Gulf Navigation Holding PJSC
and its Subsidiaries

Consolidated Financial Statements
For the year ended December 31, 2023

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Consolidated Financial Statements
For the year ended December 31, 2023

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DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2023

The Directors submit their report and audited consolidated financial statements of Gulf Navigation Holding PJSC ("the Company") and its subsidiaries (collectively referred to as "the Group") for the year ended 31 December 2023. These will be laid before the shareholders at the Annual General Meeting of the Company, which is scheduled to be held sometime within the first half of 2024.

Principal activities

The Group is primarily engaged in marine transportation of commodities, chartering vessels, shipping services, marine transport under special passenger and merchant contracts, clearing and forwarding services and container loading, unloading, discharging and packaging services.

Results

The results of the Group for the year ended 31 December 2023 are set out on page 9 of these consolidated financial statements.

Going concern

The Group reported a profit of AED 21,275 thousand for the year ended 31 December 2023 (2022: Restated loss of AED 7,616 thousand). The Group's current assets exceeded its current liabilities by AED 31,380 thousand.

EBITDA of the Group for the year ended 31 December 2023 amounted to AED 77,867 thousand.

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

On 22 March 2023, a General Assembly Meeting was held and it was resolved to approve a capital reduction by 50% of the total issued share capital of the Company through the cancellation of 637,695,625 shares in the Company with the nominal value of AED 1 (the "Capital Reduction") on a pro rata basis to absorb the accumulated losses amounting to AED 637,696 thousand and a private issuance of 220 million mandatory convertible bonds ("MCBs") to new investors, which will be converted to 200 million shares at a conversion price of AED 1.10 and the increase in the share capital of the Company to become AED 837,696 thousand. The Capital Reduction was completed on May 22, 2023 and the statutory reserve was fully utilized for the partial absorption of accumulated losses as approved by the General Assembly and after obtaining the necessary regulatory approvals.

The Group has received, through an investment banker a liquidity of AED 220,000 thousand as proceeds from the capital increase during the year, which will provide sufficient cashflow for investment and operating activities in addition to settlement of existing liabilities.

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2023 (continued)

Potential acquisition

On 3 October 2023, the Group has submitted a formal proposal to fully acquire Brooge Petroleum and Gas Investment Company ("BPGIC") from Brooge Energy Limited ("BEL"), a Leading Oil Refinery & Storage Company Listed on NASDAQ. The Company stated that this proposed acquisition will be funded through a combination of cash and shares in GULFNAV. The proposed transaction is part of its strategy to enhance growth and provide an integrated portfolio of logistical services related to oil, gas and petrochemical products. The Group is still in discussions with the owners of BPGIC with regards this transaction.

Subsequent event

On 27 December 2023 the Group announced that it has acquired 40% of the Turkish Polimar Holding Company's stake in Gulf Navigation Polimar Maritime, which is specialized in the field of Maritime Agency Services. Thus, increasing its stake from 60% to 100%. This acquisition aims to increase revenues by expanding the scope of Agency business in line with the company's strategy for the coming years and focusing on providing a portfolio of integrated logistics solutions. The acquisition of the 40% shares was completed in 2024.

Directors

The Directors of the Company during the year were as follows:

Sheikh Theyab Bin Tahnoon Bin Mohammad Al Nahyan (Chairman)
Eng. Abdulla Subhi Ahmed Atatreh (Vice-Chairman) resigned 18 August 2023
Mr. Ahmad Mohamed Fathi Kilani (Managing Director) resigned 17 November 2023
Dr. Abdulaziz Fahad H. Alongary resigned 31 August 2023
Dr. Abdul Rahman Mahmoud Abdul Rahman Mohamad Al Afifi
Ms. Manwa Alaa Al Brich resigned 13 July 2023
Mr. Omar Saeed Al Romaithi resigned 18 August 2023
Ms. Muhrah Al Ali appointed 20 September 2023
Mr. Mohamed Abdulrahman Mir Abdulwahid Amiri appointed 11 September 2023
Mr. Mazen Jaber Hamdan Basheer Al Dahmani appointed 11 September 2023
Mr. Khalifa Saif Jumaa Saif Almehairbi appointed 11 September 2023
Mr. Saif Salem Khalifa Alrashdi appointed 25 December 2023

Auditors

The consolidated financial statements of the Group have been audited by Grant Thornton.

Signed by:

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Dr. Abdul Rahman Al Afifi	**Mr. Ahmad "M.F." A. Al Kilani**	**Mr. Ali Abouda**
Board Member	**Chief Executive Officer**	**Chief Financial Officer**

Grant Thornton

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Independent Auditor's Report
To the Shareholders of Gulf Navigation Holding PJSC

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Gulf Navigation Holding PJSC (the "Company") and its subsidiaries (collectively referred to as the "Group"), which comprise the consolidated statement of financial position as at December 31, 2023, and the consolidated statement of profit or loss, consolidated statement of other comprehensive income, consolidated statement of changes in equity, and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2023, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2023. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	***How our audit addressed the key audit matter***
Impairment of goodwill The Group's consolidated statement of financial position includes AED 143,463 thousand of goodwill, representing 14% of total Group assets. In accordance with IFRS, this balance is allocated to Cash Generating Units (CGUs) which are tested annually for impairment, or whenever changes in circumstances or events indicate that the carrying amount of such intangible assets may not be recoverable.	We performed the following: • Checked the mathematical accuracy of the impairment model used for impairment testing, and the extraction of inputs from source documents; • Reviewed the reasonableness of the key assumptions used in the impairment model, including specifically the operating cash flow projections, discount rates, and terminal growth rates;

Independent Auditor's Report
To the Shareholders of Gulf Navigation Holding PJSC (continued)

