

Gulf Navigation Holding PJSC

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

**FOR THE NINE MONTHS PERIOD ENDED 30
SEPTEMBER 2022**

Gulf Navigation Holding PJSC

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REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS TO THE SHAREHOLDERS OF GULF NAVIGATION HOLDING PJSC

Introduction

We have reviewed the accompanying interim condensed consolidated financial statements of Gulf Navigation Holding PJSC (the “Company”) and its subsidiaries (collectively referred to as the “Group”) as at 30 September 2022, comprising of the interim condensed consolidated statement of financial position as at 30 September 2022, and the related interim condensed consolidated statement of comprehensive income for the three-month and nine-month periods then ended, interim condensed consolidated statement of changes in equity and interim condensed consolidated cash flows for the nine-month period then ended and 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 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 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

The Group’s non-convertible sukuk as of 30 September 2022 includes an unamortised arrangement fee relating to the non-convertible sukuk amounting to AED 50,541 thousand which were converted into mandatorily convertible bonds, and then into the Company’s shares during the nine-month period ended 30 September 2022. We were not provided with details of, and were unable to obtain sufficient appropriate audit evidence about, the amount of the arrangement fee relating to the sukuk that were converted to the mandatorily convertible bonds which should have been charged off to the Group’s interim condensed consolidated statement of comprehensive income for the nine-month period ended 30 September 2022.

Consequently, we were unable to determine the amount of adjustments that were necessary to the interim condensed consolidated financial statements for the period ended 30 September 2022.

Qualified Conclusion

Based on our review, with the exception of the matter described in the preceding paragraph, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial statements do not present fairly, in all material respects, the financial position of the Group as at 30 September 2022, and of its financial performance and its cash flows for the nine-month period then ended in accordance with IAS 34.

**REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED
FINANCIAL STATEMENTS TO THE SHAREHOLDERS OF
GULF NAVIGATION HOLDING PJSC (continued)**

Material Uncertainty Related to Going Concern

We draw attention to Note 2 to the interim condensed consolidated financial statements, concerning the Group's ability to continue as a going concern. The Group, excluding liabilities no longer required written back of AED 19,049 thousand and income from insurance claim of AED 600 thousand, incurred a loss of AED 17,898 thousand during the nine-month period ended 30 September 2022 (nine-month period ended 30 September 2021: AED 27,226 thousand, excluding income from insurance claim of AED 85,759 thousand and liabilities no longer required written back of AED 6,489 thousand) and, as of that date, the Group's current liabilities exceeded its current assets by AED 90,288 thousand (31 December 2021: AED 127,874 thousand).

While the Board of Directors are considering all options to reinforce the capital structure of the Group and are in active discussions with its lenders, the timing and realisation of a number of key assumptions within the forecasts are not within management's control and require the successful negotiations with the Group's lenders.

As stated in Note 2, these events or conditions, along with other matters as set forth in Note 2 to the interim condensed consolidated financial statements, indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern.

Our conclusion is not modified in respect of this matter.

For Ernst & Young



Signed by:
Ashraf Abu-Sharkh
Partner
Registration No.: 690

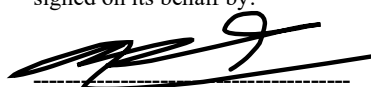
4 November 2022

Dubai, United Arab Emirates

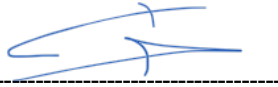
**Interim condensed consolidated statement of financial position
as at 30 September 2022**

	Notes	30 September 2022 AED'000 (Unaudited)	31 December 2021 AED'000 (Audited)
ASSETS			
Non-current assets			
Vessels, property and equipment	5	597,544	626,884
Rights-of-use assets		-	192
Goodwill	6	143,463	143,463
Total non-current assets		741,007	770,539
Current assets			
Inventories		6,167	8,258
Trade and other receivables	7	20,540	30,965
Cash and bank balances		46,123	24,675
Total current assets		72,830	63,898
TOTAL ASSETS		813,837	834,437
EQUITY AND LIABILITIES			
Equity			
Share capital	17	1,275,391	1,019,209
Treasury shares	21	(14,696)	-
Statutory reserve		19,747	19,747
Accumulated losses		(667,158)	(668,909)
Other reserves	18	(181,071)	(2,724)
Equity attributable to owners of the Company		432,213	367,323
Non-controlling interests		-	10,148
Total equity		432,213	377,471
Liabilities			
Non-current liabilities			
Provision for employees' end of service benefits		1,161	1,177
Interest payable on borrowings	8	10,946	10,946
Borrowings	10	174,176	171,686
Islamic non-convertible sukuk	20	32,223	81,385
Total non-current liabilities		218,506	265,194
Current liabilities			
Trade and other payables	8	79,764	123,196
Lease liabilities	9	-	192
Borrowings	10	83,354	57,546
Loan from related parties	11	-	10,838
Total current liabilities		163,118	191,772
Total liabilities		381,624	456,966
TOTAL EQUITY AND LIABILITIES		813,837	834,437

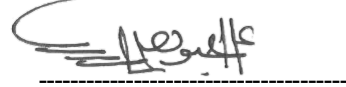
The interim condensed consolidated financial statements were approved by the Board of Directors on 2022 and signed on its behalf by:



Dr. Abdul Rahman Al Afeefi
Director



Ahmad "M.F." A. Al Kilani
Director



Ali Abouda
Chief Financial Officer

The attached notes 1 to 23 form part of these interim condensed consolidated financial statements.

**Interim condensed consolidated statement of comprehensive income
for the nine-month period ended 30 September 2022**

	Notes	Nine month period ended 30 September		Three month period ended 30 September	
		2022 AED'000 (Unaudited)	Restated 2021 AED'000 (Unaudited)	2022 AED'000 (Unaudited)	Restated 2021 AED'000 (Unaudited)
Operating revenue	12	104,093	89,279	31,748	27,078
Operating costs	13	(86,750)	(72,788)	(26,616)	(25,909)
Gross profit		17,343	16,491	5,132	1,169
Other income		829	1,115	819	95
Income from insurance claim		600	85,759	600	-
General and administration expenses	14	(10,329)	(14,785)	(2,585)	(6,509)
Income on discounting financial liability to its present value		191	3,265	191	3,265
Liabilities no longer required written back		19,049	6,489	9,340	-
Operating profit / (loss) for the period		27,683	98,334	13,497	(1,980)
Finance costs	16	(24,559)	(31,939)	(8,836)	(12,134)
Profit / (loss) before income tax		3,124	66,395	4,661	(14,114)
Income tax		(1,373)	(1,373)	(458)	(458)
Profit / (loss) for the period		1,751	65,022	4,203	(14,572)
Other comprehensive income		-	-	-	-
Total comprehensive income / (loss) for the period		1,751	65,022	4,203	(14,572)
Attributable to:					
Owners of the Company		1,939	66,339	4,470	(13,767)
Non-controlling interests:		(188)	(1,317)	(267)	(805)
		1,751	65,022	4,203	(14,572)
Earnings per share attributable to owners of the Company					
Basic and diluted (AED)	19	0.0014	0.0638	0.0033	(0.0143)

The attached notes 1 to 24 form part of these interim condensed consolidated financial statements.

