(26,642)</u>	<u>(40,865)</u>
<b>Net unbilled receivables</b>	<b><u>1,893,466</u></b>	<b><u>18,918</u></b>	<b><u>3,731</u></b>	<b><u>-</u></b>	<b><u>1,916,115</u></b>

#### Unbilled receivables as at 31 December 2017 (audited)

	<i>Categories</i>				<i>Total</i> <i>AED'000</i>
	<i>I</i> <i>AED'000</i>	<i>II</i> <i>AED'000</i>	<i>III</i> <i>AED'000</i>	<i>IV</i> <i>AED'000</i>	
Expected credit loss rate	0 to 1%	1 to 20%	20 to 60%	100%	
Estimated total gross carrying amount	1,741,210	24,317	5,621	26,642	1,797,790
Lifetime expected credit loss	<u>(6,965)</u>	<u>(4,863)</u>	<u>(2,395)</u>	<u>(26,642)</u>	<u>(40,865)</u>
<b>Net unbilled receivables</b>	<b><u>1,734,245</u></b>	<b><u>19,454</u></b>	<b><u>3,226</u></b>	<b><u>-</u></b>	<b><u>1,756,925</u></b>

In determining the recoverability of a trade receivable, the Group considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the reporting date. Trade receivables are considered past due once they have passed their contracted due date.

# National Marine Dredging Company PJSC

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS 31 March 2018

### 5 TRADE AND OTHER PAYABLES

	<i>31 March 2018 (Unaudited) AED'000</i>	<i>31 December 2017 (Audited) AED'000</i>
Trade payables	<b>195,031</b>	143,018
Accrued liabilities	<b>255,969</b>	282,605
Advances from customers	<b>7,155</b>	100,565
Provisions	<b>35,621</b>	35,725
Dividends payable	<b>31,922</b>	31,978
Gross amount due to customer on construction contracts	<b>8,867</b>	3,870
Retentions payable	<b>13,311</b>	14,591
Other payables	<b><u>8,263</u></b>	<u>14,339</u>
	<b><u>556,139</u></b>	<u>626,691</u>

### 6 CASH AND CASH EQUIVALENTS

	<i>31 March 2018 (Unaudited) AED'000</i>	<i>31 December 2017 (Audited) AED'000</i>	<i>31 March 2017 (Unaudited) AED'000</i>
Cash in hand	<b>1,833</b>	844	1,523
Cash at banks			
- Current accounts	<b>41,130</b>	166,602	102,326
- Short term deposits	<b><u>10,481</u></b>	<u>15,966</u>	<u>5,297</u>
	<b>53,444</b>	183,412	109,146
Less: bank overdraft	<b>(227,540)</b>	(131,586)	(187,069)
Less: cash margin	<b><u>(1,661)</u></b>	<u>(1,661)</u>	-
	<b><u>(175,757)</u></b>	<u>50,165</u>	<u>(77,923)</u>

Bank overdraft facility carries interest at prevailing market interest rate per annum. Short term deposits have maturities less than three months and carry interest at prevailing market interest rate per annum.

### 7 EARNINGS PER SHARE

Basic earnings per share amounts are calculated by dividing profit for the period attributable to ordinary equity holders of the parent 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 reporting period was 250,000,000 shares (31 March 2017: 250,000,000 shares). There are no potentially dilutive instruments therefore the basic and diluted earnings per share are the same.



# National Marine Dredging Company PJSC

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS 31 March 2018

### 8 RELATED PARTY TRANSACTIONS AND BALANCES

Related parties include the Government of Abu Dhabi, Directors and key management personnel, management entities engaged by the Group and those enterprises over which the Government of Abu Dhabi, 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. The Group derives significant portion of its UAE revenue from the Government of Abu Dhabi, its departments and related entities.

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

	<b>31 March 2018 (Unaudited) AED'000</b>	<b>31 December 2017 (Audited) AED'000</b>
<i>Balances with Government of Abu Dhabi and related entities:</i>		
Trade and other receivables	<b>2,153,128</b>	2,019,790
<i>Balance with shareholders (excluding Government of Abu Dhabi and related entities):</i>		
Trade and other receivables	<b>11,442</b>	11,442
Trade and other payables	<b>32,247</b>	32,247

Transactions with related parties included in the interim consolidated income statement are as follows:

	<b>3 months ended 31 March 2018 (Unaudited) AED'000</b>	<b>3 months ended 31 March 2017 (Unaudited) AED'000</b>
<i>Government and related entities</i>		
Revenue earned during the period	<b><u>168,745</u></b>	<u>179,210</u>

#### Transactions with key management personnel

	<b>3 months ended 31 March 2018 (Unaudited) AED'000</b>	<b>3 months ended 31 March 2017 (Unaudited) AED'000</b>
Key management compensation	<b><u>1,177</u></b>	<u>1,154</u>

#### Other related party transactions

Abu Dhabi Municipality (the "Municipality") had granted the Company the right to use the land at the Company's base facilities in Musaffah free of charge. Subsequently, starting 2005 the Municipality charges an amount of AED 240 thousand per annum for the use of this land. The charge had been revised to AED 1,799 thousand per annum during 2017.