Report on the Audit of the Consolidated Financial Statements (continued)

Key Audit Matters (continued)

<table>
<tr><th>Key audit matter</th><th>How our audit addressed the key audit matter</th></tr>
<tr><td>Impairment of goodwill (continued)

This is a key audit matter as determining whether the carrying value of goodwill is recoverable requires management to make significant estimates concerning the expected future cash flows and associated discount rates and growth rates based on management's view of future business prospects.</td><td>We performed the following: (continued)

• Engaged our internal specialists to assist us in reviewing the methodologies applied including estimates and judgments made by management;

• Considered the sensitivity of the impairment testing model to changes in key assumptions; and

• Assessed the adequacy of the related disclosures in the consolidated financial statements.</td></tr>
<tr><td>Impairment of vessels

As disclosed in Note 6 to the consolidated financial statements, the Group's consolidated statement of financial position includes AED 516,101 thousand of vessels, representing 52% of total Group assets. In accordance with IFRS, at the end of each reporting period, it is required to assess whether there is any indication that an asset may be impaired, and, if so, the asset's recoverable amount must be determined.

This is a key audit matter because the Group has generated negative cash flows from its operating activities during the year ended December 31, 2023 and determining whether the carrying value of a vessel is recoverable requires management to make significant estimates concerning the expected future cash flows and associated discount rates and growth rates based on management's view of future business prospects.</td><td>We performed the following:

• Checked the mathematical accuracy of the impairment model used for impairment testing, and the extraction of inputs from source documents;

• Reviewed the reasonableness of the key assumptions used in the impairment model, including the operating cash flow projections, discount rates, and terminal growth rates;

• Engaged our internal specialists to assist us in reviewing the methodologies applied including estimates and judgments made by management;

• Considered the sensitivity of the impairment testing model to changes in key assumptions; and

• Assessed the adequacy of the related disclosures in the consolidated financial statements.</td></tr>
</table>

Independent Auditor's Report
To the Shareholders of Gulf Navigation Holding PJSC (continued)

Report on the Audit of the Consolidated Financial Statements (continued)

Comparative Information

Without qualifying our opinion, we draw attention to Note 31 to the consolidated financial statements, which indicates that the comparative information presented as at December 31, 2022 has been restated.

As part of our audit of these consolidated financial statements, we audited the adjustments described in Note 31 that were applied to restate the comparative information presented as at December 31, 2022.

The consolidated financial statements of the Group as at and for the year ended December 31, 2022, excluding the adjustment described in Note 31 to the consolidated financial statements, were audited by another auditor who expressed a modified opinion on those statements on April 3, 2023 with respect to gains from treasury shares recognized in profit or loss.

Other Matter

At the General Assembly Meeting of the Company that was held on April 30, 2023, the shareholders approved the consolidated financial statement of the Group as at and for the year ended December 31, 2022 but did not approve the auditor's report and did not discharge the auditor for the fiscal year ended December 31, 2022.

Other Information

The Board of Directors is responsible for the other information. The other information comprises the information included in the Board of Directors' Report but does not include the consolidated financial statements and our auditor's report thereon. We have obtained the Board of Directors' Report prior to the date of our auditor's report.

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information that we have obtained prior to the date of auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS and their preparation in compliance with the applicable provisions of the UAE Federal Law No. (32) of 2021 and the Company's Articles of Association, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Independent Auditor's Report
To the Shareholders of Gulf Navigation Holding PJSC (continued)

Report on the Audit of the Consolidated Financial Statements (continued)

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

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

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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

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

Independent Auditor's Report

To the Shareholders of Gulf Navigation Holding PJSC (continued)

Report on the Audit of the Consolidated Financial Statements (continued)

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

Further, as required by the UAE Federal Law No. (32) of 2021, we report that:

i) We have obtained all the information we considered necessary for the purposes of our audit;

ii) The consolidated financial statements have been prepared and comply, in all material respects, with the applicable provisions of the UAE Federal Law No. (32) of 2021;

iii) The Company has maintained proper books of account in accordance with established accounting principles;

iv) The financial information included in the Board of Directors' Report is consistent with the books of account of the Company;

v) The Group's investments in shares and stocks during the year ended December 31, 2023 are disclosed in Note 11 to the consolidated financial statements;

vi) Notes 21 to the consolidated financial statements discloses material related party transactions and the terms under which they were conducted;

vii) Based on the information that has been made available to us, nothing has come to our attention which causes us to believe that the Company has contravened during the financial year ended December 31, 2023, any of the applicable provisions of the UAE Federal Law No. 32 of 2021 or of its Articles of Association, which would materially affect its activities or its financial position as at December 31, 2023; and

viii) There were no social contributions made during the financial year ended December 31, 2023.