**Interim condensed consolidated statement of changes in equity
for the nine-month period ended 30 September 2022**

	Attributable to Owners of the Company						Non-controlling interests AED'000	Total AED'000
	Share Capital AED'000	Treasury shares AED'000	Statutory reserve AED'000	Accumulated losses AED'000	Other reserves AED'000	Mandatory Convertible Bonds AED'000 (Note 18)		
Balance at 1 January 2021 (audited)	1,019,209	-	19,747	(729,659)	(2,724)	-	11,376	317,949
Total comprehensive income / (loss) for the period (unaudited) Restated	-	-	-	66,339	-	-	(1,317)	65,022
Balance at 30 September 2021 (unaudited) Restated	1,019,209	-	19,747	(663,320)	(2,724)	-	10,059	382,971
Balance at 1 January 2022 (audited)	1,019,209	-	19,747	(668,909)	(2,724)	-	10,148	377,471
Total comprehensive income / (loss) for the period (unaudited)	-	-	-	1,939	-	-	(188)	1,751
Purchase of treasury shares (Note 21)	-	(14,696)	-	-	-	-	-	(14,696)
Liability holders issued Mandatory convertible bonds ("New Bond") [Note 18(i)]	-	-	-	-	-	85,394	-	85,394
Equity issued to New Bond holders [Note 18(i)]	256,182	-	-	-	(170,788)	(85,394)	-	-
Acquisition of non- controlling interest [Note 18(ii)]	-	-	-	(188)	(7,559)	-	(9,960)	(17,707)
Balance at 30 September 2022 (unaudited)	1,275,391	(14,696)	19,747	(667,158)	(181,071)	-	-	432,213

The attached notes 1 to 24 form part of these interim condensed consolidated financial statements.

**Interim condensed consolidated statement of cash flows
for the nine-month period ended 30 September 2022**

	Notes	Nine-month period ended 30 September 2022	30 September 2021
		AED'000 (Unaudited)	Restated AED'000 (Unaudited)
Cash flows from operating activities			
Profit for the period before tax		3,124	66,395
<i>Adjustments for:</i>			
Depreciation of vessels, property and equipment	5	30,852	29,249
Amortisation of right-of-use assets		192	287
Income on discounting of financial liability to present value		(191)	(3,265)
Provision for employees' end of service benefits		119	78
Liabilities no longer required written back		(19,049)	(6,489)
Finance costs		24,559	31,939
Operating cash flows before changes in operating assets and liabilities		39,606	118,194
Inventories		2,091	(171)
Due to a related party		-	(144)
Trade and other receivables		(6,424)	11,475
Trade and other payables		(11,285)	(547)
Cash generated from operations		23,988	128,807
Employees' end of service indemnity paid		(135)	(274)
Net cash generated from operating activities		23,853	128,533
Cash flows from investing activities			
Repairs/Purchase of vessels, property and equipment	5	(1,512)	(17,401)
Investment in subsidiary		(915)	-
Cash used in investing activities		(2,427)	(17,401)
Cash flows from financing activities			
Purchase of treasury shares	21	(14,696)	-
Arrangement fee paid	10(a)	(4,172)	(3,301)
Payment of lease liability		(192)	(326)
Repayment of borrowings		-	(134,659)
Repayment of loan obtained from a related party		-	(6,000)
New loan availed during the period, net		28,670	52,155
Interest paid		(9,400)	(13,626)
Net movement in restricted cash		4,278	(284)
Net cash generated from / (used in) financing activities		4,488	(106,041)
Net increase in cash and cash equivalents during the period		25,914	5,091
Cash and cash equivalents at the beginning of the period		9,740	7,235
Cash and cash equivalents at the end of the period		35,654	12,326
Restricted cash		10,469	14,940
Total cash and bank balances		46,123	27,266

The attached notes 1 to 24 form part of these interim condensed consolidated financial statements.

**Notes to the interim condensed consolidated financial statements
for the nine-month period ended 30 September 2022****1. Legal status and activities**

Gulf Navigation Holding PJSC (“the Company”) is a Public Joint Stock Company incorporated on 30 October 2006 as per the Resolution of the Ministry of Economy No. 425 of 2006 and in accordance with UAE Federal Law No. (2) of 2015. The Company is listed on the Dubai Financial Market. The Company is primarily engaged in sea transport of oil and petroleum products and similar commodities, ship charter, shipping lines of freight and passenger transportation, sea freight and passenger charters, shipping services, sea shipping lines agents, clearing and forwarding services, cargo loading and unloading services, cargo packaging, sea cargo services and ship management operations through its subsidiaries as listed below. The Company operates from the 39th Floor, API Trio Tower, Al Barsha, Dubai, United Arab Emirates (“UAE”). The Company and its following directly or indirectly owned subsidiaries are together referred to as the “Group” in interim condensed consolidated financial statements.

On 19 September 2022, the Group has entered into an agreement to acquire the remaining non-controlling interest of 40% in its subsidiary. Based on the terms of the agreement, 10% of the Company’s shares out of the 40% acquired will be transfer immediately upon the payment of AED 915 thousand. The remaining 30% of the shares will be transfer to the Group in the form of mandatory convertible bond of AED 2,745 thousand with a lock up period of 1 year. Detail of the transaction is presented in Note 18(ii).

2. Basis of preparation and accounting policies**Basis of preparation**

The interim condensed consolidated financial statements of the Group for the nine-month period ended 30 September 2022 have been prepared in accordance with IAS 34 “*Interim Financial Reporting*” and the applicable requirements of the laws in the U.A.E. The Group has prepared the interim condensed consolidated financial statements on the basis that it will continue to operate as a going concern. The Directors consider that there are no material uncertainties that may cast significant doubt over this assumption. They have formed a judgement that there is a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future, and not less than 12 months from the end of the reporting period.

These interim condensed consolidated financial statements do not include all the information and disclosures required for annual financial statements, and should be read in conjunction with Group’s annual consolidated financial statements as at 31 December 2021, which have been prepared in accordance with International Financial Reporting Standards (“IFRS”).

The interim condensed consolidated financial statements have been prepared under the historical cost convention.

Results for the nine-month period ended 30 September 2022 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2022.

Basis of consolidation

The interim condensed consolidated financial statements at and for the nine-month period ended 30 September 2022, comprises results of the Company and its subsidiaries. The interim condensed consolidated financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. All inter-company transactions, profits and balances are eliminated on consolidation.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group and cease to be consolidated from the date on which control is transferred out of the Group.

**Notes to the interim condensed consolidated financial statements
for the nine-month period ended 30 September 2022****2. Basis of preparation and accounting policies (continued)****Going concern**

The Group, excluding liabilities no longer required written back of AED 19,049 thousand and income from insurance claim of AED 600 thousand, incurred loss of AED 17,898 thousand during the nine-month period ended 30 September 2022 (nine-month period ended 30 September 2021: AED 27,226 thousand, excluding income from insurance claim of AED 85,759 thousand and liabilities no longer required written back of AED 6,489 thousand) and, as of that date, the Group's current liabilities exceeded its current assets by AED 90,288 thousand (31 December 2021: AED 127,874 thousand).