# National Marine Dredging Company PJSC

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS 31 March 2018

### 9 CONTINGENCIES AND COMMITMENTS

	<b>31 March 2018 (Unaudited) AED'000</b>	<b>31 December 2017 (Audited) AED'000</b>
Bank guarantees	<b><u>1,069,016</u></b>	<b><u>1,065,756</u></b>
Letters of credit	<b><u>14,562</u></b>	<b><u>75,412</u></b>
Capital commitments	<b><u>          -</u></b>	<b><u>54,208</u></b>

The above letters of credit and bank guarantees were issued in the normal course of business.

### 10 FAIR VALUE OF FINANCIAL INSTRUMENTS

#### Fair value measurement recognized in the interim consolidated statement of financial position

The fair values of the Group's financial assets and liabilities as at 31 March 2018 are not materially different from their carrying values at the same date.

The following table provides the fair value measurement hierarchy of the Group's financial assets which are measured at fair value as at 31 March 2018 and 31 December 2017:

	<i>Fair value measurement</i>			
	<i>Total AED'000</i>	<i>Quoted prices in Active markets (Level 1) AED'000</i>	<i>Significant observable inputs (Level 2) AED'000</i>	<i>Significant unobservable inputs (Level 3) AED'000</i>
<b>As at 31 March 2018 (unaudited)</b>				
<i>Financial assets at fair value through other comprehensive income (FVTOCI)</i>	<b>54,747</b>	<b>54,747</b>	-	-
<i>Financial assets at fair value through profit or loss (FVTPL)</i>	<b>25,154</b>	<b>24,211</b>	-	<b>943</b>
<b>As at 31 December 2017 (audited)</b>				
<i>Financial assets at fair value through other comprehensive income (FVTOCI)</i>	58,429	58,429	-	-
<i>Financial assets at fair value through profit or loss (FVTPL)</i>	26,664	25,721	-	943

There were no transfers between Level 1 and Level 2 fair value measurements during the period, and no transfers into or out of Level 3 fair value measurements.

# National Marine Dredging Company PJSC

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS 31 March 2018

### 11 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, Bahrain, India, Maldives and East Africa.

The following table shows the Group's geographical segment analysis:

	<i>3 months ended 31 March 2018 (Unaudited)</i>		
	<i>UAE</i>	<i>International</i>	<i>Group</i>
	<i>AED'000</i>	<i>AED'000</i>	<i>AED'000</i>
Segment revenue	205,770	142,443	348,213
Intersegment revenue	<u>(14,819)</u>	<u>(510)</u>	<u>(15,329)</u>
Revenue	<u>190,951</u>	<u>141,933</u>	<u>332,884</u>
Segment gross profit	19,795	9,131	28,926
General and administrative expenses			(15,268)
Fair value loss on financial assets at fair value through profit or loss			(1,509)
Finance income, net			1,081
Foreign currency exchange loss			(234)
Other income			<u>1,192</u>
Profit for the period			<u>14,188</u>
	<i>3 months ended 31 March 2018 (Unaudited)</i>		
	<i>UAE</i>	<i>International</i>	<i>Group</i>
	<i>AED'000</i>	<i>AED'000</i>	<i>AED'000</i>
Total assets	<u>3,613,785</u>	<u>653,226</u>	<u>4,267,011</u>
Total liabilities	<u>607,560</u>	<u>269,313</u>	<u>876,873</u>
Equity			<u>3,390,138</u>

# National Marine Dredging Company PJSC

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS 31 March 2018

### 11 SEGMENT INFORMATION continued

#### Geographical segment information continued

	31 March 2017 (Unaudited)		
	UAE AED'000	International AED'000	Group AED'000
Segment revenue	251,239	120,743	371,982
Intersegment revenue	<u>-</u>	<u>-</u>	<u>(35,763)</u>
Revenue	<u>251,239</u>	<u>120,743</u>	<u>336,219</u>
Segment gross profit	26,997	1,005	28,002
General and administrative expenses			(22,218)
Fair value gain on financial assets at fair value through profit or loss			123
Finance expense, net			(651)
Foreign currency exchange gain			494
Board remuneration			(5,667)
Other income			<u>1,466</u>
Profit for the period			<u>1,549</u>
	At 31 December 2017 (Audited)		
	UAE AED'000	International AED'000	Group AED'000
Total assets	<u>3,307,110</u>	<u>923,450</u>	<u>4,230,650</u>
Total liabilities	<u>404,057</u>	<u>445,658</u>	<u>849,715</u>
Equity			<u>3,380,935</u>

### 12 APPROVAL OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The interim condensed consolidated financial statements were approved by Board of Directors and authorised for issue on 15 May 2018.

### 13 SUBSEQUENT EVENT

The shareholders approved a dividend of AED 0.22 per share amounting to AED 55 million and remuneration of the Board of Directors amounting to AED 10.1 million, relating to year ended 31 December 2017, in the Annual General Meeting held on 15 April 2018.