Grant Thornton

Grant Thornton P.O. Box: 1620 DUBAI-U.A.E. Public Accountants

GRANT THORNTON UAE

Dr. Osama El Bakry
Registration No. 935
Dubai, United Arab Emirates

March 30, 2024

Consolidated statement of financial position
As at December 31, 2023

	Notes	2023 AED'000	2022 AED'000 *(Restated*)*
ASSETS			
Non-current assets			
Vessels, property and equipment	6	**516,211**	587,121
Goodwill	7	**143,463**	143,463
Total non-current assets		**659,674**	730,584
Current assets			
Inventories	8	**9,084**	7,966
Trade and other receivables	10	**23,144**	17,796
Financial assets at fair value through profit or loss	11	**100,379**	-
Cash and bank balances	12	**210,059**	28,271
Total current assets		**342,666**	54,033
TOTAL ASSETS		**1,002,340**	784,617
EQUITY AND LIABILITIES			
Equity			
Share capital	13	**837,696**	1,275,391
Share premium	13, 15	**35,734**	8,452
Treasury shares	15	**(96,281)**	(24,045)
Statutory reserve	14	**2,128**	19,747
Accumulated losses		**(2,570)**	(679,159)
Other reserves	16	**(181,071)**	(181,071)
Total equity		**595,636**	419,315
Non-current liabilities			
Interest-bearing borrowings	17	**94,163**	157,889
Provision for employees' end-of-service benefits	19	**1,255**	1,211
Total non-current liabilities		**95,418**	159,100
Current liabilities			
Interest-bearing borrowings	17	**25,684**	75,434
Islamic non-convertible sukuk	18	**-**	34,983
Bank overdraft	12	**180,187**	-
Trade and other payables	20	**105,415**	95,785
Total current liabilities		**311,286**	206,202
Total liabilities		**406,704**	365,302
TOTAL EQUITY AND LIABILITIES		**1,002,340**	784,617

These consolidated financial statements were approved and authorised for issue by the Board of Directors on March 29, 2024 and were signed on its behalf by:

Dr. Abdul Rahman Al Afeefi	Mr. Ahmad "M.F." A. Al Kilani	Mr. Ali Abouda
Board Member	Chief Executive Officer	Chief Financial Officer

** Refer to Note 31 for details regarding prior year restatement*

The accompanying notes 1 to 34 form an integral part of these consolidated financial statements.

Consolidated statement of profit or loss
For the year ended December 31, 2023

	Notes	**2023 AED'000**	2022 AED'000 *(Restated*)*
Revenue	22	**105,534**	137,229
Direct costs	23	**(95,921)**	(116,747)
GROSS PROFIT		**9,613**	20,482
General and administrative expenses	24	**(26,731)**	(13,416)
Other operating income	6	**24,834**	-
OPERATING PROFIT		**7,716**	7,066
Other non-operating income, net	25	**33,426**	20,393
Finance costs	26	**(22,534)**	(33,245)
Finance income		**2,667**	-
PROFIT / (LOSS) BEFORE TAX		**21,275**	(5,786)
Income tax		**-**	(1,830)
PROFIT / (LOSS) FOR THE YEAR		**21,275**	(7,616)
Attributable to:			
Owners of the Company		**21,275**	(7,428)
Non-controlling interests		**-**	(188)
		21,275	(7,616)
Earnings per share attributable to Owners of the Company:			
Basic and diluted (AED)	27	**0.023**	(0.006)

** Refer to Note 31 for details regarding prior year restatement*

The accompanying notes 1 to 34 form an integral part of these consolidated financial statements.

Consolidated statement of comprehensive income
For the year ended December 31, 2023

	2023 AED'000	2022 AED'000 *(Restated*)*
Profit / (loss) for the year	**21,275**	(7,616)
Other comprehensive income for the year	**-**	-
TOTAL COMPREHENSIVE INCOME / (LOSS) FOR THE YEAR	**21,275**	(7,616)
Total comprehensive income / (loss) attributable to:		
Owners of the Company	**21,275**	(7,428)
Non-controlling interests	**-**	(188)
	21,275	(7,616)

** Refer Note 31 for details regarding prior year restatement*

The accompanying notes 1 to 34 form an integral part of these consolidated financial statements.

Consolidated statement of changes in equity
For the year ended December 31, 2023

	Attributable to the Owners of the Company									
	Share capital AED'000	*Share premium AED'000*	*Treasury shares AED'000*	*Statutory reserve AED'000*	*Accumulated losses AED'000*	*Other reserves AED'000*	*Mandatory Convertible Bonds and Sukuk AED'000*	*Total AED'000*	*Non-controlling interests AED'000*	*Total AED'000*
Balance as at January 1, 2022	1,019,209		-	19,747	(671,543)	(2,724)	-	364,689	10,148	374,837
Treasury shares (Note 15) (Restated*)	-	8,452	(24,045)	-	-	-	-	(15,593)	-	(15,593)
Liability holders issued Mandatory convertible bonds ("New Bond") (Note 16)	-	-	-	-	-	-	85,394	85,394	-	85,394
Equity issued to New Bond holders (Note 16)	256,182	-	-	-	-	(170,788)	(85,394)	-	-	-
Acquisition of non-controlling interests	-	-	-	-	(188)	(7,559)	-	(7,747)	(9,960)	(17,707)
Total comprehensive loss for the year (Restated*)	-		-	-	(7,428)	-	-	(7,428)	(188)	(7,616)
Balance as at December 31, 2022 (Restated*)	1,275,391	8,452	(24,045)	19,747	(679,159)	(181,071)	-	419,315	-	419,315
Capital reduction and absorption of losses (Note 13)	(637,695)	-	-	(19,747)	657,442	-	-	-	-	-
Treasury shares (Note 15)	-	24,882	(72,236)	-	-	-	-	(47,354)	-	(47,354)
Issuance of mandatory convertible Sukuk (Note 13)	-	-	-	-	-	-	220,000	220,000		220,000
Shares issued to Sukuk holders (Note 13)	200,000	2,400	-	-	-	-	(220,000)	(17,600)	-	(17,600)
Total comprehensive income for the year	-	-	-	-	21,275	-	-	21,275	-	21,275
Transfer to statutory reserve (Note 14)	-	-	-	2,128	(2,128)	-	-	-	-	-
Balance as at December 31, 2023	**837,696**	**35,734**	**(96,281)**	**2,128**	**(2,570)**	**(181,071)**	**-**	**595,636**	**-**	**595,636**

** Refer Note 31 for details regarding prior year restatement*

The accompanying notes 1 to 34 form an integral part of these consolidated financial statements.