As at 30 September 2022, the Group's accumulated losses exceed 50% of its issued share capital which requires shareholders' resolution on continuity of the Group. In accordance with Article 302 of the UAE Federal Law No (2) of 2015 relevant to the year ended 31 December 2021, the Company called a General Assembly on 29 April 2022 to vote on either dissolving the Company or to continue its activity with an appropriate restructuring plan. A special resolution has been passed by the General Assembly to approve the continuity of operations for the Company in accordance with Article 302 of the UAE Federal Law No (2) of 2015. The Company will reassess the position for the full year ending 31 December 2022 in accordance with the provisions of Federal Decree 32 of 2021 on Commercial Companies.

The management of the Group has prepared a cash flow forecast for a period of not less than twelve months from the date of these interim condensed consolidated financial statements and have a reasonable expectation that the Group will have adequate resources to continue its operational existence for the foreseeable future.

Whilst the shareholders have resolved to continue the operations of the Group in the General Meeting held on 29 April 2022 as required by Article 302 of the Federal Law No (2) of 2015, the timing and realisation of the above matters are not within management's control.

Following the Board of Directors Decision No. (32/R. T) of 2019 to restructure and convert the major debts of the Group into equity by way of issuing a mandatorily convertible Sukuk, the Group has obtained the necessary approval from the Securities & Commodities Authority ("SCA"), its regulatory body, to proceed with the plan. Further, the Group has also obtained the approval to the appointment of the evaluator and the evaluation has been already completed and the report presented to the Board of Directors. Consequently, a General Assembly Meeting was held on 31 January 2022, and it was resolved to approve the issuance of Mandatory Convertible Bonds for a value up to AED 150,000,000 (One hundred and fifty million UAE Dirhams) ("New Bonds") by way of a private placement. It was also resolved to approve the increase of the share capital of the Company by AED 450,000,000 distributed among 450,000,000 shares for the purposes of converting the New Bonds into shares in the Company.

Out of AED 150,000 thousand of approved New Bonds, the Group has converted AED 85,394 thousand liability into mandatory convertible bonds and further into equity [Note 18(i)].

Changes in accounting policy and disclosures

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements is consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2021, except for the adoption of new standards effective as of 1 January 2022 which are as follows. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

Several amendments apply for the first time in 2022, but do not have an impact on the interim condensed consolidated financial statements of the Group.

**Notes to the interim condensed consolidated financial statements
for the nine-month period ended 30 September 2022****2. Basis of preparation and accounting policies (continued)****Functional and presentation currency**

Items included in the interim condensed consolidated financial statements of each of the Group's subsidiaries and joint ventures (together, "entities") are measured using the currency of the primary economic environment in which the entities operate ("the functional currency"). Since most of the transactions of the entities are denominated in US Dollar ("USD") or currencies pegged to the USD, the functional currency of the entities is USD. However, the interim condensed consolidated financial statements of the Group is presented in United Arab Emirates Dirhams ("AED"), which is the presentation currency of the Group. Amounts in US Dollars have been translated into United Arab Emirates Dirhams at the rate of USD 1: AED 3.66 as there is a constant peg between USD and AED.

Significant accounting policies

The Group has consistently applied the accounting policies and methods of computation used in the preparation of the last published annual consolidated financial statements for the year ended 31 December 2021.

Financial risk management

The Group's financial risk management objectives and policies are consistent with that disclosed in the consolidated financial statements at and for the year ended 31 December 2021.

3. Critical accounting estimates and judgements

The preparation of these interim condensed consolidated financial statements, in conformity with IFRS, requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

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 that applied to the Group's consolidated financial statements for the year ended 31 December 2021.

4. Operating segments**Business segments**

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker has been identified as the Group's Executive Committee who make strategic decisions. The Executive Committee reviews the Group's internal reporting in order to assess performance and allocate resources. Management has determined the operating segments based on these reports.

**Notes to the interim condensed consolidated financial statements
for the nine-month period ended 30 September 2022**

4. Operating segments (continued)

Business segments (continued)

The Group comprises the following main business segments:

- *Vessel owning and chartering*: Chartering of vessels to customers;
- *Ship management*: Technical management of vessels;
- *Marine products sales and distribution*: Trading of goods such as supplies, chemicals and gases required for ships;
- *Shipping and technical services*: Providing shipping services to ships calling at ports; and providing workshop services for boats
- *Other*: Includes management of all divisions and administrative activities.

Vessel owning and chartering, ship management, marine products sales and distribution and shipping and technical services meet criteria required by IFRS 8 *Operating Segments* and reported as separate operating segments. Other business segment does not meet the quantitative thresholds required by IFRS 8, and the results of its operations are included in the 'Other' column.

Geographical segments

The Group's Executive Committee does not consider the geographical distribution of the Group's operations to be relevant for their internal management analysis and therefore no geographical segment information has been disclosed.

All operating segments' results are reviewed regularly by the Group's Executive Committee to make decisions about resources to be allocated to the segment and assess their performance, and for which discrete financial information is available.

**Notes to the interim condensed consolidated financial statements
for the nine-month period ended 30 September 2022 (continued)**

4. Operating segments (continued)

For the nine-month period ended 30 September 2022 (Unaudited)

	Vessel owning and chartering AED'000	Ship management AED'000	Marine product sales and distribution AED'000	Shipping and technical services AED'000	Other AED'000	Inter segment elimination AED'000	Total AED'000
Operating revenue	95,342	622	-	8,751	-	(622)	104,093
Operating costs	(81,028)	-	-	(6,344)	-	622	(86,750)
Other income	762	-	-	-	643	(576)	829
Income from insurance claim	600	-	-	-	-	-	600
General and administrative expenses	(816)	(1,194)	-	(2,525)	(6,370)	576	(10,329)
Liabilities no longer required written back	11,049	-	-	-	8,000	-	19,049
Income on discounting of a financial liability to its present value	-	-	-	-	191	-	191
Finance costs	(17,377)	-	-	-	(7,182)	-	(24,559)
Income tax	-	-	-	-	(1,373)	-	(1,373)
Reportable segment profit /(loss)	8,532	(572)	-	(118)	(6,091)	-	1,751
<i>At 30 September 2022 (unaudited)</i>							
Reportable segment assets	895,576	23,929	3,214	12,621	1,528,910	(1,650,413)	813,837
Reportable segment liabilities	(786,230)	(28,734)	(3,958)	(5,917)	(732,679)	1,939,143	381,625

**Notes to the interim condensed consolidated financial statements
for the nine-month period ended 30 September 2022 (continued)**

4. Operating segments (continued)

For the nine-month period ended 30 September 2021 (Unaudited)

	Vessel owning and chartering AED'000	Ship management AED'000	Marine product sales and distribution AED'000	Shipping and technical services AED'000	Other AED'000	Inter segment elimination AED'000	Total AED'000
Operating revenue	84,737	757	20	4,522	-	(757)	89,279
Operating costs	(70,961)	-	(4)	(2,580)	-	757	(72,788)
Other income	957	-	25	-	709	(576)	1,115
Income from insurance claim	85,759	-	-	-	-	-	85,759
General and administrative expenses	(296)	(1,494)	(55)	(6,590)	(6,926)	576	(14,785)
Liabilities no longer required written back	-	-	-	-	6,489	-	6,489
Income on discounting of a financial liability to its present value	3,265	-	-	-	-	-	3,265
Finance costs	(24,050)	-	-	-	(7,889)	-	(31,939)
Income tax	-	-	-	-	(1,373)	-	(1,373)
Reportable segment profit/(loss)	<u>79,411</u>	<u>(737)</u>	<u>(14)</u>	<u>(4,648)</u>	<u>(8,990)</u>	<u>-</u>	<u>65,022</u>