Consolidated statement of cash flows
For the year ended December 31, 2023

	Notes	2023 AED'000	2022 AED'000 *(Restated*)*
OPERATING ACTIVITIES			
Profit / (loss) for the year		**21,275**	(7,616)
Adjustments for:			
Depreciation of vessels, property and equipment	6	**36,725**	41,275
Depreciation of right-of-use assets		**-**	192
Allowance for expected credit losses	10	**1,000**	395
Income on discounting of a financial liability to present value		**-**	(191)
Provision for employees' end of service benefits	19	**276**	180
Finance costs	26	**22,534**	33,245
Finance income		**(2,667)**	-
Reversal of liabilities no more required	25	**(19,466)**	(19,707)
Gain of settlement of Sukuk	25	**(14,549)**	-
Gain on sale of a vessel	6	**(24,834)**	-
Change in fair value of financial assets at FVTPL	11	**2,009**	-
Operating cash flows before changes in working capital		**22,303**	47,773
Working capital changes:			
Inventories		**(1,118)**	292
Trade and other receivables		**(3,681)**	(3,830)
Trade and other payables		**(23,595)**	(31,649)
Cash from operations		**(6,091)**	12,586
Employees' end of service benefits paid		**(232)**	(146)
Net cash flows (used in) / from operating activities		**(6,323)**	12,440
INVESTING ACTIVITIES			
Investments in financial assets at FVTPL	11	**(178,423)**	-
Proceeds from disposal of financial assets at FVTPL	11	**76,035**	-
Proceeds from sale of a vessel	6	**99,471**	-
Placement of a fixed deposit	12	**(200,000)**	-
Additions to vessels, property and equipment	6	**(40,452)**	(1,512)
Acquisition of non-controlling interests		**-**	(915)
Net cash flows used in investing activities		**(243,369)**	(2,427)
FINANCING ACTIVITIES			
Payment of lease liabilities		**-**	(192)
Movement in restricted cash		**-**	4,466
Arrangement fee paid		**-**	(4,172)
Proceeds from interest-bearing borrowings		**180,187**	226,920
Repayment of interest-bearing borrowings		**(106,375)**	(222,992)
Interest paid		**(15,255)**	(18,693)
Settlement of Islamic non-convertible Sukuk	18	**(34,983)**	-
Proceeds from issuance of mandatory convertible Sukuk, net of transactions costs	13	**202,400**	-
Financing from liquidity provider		**63,330**	7,594
Movement in treasury shares, net		**(47,354)**	5,117
Net cash flows from / (used in) financing activities		**241,950**	(1,952)
Net change in cash and cash equivalents		**(7,742)**	8,061
Cash and cash equivalents at the beginning of the year		**17,801**	9,740
Cash and cash equivalents at the end of the year	12	**10,059**	17,801

** Refer Note 31 for details regarding prior year restatement*

The accompanying notes 1 to 34 form an integral part of these consolidated financial statements.

Notes to the consolidated financial statements
For the year ended December 31, 2023

1 Legal status and activities

Gulf Navigation Holding PJSC (the "Company") is a public joint stock company since October 30, 2006 as per the Resolution of the Ministry of Economy No. 425 of 2006. The Company is listed on the Dubai Financial Market. The Company operates from its office on the 39th Floor, API Trio Tower, Al Barsha, Dubai, United Arab Emirates ("UAE").

The Group 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.

These consolidated financial statements include the financial performance and position of the Company and its directly and indirectly held operating subsidiaries as listed below (collectively the "Group"). The Group holds numerous other subsidiaries that are non-operational (mainly investment vehicles), which have not been listed in the below table.

Subsidiary name	Principal activities	Country of incorporation	Ownership interest 2023	Ownership interest 2022
Gulf Crude Carriers (L.L.C)	Ship Charter, etc.	UAE	**100%**	100%
Gulf Navigation Polimar Maritime LLC	Sea Shipping Lines Agents	UAE	**100%**	100%
Gulf Navigation Livestock Carriers 2 Ltd., Inc.	Ship Owning	Panama	**100%**	100%

The Group has the following operational branches:

Branch name	Principal activities	Country of incorporation
Gulf Navigation Holding PJSC (KSA Br)	Ship Charter, etc.	Kingdom of Saudi Arabia

2 Statement of compliance and basis of preparation

2.1 Statement of compliance

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB) and applicable requirements of the UAE Federal Law No. (32) of 2021.

2.2 Basis of preparation

The Group's consolidated financial statements have been prepared on an accruals basis and under the historical cost convention, except for financial instruments at fair value through profit or loss, which are measured at their fair value.

2.3 Going concern

The Group, excluding other operating and non-operating income of AED 60,927 thousand, incurred a loss of AED 39,652 thousand for the year ended December 31, 2023.

2 Statement of compliance and basis of preparation (continued)

2.3 Going concern (continued)

At the General Assembly Meeting held on January 31, 2022, the shareholders resolved to approve the issuance of Mandatorily Convertible Bonds for a value up to AED 150,000 thousand ("New Bonds") by way of a private placement, out of which AED 85,394 thousand (Notes 17, 18 and 19) were utilized against settlement of liabilities and conversion of the same into 256,182 thousand shares of the Company at a price of AED 0.33 per share, subject to a lockup period of one year. The shareholders had also resolved to approve the increase of the share capital of the Company for the purposes of converting the New Bonds into shares of the Company.

Further, at the General Assembly Meeting held on March 22, 2023, the shareholders resolved to approve a capital reduction to absorb accumulated losses and a private issuance of 220 million mandatory convertible bonds to increase the share capital of the Company to eventually become AED 837,696 thousand.

The Group has received, through an investment banker, interest from potential key investors to provide liquidity to the Group of up to AED 220,000 thousand, and accordingly, at the General Assembly Meeting held on September 11, 2023, the shareholders approved the issuance of 220 million mandatory convertible Sukuk, which have also been converted to share capital at a conversion price of AED 1.10 (Note 13) providing the Group sufficient cash flow for investment and operating activities in addition to settlement of existing liabilities.

The management of the Group has taken into consideration the above as well as prepared a cash flow forecast for a period of not less than twelve months from the date of the issuance of these consolidated financial statements and has a reasonable expectation that the Group will have adequate resources to continue its operational existence in the foreseeable future. Accordingly, the consolidated financial statements have been prepared on the basis that the Group will continue as a going concern.

Furthermore, the shareholders have resolved to continue the operations of the Group at the General Assembly Meeting held on April 30, 2023 as required by Article 309 of the Federal Decree-Law No. (32) of 2021.

2.4 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at December 31, 2023. Control is achieved when the Company is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Specifically, the Company controls an investee if, and only if, the Company has:

- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee);
- Exposure, or rights, to variable returns from its involvement with the investee; and
- The ability to use its power over the investee to affect its returns.

When the Company has less than a majority of the voting or similar rights of an investee, the Company considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement(s) with the other vote holders of the investee;
- Rights arising from other contractual arrangements; and
- The Company's voting rights and potential voting rights.

2 Statement of compliance and basis of preparation (continued)

2.4 Basis of consolidation (continued)

The Company re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Company gains control until the date the Company ceases to control the subsidiary.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

3 New or revised standards and interpretations

3.1 Standards and amendments adopted as at January 1, 2023

Some accounting pronouncements that are listed below, have become effective from January 1, 2023 and have therefore been adopted by the Group, but do not have any significant impact on the Group's consolidated financial results or position.

- IFRS 17 Insurance Contracts
- Amendments to IFRS 17 Insurance Contracts - Amendments to IFRS 17 and IFRS 4
- Definition of Accounting Estimates - Amendments to IAS 8
- Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2
- Deferred Tax related to Assets and Liabilities arising from a Single Transaction - Amendments to IAS 12
- International Tax Reform—Pillar Two Model Rules – Amendments to IAS 12

3.2 Standards, amendments and interpretations to existing Standards that are not yet effective

At the date of authorisation of these consolidated financial statements, several new, but not yet effective, standards and amendments to existing standards, and interpretations have been published by the IASB or IFRIC. None of these standards or amendments to existing standards have been early adopted by the Group and no interpretations have been issued that are applicable and need to be taken into consideration by the Group at the reporting date.

Management anticipates that all relevant pronouncements will be adopted for the first period beginning on or after the effective date of the pronouncement. These new standards, amendments and interpretations have not been disclosed as they are not expected to have a material impact on the Group's consolidated financial statements when they become effective.

4 Material accounting policies

4.1 Business combinations

The Group applies the acquisition method in accounting for business combinations. The consideration transferred by the Group to obtain control of a subsidiary is calculated as the sum of the acquisition-date fair values of assets transferred, liabilities incurred and the equity interests issued by the Group, which includes the fair value of any asset or liability arising from a contingent consideration arrangement. Acquisition costs are expensed as incurred.

4 Material accounting policies (continued)

4.1 Business combinations (continued)

Consideration transferred as part of a business combination does not include amounts related to the settlement of pre-existing relationships. The gain or loss on the settlement of any pre-existing relationship is recognised in profit or loss.

Assets acquired and liabilities assumed are measured at their acquisition-date fair values.

Goodwill is initially measured at cost (being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests and any previous interest held over the net identifiable assets acquired and liabilities assumed). If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

4.2 Foreign currency translation

Functional and presentation currency

Since most of the transactions of the Group are denominated in US Dollars ("USD") or currencies pegged to the USD, the functional currency of the entities is USD. However, the consolidated financial statements of the Group are presented in Arab Emirates Dirhams ("AED"), which is the presentation currency of the Group. Amounts in USD have been translated into AED at the rate of USD 1 = AED 3.66 as there is a constant peg between USD and AED. All values are rounded to the nearest thousands ('000) except, where noted otherwise.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognised in the consolidated statement of profit or loss, they are deferred in equity if they are attributable to part of the net investment in foreign operations.

Foreign exchange gains and losses that relate to loans and cash and cash equivalents are presented in the consolidated statement of profit or loss, within finance costs. All other foreign exchange gains and losses are presented in the consolidated statement of profit or loss on a net basis within 'other income/(other expenses)'.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. For example, translation differences on non-monetary assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss and translation differences on non-monetary assets such as equities classified as at fair value through other comprehensive income.

4 Material accounting policies (continued)

4.3 Vessels, property and equipment

Vessels, property and equipment are stated at historical cost less accumulated depreciation and accumulated impairment losses, if any. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the consolidated statement of profit or loss during the financial year in which they are incurred.

Cost incurred during the dry docking of vessels is capitalised and is depreciated based on the period in which future economic benefits associated will flow to the Group.

Depreciation is recognised on a straight-line basis to write down the cost less estimated residual value of vessels, property and equipment. The following useful lives are applied:

• Vessels:	
- Chemical tankers	10-30 years
- Livestock vessels	20-40 years
- Dry docking costs	3-5 years
• Leasehold improvements	10 years
• Equipment	2-5 years
• Furniture & fixtures	5 years
• Vehicles	5 years

Residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within other income (general and administrative expenses) in the consolidated statement of profit or loss.

4.4 Impairment of non-financial assets

The Group assesses at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. An impairment loss is recognised for the amount by which the asset's (or cash-generating unit's) carrying amount exceeds its recoverable amount, which is the higher of fair value less costs of disposal and value-in-use.