At 31 December 2021 (audited)

Reportable segment assets	<u>904,242</u>	<u>23,315</u>	<u>3,234</u>	<u>14,350</u>	<u>1,555,520</u>	<u>(1,666,224)</u>	<u>834,437</u>
Reportable segment liabilities	<u>(794,785)</u>	<u>(27,466)</u>	<u>(3,956)</u>	<u>(9,083)</u>	<u>(833,985)</u>	<u>1,212,309</u>	<u>(456,966)</u>

**Notes to the interim condensed consolidated financial statements
for the nine-month period ended 30 September 2022 (continued)**

4. Operating segments (continued)

For the three-month period ended 30 September 2022 (Unaudited)

	Vessel owning and chartering AED'000	Ship managemen t AED'000	Marine product sales and distributio n AED'000	Shipping and technical services AED'000	Other AED'000	Inter segment elimination AED'000	Total AED'000
Operating revenue	31,116	207	-	632	-	(207)	31,748
Operating costs	(26,494)	-	-	(329)	-	207	(26,616)
Other income	762	-	-	-	249	(192)	819
Income from insurance claim	600	-	-	-	-	-	600
General and administrative expenses	(584)	(243)	-	(842)	(1,108)	192	(2,585)
Liabilities no longer required written back	9,340	-	-	-	-	-	9,340
Income on discounting of a financial liability to its present value	-	-	-	-	191	-	191
Finance costs	(6,865)	-	-	-	(1,971)	-	(8,836)
Income tax	-	-	-	-	(458)	-	(458)
Reportable segment profit/(loss)	7,875	(36)	-	(539)	(3,097)	-	4,203

**Notes to the interim condensed consolidated financial statements
for the nine-month period ended 30 September 2022 (continued)**

4. Operating segments (continued)

For the three-month period ended 30 September 2021 (Unaudited)

	Vessel owning and chartering AED'000	Ship management AED'000	Marine product sales and distribution AED'000	Shipping and technical services AED'000	Other AED'000	Inter segment elimination AED'000	Total AED'000
Operating revenue	25,566	236	-	1,512	-	(236)	27,078
Operating costs	(25,175)	-	-	(970)	-	236	(25,909)
Other income	95	-	-	-	192	(192)	95
General and administrative expenses	(114)	(384)	(4)	(2,709)	(3,490)	192	(6,509)
Liabilities no longer required written back		-	-	-	-	-	-
Income on discounting of a financial liability to its present value	3,265	-	-	-	-	-	3,265
Finance costs	(10,601)	-	-	-	(1,533)	-	(12,134)
Income tax	-	-	-	-	(458)	-	(458)
Reportable segment profit/ (loss)	(6,964)	(148)	(4)	(2,167)	(5,289)	-	(14,572)

**Notes to the interim condensed consolidated financial statements
for the nine-month period ended 30 September 2022 (continued)**

5. Vessels, property and equipment

- (a) During the period, the Group did not purchase any vessels, property and equipment (nine-month period ended 30 September 2021: AED 17,401 thousand). However, it incurred capital expenditure towards major repairs of one of the vessels amounting to AED 1,512 (nine-month period ended 30 September 2021: AED 17,401 thousand). Depreciation recorded for the period amounted to AED 30,852 thousand (nine-month period ended 30 September 2021: AED 29,249 thousand)
- (b) Vessels with a net carrying value of AED 597,544 thousand (31 December 2021: AED 626,884 thousand) are mortgaged as security for bank borrowings [Note 10(c), Note 10(d), Note 10(g), and Note 10(h)] and short-term loan [Note 10(i).2]. The borrowing on livestock vessel was repaid and the mortgage on the vessel was released.
- (c) On 2 September 2020, one of the livestock vessel's (Gulf Livestock 1) of the Group, sank off in Japanese waters. On board were 43 individuals comprising 39 crew of Filipino nationality, and four Charterers' representatives - 2 New Zealand and 2 Australian citizens. Gulf Livestock 1 was carrying cattle destined to join the Chinese dairy farming and breeding programme. As a result of this incident the Group has written off the carrying value of the vessel amounting to AED 197,541 thousand during the year ended 31 December 2020. The Group filed an insurance claim amounting to AED 82,350 thousand to recover the sum insured of the vessel. During the year ended 31 December 2021, the Group received the full amount of AED 82,350 thousand from the insurance provider.

On 20 November 2019, one of the livestock vessel (Gulf Livestock 1) of the group suffered damage to main engine due to overheating of no 8 crankpin whilst maneuvering after leaving Panjang port. The Group filed an insurance claim for the repairs cost amounting to AED 2,822 thousand and received the full amount of AED 2,822 thousand from the insurance provider during the year then ended 31 December 2021.

The amount disclosed as "Income from insurance claim" in the interim condensed consolidated statement of comprehensive income includes the two above claims of AED 82,350 thousand and AED 2,822 thousand, and other miscellaneous insurance claims of AED 587 thousand.

- (d) Management had performed a detailed impairment assessment as at 31 December 2021. Based on its assessment, the Group have not recorded any provision for impairment on vessels during the year ended 31 December 2021. The provision for impairment was calculated by comparing the carrying value of vessels and its recoverable amount, which is the higher of its fair value less cost of disposal and its value in use.

Sensitivity analysis

As at 31 December 2021, if the discount rate used was 0.5% higher, with all other variables held constant, there will be no impairment (2020: if the discount rate used was 0.5% higher, with all other variables held constant, there will be no impairment).

- (e) Depreciation expense has been allocated as follows:

	30 September 2022 AED'000	30 September 2021 AED'000
Operating costs (Note 13)	30,520	28,748
General and administrative expenses	332	501
	<u>30,852</u>	<u>29,249</u>

**Notes to the interim condensed consolidated financial statements
for the nine-month period ended 30 September 2022 (continued)**

6. Goodwill

	30 September 2022 AED'000 (Unaudited)	31 December 2021 AED'000 (Audited)
Cost	219,912	219,912
Less: Accumulated impairment loss	(76,449)	(76,449)
	<u>143,463</u>	<u>143,463</u>

- (a) The goodwill of AED 135,999 thousand and AED 83,913 thousand that arose at the time of the initial public offer (IPO) and acquisition of livestock vessels in 2018 respectively have been allocated to the vessel owning and charter segment of the business.
- (b) Management reviews the business performance based on the type of business. Management has identified the vessel owning and chartering division, marine products sales and distribution division and agency division as its main type of businesses. Goodwill is monitored by management at the operating segment level.

Sensitivity analysis

Management had performed a detailed impairment assessment as at 31 December 2021. Based on its assessment, no impairment loss was recognized in the Group's consolidated financial statements for the year ended 31 December 2021. As at 31 December 2021, if the discount rate used was 0.5% higher, with all other variables held constant, there will be impairment loss of AED 9,341 thousand on goodwill.

7. Trade and other receivables

	30 September 2022 AED'000 (Unaudited)	31 December 2021 AED'000 (Audited)
Trade receivables	12,901	13,545
Less: loss allowance	(5,480)	(5,480)
	<u>7,421</u>	<u>8,065</u>
Receivable on dilution of investment in a subsidiary [Note 7(a)]	-	14,640
Advances to suppliers [Note 7(b)]	6,371	1,055
Prepayments	1,952	1,673
Other receivables	4,796	5,532
	<u>20,540</u>	<u>30,965</u>

- (a) In 2017, the Group sold 40% of the Group's shareholding in Gulf Navigation Polimar Maritime LLC (previously known as Gulf Navigation Maritime LLC) (a subsidiary) effective from 1 January 2017 in exchange for cash and in-kind consideration totalling to AED 18,666 thousand. In accordance with *IFRS 10: Consolidated Financial Statements*, the net gain of AED 3,245 thousand on the sale of the interest in Gulf Navigation Polimar Maritime LLC was credited in equity. The Group has received AED 4,026 thousand out of the total sales consideration of AED 18,666 thousand and the residual balance of AED 14,640 thousand was outstanding.

On 19 September 2022, the Group entered into an agreement with the non-controlling holders to acquire the remaining 40% shareholding in Gulf Navigation Polimar Maritime LLC. Following the settlement agreement, the group has adjusted this receivable [Note 18(ii)].

**Notes to the interim condensed consolidated financial statements
for the nine-month period ended 30 September 2022 (continued)**

7. Trade and other receivables (continued)

- (b) The Group has appointed a liquidity provider to provide liquidity for the Company's securities listed on the Dubai Financial Market "DFM" as the regulated market by entering two-way daily quotes into the Market trading system. The Group has placed a margin deposit of AED 5,000 thousand with the Liquidity Provider for the trading which has been classified as advance to suppliers.

8. Trade and other payables

	30 September 2022 AED'000 (Unaudited)	31 December 2021 AED'000 (Audited)
Non-current		
Interest payable on borrowings [Note 10(e)]	10,946	10,946
Current		
Trade payables	22,963	25,245
Dividend payable	10,470	10,544
Advance from customers	10,387	12,849
Consideration payable on acquisition of a business [Note 8(a)]	-	20,000
Interest payable on borrowings	12,646	18,031
Tax accrual	3,812	2,673
Provisions and other payables	19,486	33,854
	79,764	123,196
	90,710	134,142

- (a) During 2018, the Group obtained control of Gulf Navigation Livestock Carrier Ltd. Inc, a wholly owned subsidiary of Aksab Investments LLC, which is registered in the Republic of Panama, for a purchase consideration of AED 420,000 thousand. Out of AED 420,000 thousand, an amount of AED 12,000 thousand payable (31 December 2021: AED 20,000 thousand) was converted into equity of the group. The Group had previously in the year received a waiver of AED 8,000 thousand from Aksab Investment LLC which is included within 'Liabilities no longer required written back' in the interim condensed consolidated statement of comprehensive income for the nine-month period ended 30 September 2022.

The residual balance of AED 12,000 thousand was part of the creditors conversion into equity as further explained in Note 18(i).

- (b) The group has written back accruals related to operating costs of AED 8,213 in September 2022 classified under 'Liabilities no longer required written back'. The remaining 'Liabilities no longer required written back' consists of written back liabilities of AED 2,836 thousand which relate to waivers received and settlement of claims.

**Notes to the interim condensed consolidated financial statements
for the nine-month period ended 30 September 2022 (continued)**

9. Lease liabilities

	30 September 2022 AED'000 (Unaudited)	31 December 2021 AED'000 (Audited)
Amounts payable under leases:		
Within one year	-	192
	<u>-</u>	<u>192</u>
Less: Finance charges applicable to future years	-	-
	<u>-</u>	<u>-</u>
Present value of lease obligations	-	192
	<u>-</u>	<u>192</u>
Within one year	-	192
	<u>-</u>	<u>192</u>
Less: Current portion	-	(192)
	<u>-</u>	<u>(192)</u>
Non-current portion	-	-
	<u>-</u>	<u>-</u>

As of 30 September 2022, the lease liabilities pertaining to right-of-use assets is Nil as the rental contract ended on 30 June 2022 has been renewed for only a year and is accounted as short term lease. (31 December 2021: AED 192 thousand).

10. Borrowings

	30 September 2022 AED'000 (Unaudited)	31 December 2021 AED'000 (Audited)
Current		
Term loan	82,523	56,715
Short term loan	831	831
	<u>83,354</u>	<u>57,546</u>
Non-current		
Term loan	174,176	171,686
	<u>174,176</u>	<u>171,686</u>

**Notes to the interim condensed consolidated financial statements
for the nine-month period ended 30 September 2022 (continued)**

10. Borrowings (continued)

(a) The movement of borrowings is summarised as below:

	<i>Term- loan I AED'000</i>	<i>Term- loan II AED'000</i>	<i>Term- loan III AED'000</i>	<i>Term- loan IV AED'000</i>	<i>Term- loan V AED'000</i>	<i>Term- loan VI AED'000</i>	<i>Term- loan VII AED'000</i>	<i>Total AED'000</i>
Balance at 1 January 2022	-	22,109	10,563	-	148,760	46,969	-	228,401
Add: amortisation of arrangement fee	-	-	-	-	899	1,622	77	2,598
Add: amortisation of discounted value	-	818	384	-	-	-	-	1,202
Add: availed during the year	-	-	-	-	-	-	226,920	226,920
Less: repaid during the period	-	-	-	-	(149,659)	(48,591)	-	(198,250)
Less: arrangement fee paid	-	-	-	-	-	-	(4,172)	(4,172)
Balance at 30 September 2022 (Unaudited)	-	22,927	10,947	-	-	-	222,825	256,699
Less: current portion	-	(22,927)	(10,947)	-	-	-	(48,649)	(82,523)
Non-current portion	-	-	-	-	-	-	174,176	174,176
Balance at 1 January 2021	-	57,789	27,411	45,994	193,786	-	-	324,980
Less: arrangement fee paid	-	-	-	-	(1,350)	(1,951)	-	(3,301)
Add: amortisation of arrangement fee	-	238	-	326	4,957	329	-	5,850
Add: availed during the year	-	-	-	-	-	52,155	-	52,155
Less: repaid during the year	-	(34,035)	(15,965)	(46,320)	(48,633)	(3,564)	-	(148,517)
Less: discounting of a financial liability to its present value	-	(2,222)	(1,042)	-	-	-	-	(3,264)
Add: amortisation of discounted value	-	339	159	-	-	-	-	498
Balance at 31 December 2021 (Audited)	-	22,109	10,563	-	148,760	46,969	-	228,401
Less: current portion	-	(4,748)	(2,227)	-	(40,441)	(9,299)	-	(56,715)
Non-current portion	-	17,361	8,336	-	108,319	37,670	-	171,686

**Notes to the interim condensed consolidated financial statements
for the nine-month period ended 30 September 2022 (continued)****10 Borrowings (continued)****(b) Term loan I**

The term-loan of AED 676,331 thousand was availed by the Group to acquire chemical tankers costing AED 795,684 thousand. This loan carried interest at LIBOR plus margin and is payable in 39 quarterly instalments commencing from 1 August 2008. Final repayment of AED 253,681 thousand was made during the year ended 31 December 2019. The restructured loan has been presented as term loan V and was fully repaid in July 2022.