To determine the value-in-use, management estimates expected future cash flows from each cash-generating unit and determines a suitable discount rate in order to calculate the present value of those cash flows. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used.

The data used for impairment testing procedures is directly linked to the Group's latest approved budget, adjusted as necessary to exclude the effects of future reorganisations and asset enhancements. Discount factors are determined individually for each cash-generating unit and reflect current market assessments of the time value of money and asset-specific risk factors.

4 Material accounting policies (continued)

4.4 Impairment of non-financial assets (continued)

These budgets and forecast calculations generally cover a period of five years. A long-term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses of continuing operations are recognised in the consolidated statement of profit or loss in expense categories consistent with the function of the impaired asset.

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

Goodwill is tested for impairment annually as at December 31, 2023 and when circumstances indicate that the carrying value may be impaired.

Impairment is determined for goodwill by assessing the recoverable amount of each CGU (or group of CGUs) to which the goodwill relates. When the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in future periods.

Impairment losses for cash-generating units reduce first the carrying amount of any goodwill allocated to the cash-generating unit. Any remaining impairment loss is charged pro rata to the other assets in the cash-generating unit.

4.5 Current versus non-current classification

The Group presents assets and liabilities in the combined statement of financial position based on current/non-current classification.

An asset is current when it is:

- Expected to be realised or intended to be sold or consumed in the normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realised within twelve months after the reporting period; or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in the normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period; or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The Group classifies all other liabilities as non-current.

The terms of the liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

4 Material accounting policies (continued)

4.6 Inventories

Inventories are stated at the lower of cost or net realisable value.

The cost of inventories comprises of all costs of purchases and other costs incurred in bringing the inventories to their present location and condition, net allowance for obsolescence and slow-moving items.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and estimated costs necessary to make the sale.

4.7 Financial instruments

Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss, as appropriate.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. Except for trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows while financial assets classified and measured at fair value through OCI are held within a business model with the objective of both holding to collect contractual cash flows and selling.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified into different categories. The categories applicable to the Group are as follows:

Financial assets at amortised cost (debt instruments)

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Group's financial assets at amortised cost include cash and cash equivalents and trade and other receivables.

4 Material accounting policies (continued)

4.7 Financial instruments (continued)

Financial assets (continued)

Subsequent measurement (continued)

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are carried in the consolidated statement of financial position at fair value with net changes in fair value recognised in the consolidated statement of profit or loss.

This category includes listed quoted equity instruments for trading purposes which the Group had not irrevocably elected to classify at fair value through OCI.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

- The rights to receive cash flows from the asset have expired, or
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership.

When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Group also recognises an associated liability.

The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Impairment

IFRS 9's impairment requirements use forward-looking information to recognise expected credit losses – the 'expected credit loss (ECL) model'. Instruments within the scope of the requirements included loans and other debt-type financial assets measured at amortised cost and FVOCI and trade receivables recognised and measured under IFRS 15 and loan commitments and some financial guarantee contracts (for the issuer) that are not measured at fair value through profit or loss.

The Group considers a broader range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

In applying this forward-looking approach, a distinction is made between:

- financial instruments that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk ('Stage 1') and

4 Material accounting policies (continued)

4.7 Financial instruments (continued)

Financial assets (continued)

Impairment (continued)

- financial instruments that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low ('Stage 2').

'Stage 3' would cover financial assets that have objective evidence of impairment at the reporting date.

'12-month expected credit losses' are recognised for the first category (i.e. Stage 1) while 'lifetime expected credit losses' are recognised for the second category (i.e. Stage 2).

Measurement of the expected credit losses is determined by a probability-weighted estimate of credit losses over the expected life of the financial instrument.

The Group makes use of a simplified approach in accounting for trade receivables and records the loss allowance as lifetime expected credit losses. These are the expected shortfalls in contractual cash flows, considering the potential for default at any point during the life of the financial instrument. In calculating, the Group uses its historical experience, external indicators and forward-looking information to calculate the expected credit losses using a provision matrix.

Refer to Note 29 for a detailed analysis of how the impairment requirements of IFRS 9 are applied.

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Financial liabilities

Initial recognition and measurement

The Group has classified its financial liabilities, at initial recognition, as loans and borrowings and payables.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables, interest-bearing borrowings and Islamic non-convertible sukuk.

Subsequent measurement

Subsequently, trade and other payables, interest-bearing borrowings and Islamic non-convertible sukuk are measured at amortised cost using the effective interest method.

All interest-related charges are included within finance costs.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

4 Material accounting policies (continued)

4.7 Financial instruments (continued)

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

4.8 Cash and cash equivalents

Cash and cash equivalents comprise of cash on hand, cash at banks, together with other short-term, highly liquid investments maturing within 90 days from the date of acquisition that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, net of restricted cash and bank overdrafts that do not form part of the Group's working capital.

4.9 Provision for employees' end of service benefits

The Group provides end of service benefits to its employees in accordance with the U.A.E. Labour Law. The entitlement to these benefits is based upon the employees' salary and length of service, subject to the completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment. The provision for employees' end of service benefits is reported as separate line item under non-current liabilities in the consolidated statement of financial position.

Contributions for eligible UAE National employees are made to the Pension Authority, in accordance with the provisions of UAE labour Law No. (7) of 1999 relating to Pension and Social Security and its amendments and charged to the consolidated statement of comprehensive income in the period in which they fall due.

4.10 Short-term employee benefits

Short-term employee benefits, including leave entitlement, are current liabilities included in trade and other payables, measured at the undiscounted amount the Group expects to pay as a result of the unused entitlement.

4.11 Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability
  Or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

The Group measures financial instruments such as financial assets at fair value through profit or loss at fair value at each reporting date.

4 Material accounting policies (continued)

4.11 Fair value measurement (continued)

Financial assets measured at fair value in the consolidated statement of financial position are grouped into three levels of a fair value hierarchy. The three levels are defined based on the observability of significant inputs to the measurement, as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly
- Level 3: unobservable inputs for the asset or liability

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy, as explained above.

4.12 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of economic resources will be required from the Group and amounts can be estimated reliably. The timing or amount of the outflow may still be uncertain. Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the reporting date, including the risks and uncertainties associated with the present obligation. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole.

Any reimbursement that the Group is virtually certain to collect from a third party with respect to the obligation is recognised as a separate asset. However, this asset may not exceed the amount of the related provision.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

4.13 Contingent liabilities

No liability is recognised if an outflow of economic resources as a result of present obligations is not probable. Such situations are disclosed as contingent liabilities unless the outflow of resources is remote.

4.14 Taxes

Value Added Tax (“VAT”)

Expenses and assets are recognised net of the amount of value added tax, except:

- When the value added tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the value added tax is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable
- When receivables and payables are stated with the amount of value added tax included

The net amount of value added tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the combined financial statements.

Income taxes

Tax expense recognised in profit or loss comprises the sum of deferred tax and current tax not recognised in other comprehensive income or directly in equity.

4 Material accounting policies (continued)

4.14 Taxes (continued)

Income taxes (continued)

Current income tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date in the countries where the Group operates and generates taxable income.

Current income tax relating to items recognised directly in equity is recognised in equity and not in the consolidated statement of profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses to the extent that it is probable that taxable profit will be available to be utilised, except in circumstances where IAS 12 does not permit.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets are recognised to the extent it is probable that the underlying tax loss or deductible temporary difference will be utilised against future taxable income. This is assessed based on the Group's forecast of future operating results, adjusted for significant non-taxable income and expenses and specific limits on the use of any unused tax loss or credit.

Deferred tax liabilities are generally recognised in full, although IAS 12 specifies limited exemptions. As a result of these exemptions the Group does not recognise deferred tax on temporary differences relating to goodwill.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

4.15 Equity and reserves

Share capital represents the nominal (par) value of shares that have been issued.

Share premium includes any premiums received on the issue of share capital or on gain from sale of treasury shares. Any transaction costs associated with the issuing of shares are deducted from share premium, net of any related income tax benefits.

Other components of equity include the following:

- Treasury shares
- Statutory reserve – comprises annual transfers from the Group's profit (see Note 14)
- Accumulated losses/ retained earnings – includes all current and prior period retained profits or losses.

4 Material accounting policies (continued)

4.15 Equity and reserves (continued)

- Other reserves – comprises foreign currency translation differences arising from the translation of financial statements of the Group's foreign entities into AED (see Note 16)
- Mandatory convertible bonds and Sukuk – comprises gains and losses relating to these types of financial instruments (see Note 13)

All transactions with shareholders of the Company are recorded separately within equity.

Treasury shares are own equity instruments that are acquired by the Company, which are recognised at cost and deducted from equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Group's own equity instruments. Any difference between the carrying amount and the consideration, if reissued, is recognised in the share premium.

4.16 Dividends

Obligation is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the Company (i.e. approved in a general meeting), on or before the end of the reporting period but not distributed at the end of the reporting period.

4.17 Revenue recognition

Revenue is based on a five-step model, explained below, that will apply to revenue arising from contracts with customers.

Step 1: Identify the contract(s) with a customer:

Step 2: Identify the performance obligations in the contract:

Step 3: Determine the transaction price:

Step 4: Allocate the transaction price to the performance obligations, and then:

Step 5: Recognise revenue as and when performance obligations are satisfied

The Group has concluded, based on its review of revenue arrangements with customers, that it is the principal in the majority of its revenue arrangements since it is the primary obligor in all the revenue arrangements, has pricing latitude, and is also exposed to credit risks.

Revenues received from time charters are recognised on a straight-line basis over the duration of the charter, less off-hire charges.

Shipping services, marine products sales and distribution revenues consist of the invoiced value of goods supplied and services rendered, net of discounts and returns and are recognised when goods are delivered and services have been performed.

4.18 Operating expenses

Operating expenses are recognised in profit or loss upon utilisation of the goods or services, or as incurred. Expenditure for warranties is recognised when the Group incurs an obligation, which is typically when the related goods are sold.

4.19 Earnings per share

Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to owners of the Company, excluding any costs of servicing equity other than ordinary shares, by the weight average number of ordinary shares in issue during the year (excluding ordinary shares purchased by the Group and held as treasury shares).

4 Material accounting policies (continued)

4.19 Earnings per share (continued)

Diluted earnings per share

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The Group does not have any categories of dilutive potential ordinary shares, hence the diluted earnings per share is the same as the basic earnings per share.

4.20 Significant judgments and estimation uncertainty

When preparing the consolidated financial statements, management undertakes a number of judgments, estimates and assumptions about recognition and measurement of assets, liabilities, income and expenses.

Significant management judgements

The following are the significant judgements made by the management in applying the accounting policies of the Group that have the most significant effect on these consolidated financial statements.

Property lease classification - Group as a lessor

The Group has entered into long-term vessel leasing arrangements. The Group has determined, based on an evaluation of the terms and conditions of the arrangements, such as the lease term not constituting a major part of the economic life of the vessel and the present value of the minimum lease payments not amounting to substantially all of the fair value of the vessel, that it retains substantially all the risks and rewards incidental to ownership of these properties and accounts for the contracts as operating leases.