(c) Term loan II

Term loan of AED 74,238 thousand (net of arrangement fees) was availed to the support acquisition of chemical tankers from GST. This loan carries interest at EIBOR plus margin and is payable in 20 quarterly instalments commencing from 21 September 2017 and a final payment of AED 32,500 thousand on 21 March 2023. During the year ended 31 December 2021, the Group had successfully refinanced this loan along with Term Loan III. The restructured loan has been presented as term loan VI and was fully repaid in July 2022.

(d) Term loan III

Term loan of AED 30,000 thousand was availed by the Group to support acquisition and conversion of an oil stimulation vessel. This loan carries interest at EIBOR plus margin and is payable in 27 equal quarterly instalments commencing from 7 December 2018 with final payment on 7 September 2025. During the year ended 31 December 2021, the Group successfully refinanced this loan along with Term Loan II. The restructured loan has been presented as term loan VI which was fully repaid in July 2022.

(e) Restructuring of Term loan II and III

The Group entered into a debt restructuring agreement with the lender dated 17 June 2021 and subsequently amended on 10 August 2021. Based on such agreement, the outstanding amount payable to the bank as at 31 August 2021 was AED 96,385 thousand, which included AED 85,439 thousand towards principal and AED 10,946 thousand towards accrued interest. The terms of settlement are as under:

- The Group is now required to pay a total value of AED 75,000 thousand (subsequently amended to AED 76,000 thousand) against the existing outstanding amount of AED 96,385 thousand for settlement of Term loans II and III.
- Repayment schedule of AED 76,000 thousand is as follows:
 - AED 55,000 thousand payable on 15 July 2021 (subsequently amended to AED 50,000 thousand payable on 25 August 2021);
 - AED 7,500 thousand each payable on 1 June 2022 and 1 June 2023 respectively (subsequently amended to AED 8,500 thousand); and
 - AED 5,000 thousand payable on 1 June 2024 (subsequently amended to AED 9,000 thousand).
- Mortgage and assignment of earnings on vessels Gulf Mishref and Allianz Warrior towards these loans is to be released.
- In case of any default in the future, the bank has a right to claim all the outstanding liability plus all contractual interest and charges as per the original terms and conditions of Term Loans II and III.

Accordingly, once all the payments are made as per the settlement agreement, the Group will derecognise the liability of AED 20,385 thousand (AED 9,439 thousand towards principal and AED 10,946 towards accrued interest).

The first instalment of AED 50,000 thousand has been paid in September 2021 by the lender of Term Loan V on behalf of the Group.

**Notes to the interim condensed consolidated financial statements
for the nine-month period ended 30 September 2022 (continued)**

10. Borrowings (continued)

(e) Restructuring of Term loan II and III (continued)

The settlement agreement is silent on the applicability of interest on the remaining loan of AED 26,000 thousand. Based on discussions with the lenders, management believes that the loan is interest-free. Accordingly, management has discounted the restructured liability using the effective interest rate of 8% leading to recognition of finance income of AED 3,265 thousand.

All other terms and conditions of Term loans II and III remain unchanged.

The Group has defaulted the repayment of term loans on 1 June 2022 amounting to AED 8,500 thousand., and hence, the entire amount of the term loan was classified as current liability in the interim condensed consolidated statement of financial position as at 30 September 2022.

(f) Term loan IV

Term loan of AED 59,377 thousand (net of arrangement fees) was availed to the support acquisition of livestock vessels. This loan carries interest at EIBOR plus margin and is payable in 16 quarterly instalments commencing from 29 May 2019 with a final payment 29 November 2023. On 18 March 2020, the bank agreed to revise the facility letter and defer the instalments. As per the revised facility letter, the repayments shall begin from 27 May 2020 with final payment on 27 November 2023. As 31 December 2021, the Group repaid the loan in entirety from the proceeds of insurance claim received on one of the livestock vessels [Note 5(c)].

(g) Term loan V

On 19 July 2019, the Group entered into a refinancing arrangement “the Agreement” to refinance Term Loan I. The liability is payable on a monthly basis at the rate of AED 43,920 per day for the first 12 months and AED 139,446 per day for the period of 4 years and a final repayment of AED 128,638 thousand on 19 July 2024 and it carries effective interest rate at 9.42% per annum.

The management of Group has completed an assessment and have concluded that the Agreement does not qualify as a ‘sale transaction’ as defined by IFRS 15: Revenue from Contracts with Customers as the management has a mandatory purchase option to buy back the vessels at the end of the lease term. Accordingly, management has treated this transaction as a financing arrangement whereby previous liabilities have been settled and new liabilities have been recognised.

The significant covenant for the above financing arrangement is maintaining the leverage ratio on quarterly basis on the payment date starting three (3) months after the first drawdown and also prior to the exercise of a purchase option as depicted below:

Months	0-12	13-24	25-36	37-48	49-60
Maximum Leverage Ratio	80.00%	72.50%	65.00%	57.50%	50.00%

In addition to above, following covenants are also applicable:

- the unrestricted cash shall not be less than 6.5% of net debt;
- the current assets at all times exceed the current liabilities; and
- the leverage ratio shall be less than 70%.

**Notes to the interim condensed consolidated financial statements
for the nine-month period ended 30 September 2022 (continued)****10. Borrowings (continued)****(g) Term loan V (continued)**

On 27 April 2021, the Group entered into an amendment with the bank with revised terms of repayment (“the Amendment”). The liability is payable on a monthly basis at the rate of AED 128,466 per day for a period of two years starting from 1 May 2021 with a final repayment of AED 109,434 thousand on 30 April 2023.

In addition to above, following covenants are also amended as follows:

- consolidated maximum leverage ratio of 75% on year 1 and 65% on year 2 (at vessel owning company level);
- consolidated minimum liquidity of USD 1 million (at vessel owning company level);
- the unrestricted cash shall be no less than the lower of USD 2 million, and 5% of net debt (at Group level); and
- the leverage ratio shall be less than 80% (at Group level).

The above borrowings were fully repaid in July 2022 and the mortgage on chemical tankers was released.

(h) Term loan VI

On 23 September 2021, the Group entered into a refinancing arrangement “the Agreement” to refinance Term Loan II and III. The liability is payable on a monthly basis at the rate of AED 42,822 per day for the first 12 months and AED 21,374 per day for thereafter until 30 April 2023 with a final repayment of AED 37,112 thousand on 30 April 2023.

The management of Group has completed an assessment and have concluded that the Agreement does not qualify as a ‘sale transaction’ as defined by IFRS 15: Revenue from Contracts with Customers as the management has a mandatory purchase option to buy back the vessels at the end of the lease term. Accordingly, management has treated this transaction as a financing arrangement whereby previous liabilities have been settled and new liabilities have been recognised.

The significant covenant for the above financing arrangement are as follows:

- Consolidated Minimum Liquidity of USD 200,000
- Maximum Leverage Ratio of 70% on year 1 and 60% on year 2

The above borrowings were fully repaid in July 2022 and the mortgage on chemical tankers was released

(i) Term loan VII

On 22 July 2022, the Group entered into a refinancing arrangement with a financial institution to restructure its borrowings. In accordance with the arrangement, the Group borrowed a sum of AED 226,920 thousand. Out of the proceeds of the loan, the Group fully settled Term loans V and VI. The group incurred arrangement fee of AED 4,172 thousand which has been amortised.

The facility is a sale and leaseback transaction for the Group’s five chemical tankers. The facility is payable on a quarterly basis starting from July 2022 through bareboat charter hire for next five years with balloon repayment of AED 57,092 thousand at the end of five years, comprising of fixed hire and variable hire carrying coupon of 3 months LIBOR plus spread.

Management of the Group has completed an assessment of the arrangement and have concluded that the sale of vessel to the lender does not qualify as a ‘sale transaction’ as defined by *IFRS 15: Revenue from Contracts with Customers*, as the Group has a mandatory purchase option to buy back the vessels at the end of the lease term. Accordingly, vessels have not been derecognised and the related borrowing is shown as a liability.

**Notes to the interim condensed consolidated financial statements
for the nine-month period ended 30 September 2022 (continued)**

10. Borrowings (continued)

(i) Term loan VII (continued)

The significant covenants on the above financing arrangement are as follows:

- The Group shall keep a minimum cash balance equal to USD 2.0 million by quarterly delivery of a compliance certificate outlining relevant covenants and ratio calculations.
- Debt Service Coverage Ratio > 1.0
- Market Adjusted Leverage shall be less than seventy percent (70%)
- Asset coverage ratio shall be less than seventy-five percent (75%)
- The annual Fair Market Value to the Outstanding Charter hire on relevant date shall not be less than 110%.

The Group is in compliance of all the required covenants for this borrowing as of period ended 30 September 2022.

(j) Short term loan

1. On 7 January 2019, the Group obtained a short term murabaha facility of AED 7,346 thousand carrying fixed interest rate. During the year ended 31 December 2020, the Group repaid the principal outstanding of AED 7,346 thousand. The remaining amount represents interest payable on this facility.
2. On 20 January 2022, the Group secured a working capital loan from a third party for an amount of USD 2.75 million (equivalent AED 10.07 million). The loan carries an interest of 12% p.a. and is repayable after one year. This loan is secured by the mortgage of one livestock vessel with a net book value of AED 51,340 thousand. The Group paid AED 453 thousand of arrangement fee which is adjusted from the principal amount and is being unwound over the period of the loan. This loan was fully repaid in August 2022 and mortgage on the livestock vessel was released.

11. Related party transactions and balances

- (a) The Group, in the normal course of business carries out transactions with other business enterprises that fall within the definition of a related party contained in IAS 24. These transactions are carried out at mutually agreed rates.

Related parties include the major shareholders, directors, key management personnel of the Group, and their related entities that have control, joint control or significant influence over the Group. Pricing policies and terms of these transactions are approved by the Group's management.

- (b) The outstanding balances from related parties are given below:

	30 September 2022 AED'000 (Unaudited)	31 December 2021 AED'000 (Audited)
Major shareholders (disclosed as current liability)	-	10,838

The loan obtained from the major shareholders was utilized to finance dry docking of chemical tankers. During the year ended 31 December 2021, shareholder loan to the extent of AED 6,000 thousand (2021: AED 40,409 thousand) was settled. The residual balance was converted into equity [Note 18(i)].

**Notes to the interim condensed consolidated financial statements
for the nine-month period ended 30 September 2022 (continued)**

11. Related party transactions and balances (continued)

Key management remuneration

	Nine month period ended 30 September		Three month period ended 30 September	
	2022	2021	2022	2021
	AED'000	AED'000	AED'000	AED'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Salaries, benefits and directors' fees	1,831	1,002	374	351

12. Operating revenue

	Nine month period ended 30 September		Three month period ended 30 September	
	2022	2021	2022	2021
	AED'000	AED'000	AED'000	AED'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Vessel owning and chartering	95,342	85,737	31,116	26,566
Shipping services	8,751	3,522	632	512
Marine product sales and distribution	-	20	-	-
	104,093	89,279	31,748	27,078

13. Operating costs

	Nine month period ended 30 September		Three month period ended 30 September	
	2022	2021	2022	2021
	AED'000	AED'000	AED'000	AED'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
<i>Vessel owning and chartering:</i>				
Ship running- vessels	45,016	36,885	14,390	12,976
Vessel depreciation	18,791	18,666	6,330	6,164
Amortisation of dry-docking costs	11,729	10,081	3,910	3,840
Ship running- crew boats	4,052	3,593	1,364	1,347
Ship repairs	818	979	293	612
Shipping services	6,344	2,579	329	970
Marine product sales and distribution	-	5	-	-
	86,750	72,788	26,616	25,909

**Notes to the interim condensed consolidated financial statements
for the nine-month period ended 30 September 2022 (continued)**

14. General and administrative expenses

	Nine month period ended 30 September		Three month period ended 30 September	
	2022	2021	2022	2021
	AED'000	AED'000	AED'000	AED'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Staff costs (Note 15)	4,998	5,026	1,331	1,510
Professional fees	1,401	1,139	688	400
Foreign exchange loss	-	65	-	-
Provision for claims (see note below)	-	2,270	-	1,576
Provision for excepted credit losses	-	1,861	-	44
Consultancy fee	-	1,576	-	1,861
Other administrative expenses	3,930	2,848	566	1,118
	<u>10,329</u>	<u>14,785</u>	<u>2,585</u>	<u>6,509</u>

Provision for claims includes provision for costs payable to the Port of Fujairah towards charges relating to a third-party vessel to which the Group was providing certain services. The vessel was arrested by the Port authorities in the year 2017 and auctioned off in March 2019. The sale proceeds from the vessel were received by the Port authorities in February 2021 and were not adequate to cover the charges payable by the vessel to the Port authorities. Further, the vessel owner declared bankruptcy, and as such, the charges were required to be borne by the Group. Consequently, provision of AED 2,270 thousand was recognised.

15. Staff costs

	Nine month period ended 30 September		Three month period ended 30 September	
	2022	2021	2022	2021
	AED'000	AED'000	AED'000	AED'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Salaries and wages	4,520	4,566	1,175	1,370
Employees' end of service benefits	119	78	37	24
Other benefits	359	382	119	116
	<u>4,998</u>	<u>5,026</u>	<u>1,331</u>	<u>1,510</u>

16. Finance costs

	Nine month period ended 30 September		Three month period ended 30 September	
	2022	2021	2022	2021
	AED'000	AED'000	AED'000	AED'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
- Term loans	13,056	16,447	4,486	5,319
- Amortisation of arrangement fee	4,495	7,500	2,404	4,319
- Islamic non-convertible sukuk	5,044	7,526	1,191	2,496
- Short-term loans	1,204	-	434	-
- Other loans	-	100	-	-
-Other charges	760	366	321	-
	<u>24,559</u>	<u>31,939</u>	<u>8,836</u>	<u>12,134</u>

**Notes to the interim condensed consolidated financial statements
for the nine-month period ended 30 September 2022 (continued)**

17. Share capital

	30 September 2022 AED'000 (Unaudited)	31 December 2021 AED'000 (Audited)
<i>Authorised:</i>		
1,275,391,249 shares (2021: 1,019,209,250 shares) of AED 1 each	1,275,391	1,019,209
	<hr/>	<hr/>
<i>Issued and fully paid up:</i>		
1,275,391,249 shares (2021: 1,019,209,250 shares) of AED 1 each	1,275,391	1,019,209
	<hr/>	<hr/>

The increase in share capital is due to equity issued to liability holders of Islamic non-convertible bonds, creditors and related parties [Note 18(i)].

18. Other reserves

The change in other reserves was due to:

(i) Conversion of Islamic non-convertible sukuk, accrued interest and creditors to equity

On 31 January 2022 in the General Assembly Meeting, the Group approved the issuance of mandatory convertible bond ("New Bond") amounting to AED 150,000 thousand for capital increase purposes to restructure existing Islamic non-convertible sukuk and liability with creditors.

Subsequently, the Group obtained the approval from the Securities and Commodities Authority for the issuance of the New Bond. In June 2022, the Group agreed for the conversion to New Bond with the following parties:

- (a) Liability holders of Islamic non-convertible sukuk amounting to AED 50,540 thousand along with accrued interest until 31 March 2022 of AED 11,565 thousand;
- (b) Creditors amounting to AED 12,450 thousand and;
- (c) Short-term loans from related parties amounting to AED 10,838 thousand.

Out of the approved AED 150,000 thousand, the Group has issued AED 85,394 thousand of New Bond to the abovementioned parties. The New Bond was then converted into 256,182 thousand shares at a price of AED 0.33 per share. All the new shares are subject to the lockup period of one year.

The Company has completed the requirement for capital increase effective from 29 September 2022 with an increase from AED 1,019,209,250 to AED 1,275,391,250.

**Notes to the interim condensed consolidated financial statements
for the nine-month period ended 30 September 2022 (continued)**

18. Other reserves (continued)

(ii) Purchase of 40% investment in Gulf Navigation Polimar Maritime LLC

On 19 September 2022, the Group has entered into a settlement agreement to purchase balance 40% investment in Gulf Navigation Polimar Maritime LLC from Polimar Holdings BV (“Polimar”). The terms were as below:

- (a) settlement of Polimar payables, receivables and non-controlling interest balances amounting to AED 2,745 thousand, AED 16,604 thousand and AED 9,960 thousand respectively,
- (b) purchase consideration of AED 3,660 thousand for 40% share has been agreed out of which AED 915 thousand was paid in September for 10% share. The balance of the consideration of AED 2,745 thousand will be payable in the form of mandatory convertible bond which have the lock up period of 1 year. As of period ended 30 September 2022, the remaining consideration has been recorded as a payable. Further, the Group has discounted AED 2,745 thousand to its present value and recorded AED 191 thousand as an income on discounting in the Group’s interim condensed consolidated financial statements for the nine-month period ended 30 September 2022.
- (c) The remaining shares of Polimar will be transferred to the Group upon the settlement of the remaining consideration.

The Group has been given the power of attorney to act on behalf of Polimar as a shareholder in the Company with full powers, except those related to the disposal of the shares of Polimar. After the lapse of the first year and by the powers granted pursuant to the said power of attorney, the attorney can sell or transfer the title and ownership of Polimar shares. With that, the Group has recognised 40% of the acquisition as of period ended 30 September 2022 having control beneficial on Polimar’s shares.

An amount of AED 7,559 thousand has been booked included within Other reserves representing the excess of purchase consideration over the net carrying value of non-controlling interest as at the date of acquisition.

19. Earnings per share

	Nine month period ended 30 September		Three month period ended 30 September	
	2022	2021	2022	2021
	AED’000	AED’000	AED’000	AED’000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Profit for the period attributable to owners of the company	1,751	86,724	4,203	6,618
Number of shares	1,275,391	1,019,209	1,275,391	1,019,209
Basic and diluted earnings per share	0.0014	0.0638	0.0033	(0.0143)

**Notes to the interim condensed consolidated financial statements
for the nine-month period ended 30 September 2022 (continued)**

20. Islamic non-convertible sukuk

On 16 January 2020, the Board of Directors passed a resolution to issue Islamic non-convertible sukuk amounting to AED 125,000 thousand by way of a private placement. The Group has obtained approval on 12 March 2020 and on 29 March 2020 from the regulatory authority and shareholders in a general meeting respectively to issue the Islamic non-convertible sukuk with the following terms:

- Security: Non-convertible Islamic sukuk
- Type of sukuk – in compliance with Islamic Shari’a
- Value of sukuk – AED 125,000 thousand
- Number of sukuk – 125,000,000
- Issuance price per sukuk: AED 1 per sukuk
- Profit rate - 12% per annum payable semi-annually
- Final dissolution/due date: 5 years from the sukuk issuance date

During the period ended 31 December 2020, Islamic non-convertible sukuk amounting to USD 23,927 thousand equivalent to AED 87,572 thousand has been subscribed and cash has been received. Cost of issuance of Islamic non-convertible sukuk amounting to AED 9,915 thousand was set off from the principal amount and is being unwound over the period of the Sukuk. During the period, Islamic non-convertible sukuk holders of AED 50,541 thousand of Sukuk agreed to convert their holdings into the Group’s shares. The conversion terms are described in Note 18.

	30 September 2022 AED’000 (Unaudited)	31 December 2021 AED’000 (Audited)
Balance at 1 January	81,385	79,546
Conversion of Islamic non-convertible sukuk to Mandatory convertible bonds (Note 18)	(50,541)	-
Amortisation of the arrangement fee	1,379	1,839
	<u>32,223</u>	<u>81,385</u>

21. Treasury shares

On 28 April 2022, during the annual general assembly, the shareholders of the Group approved the recommendation of the Board of Directors to buy back the Company’s shares, not exceeding 10% of its total shares, for the purpose of disposing them in accordance with the decision issued by the Securities & Commodities Authority (“SCA”) in this regard, while authorising the Group’s Board of Directors to:

- Implement the decision of the general assembly during the period approved by SCA.
- Reduce the capital of the Company in the event of not meeting the period specified by SCA to dispose of the purchased shares by cancelling those shares with the amendment of the Company’s capital in the Articles of Association.

As stated in note 7, the Group appointed a Liquidity Provider. During the period ended 30 September 2022, the Group purchased its own shares costing AED 14,696 thousand. The Group has a payable of AED 11,361 thousand to the Liquidity provider against these share purchases.

As of the date of authorisation of this interim condensed consolidated financial statement, these shares are not yet cancelled.

**Notes to the interim condensed consolidated financial statements
for the nine-month period ended 30 September 2022 (continued)**

22. Operating leases as lessor

The Group leases its marine vessels under operating leases (time charters). The lease rental is usually negotiated to reflect market rentals upon entering into/renewal of the charter. Future minimum lease rentals receivable under the non-cancellable operating leases (excluding those owned by the joint venture) are as follows:

	30 September 2022 AED'000 (Unaudited)	31 December 2021 AED'000 (Audited)
Not later than one year	88,019	107,037
Between one year and five years	19,196	81,112
	<u>107,215</u>	<u>188,149</u>

23. Subsequent events

There have been no subsequent events that would have a material impact on the Group's interim condensed consolidated financial statements for the nine-month period ended 30 September 2022.

24. Restatement of comparative information

During the nine-month period ended 30 September 2021, the Group had de-recognised liabilities amounting to AED 20,385 thousand which was not in accordance with the provision of IFRS. However, subsequently, the Group reinstated the liability in its consolidated financial statements for the year ended 31 December 2021. Management has restated the comparative information relating to the nine-month period ended 30 September 2021 in this interim condensed consolidated financial statements.