Estimation uncertainty

Impairment of vessels and goodwill

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs of disposing of the asset. The value in use calculation is based on a DCF model. Calculation of the value-in-use is determined by covering a detailed five-year forecast approved by the management, followed by an extrapolation of expected cash flows for the remaining useful lives using a growth rate determined by management. The present value of the expected cash flows of each cash generating unit is determined by applying a suitable discount rate reflecting current market assessments of the time value of money.

Estimation uncertainty relates to assumptions about the discount rate used for the DCF model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes. With regards to goodwill impairment assessment, the key assumptions used to determine the recoverable amount for the different CGUs, including a sensitivity analysis, are disclosed and further explained in Note 7. With regards to vessels impairment assessment, the key assumptions used to determine the recoverable amount for the different CGUs, including a sensitivity analysis, are disclosed and further explained in Note 6.

Useful lives of vessels, property and equipment

The Group estimates the useful lives of its vessels, property and equipment based on the period over which the assets are expected to be available for use. The Group reviews annually the estimated useful lives of vessels, property and equipment based on factors that include asset utilisation, internal technical evaluation, technological changes, environmental and anticipated use of the assets. It is possible that future results of operations could be materially affected by changes in these estimates brought about by changes in the factors mentioned. A reduction in the estimated useful lives would increase the recorded depreciation expense and decrease the carrying value of the related assets. Residual values are not considered as they are deemed immaterial.

4 Material accounting policies (continued)

4.20 Significant judgments and estimation uncertainty (continued)

Estimation uncertainty (continued)

Allowance for expected credit losses for trade receivables

The Group uses a provision matrix to calculate ECLs for trade receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns.

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions are expected to deteriorate over the next year which can lead to an increased number of defaults, the historical default rates are adjusted. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future. The information about the ECLs on the Group's trade receivables is disclosed in Note 29.

5 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, which have changed from December 31, 2022.

The Group comprises the following main business segments:

- *Vessel chartering:* Chartering of vessels to customers;
- *Shipping and technical services:* Providing agency services to ships calling at ports; and providing workshop services for boats
- *Corporate:* Includes management of all divisions and administrative activities.

Vessel chartering, shipping and technical services and corporate meet the criteria required by IFRS 8: *Operating Segments* and reported as separate operating 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, for which discrete financial information is available, are reviewed regularly by the Group's Executive Committee to make decisions about resources to be allocated to the segment and assess their performance.

5 Operating Segments (continued)

The following table presents revenue and profit information for the Group's operating segments for the years ended December 31, 2023 and December 31, 2022, respectively:

Year ended December 31, 2023	*Vessel chartering* *AED'000*	*Shipping and technical services* *AED'000*	*Corporate* *AED'000*	*Inter-segment elimination* *AED'000*	*Total* *AED'000*
Revenue	**99,432**	**6,524**	**-**	**(422)**	**105,534**
Direct costs	**(92,432)**	**(3,911)**	**-**	**422**	**(95,921)**
Gross profit	**7,000**	**2,613**	**-**	**-**	**9,613**
General and administrative expenses	**(887)**	**(6,361)**	**(19,483)**	**-**	**(26,731)**
Other operating income	**-**	**-**	**24,834**	**-**	**24,834**
Operating profit	**6,113**	**(3,748)**	**5,351**	**-**	**7,716**
Other non-operating income	**981**	**27**	**35,985**	**-**	**36,993**
Finance costs	**(19,080)**	**(91)**	**(4,263)**	**-**	**(23,434)**
Profit before income tax	**(11,986)**	**(3,812)**	**37,073**	**-**	**21,275**
Income tax	**-**	**-**	**-**	**-**	**-**
Segment profit/(loss)	**(11,986)**	**(3,812)**	**37,073**	**-**	**21,275**
At December 31, 2023					
Segment assets	**895,924**	**942**	**93,022**	**-**	**989,888**
Segment liabilities	**(164,479)**	**(1,804)**	**(228,022)**	**-**	**(394,306)**
Capital expenditure	**39,809**	**-**	**-**	**-**	**39,809**

5 Operating Segments (continued)

Year ended December 31, 2022	*Vessel chartering* *AED'000*	*Shipping and technical services* *AED'000*	*Corporate* *AED'000*	*Inter-segment elimination* *AED'000*	*Total* *AED'000*
Revenue	127,110	11,063	-	(944)	137,229
Direct costs	(110,524)	(7,167)	-	944	(116,747)
Gross profit	16,586	3,896	-	-	20,482
General and administrative expenses	(678)	(5,090)	(8,420)	769	(13,419)
Other operating income	425	5	1,026	(769)	687
Operating profit	16,333	(1,189)	(7,394)	-	7,750
Other non-operating income	10,836	-	8,871	--	19,707
Finance costs	(22,685)	2	(10,560)	-	(33,243)
Profit before income tax	4,484	(1,187)	(9,083)	-	(5,786)
Income tax	(1,830)	-	-	-	(1,830)
Segment profit/(loss)	2,654	(1,187)	(9,083)	-	(7,616)
At December 31, 2022					
Segment assets	894,198	45,357	1,521,307	(1,668,513)	792,349
Segment liabilities	(788,166)	(41,091)	(719,297)	1,668,513	(369,205)
Capital expenditure	1,512	-	-	-	1,512

6 Vessels, property and equipment

	Vessels AED'000	Leasehold improvements AED'000	Equipment AED'000	Furniture and fixtures AED'000	Vehicles AED'000	Total AED'000
Gross carrying amount						
As at January 1, 2022	1,276,674	3,845	2,627	489	428	1,284,063
Additions	1,512	-	-	-	-	1,512
As at December 31, 2022	1,278,186	3,845	2,627	489	428	1,285,575
Additions*	40,342	-	110	-	-	40,452
Disposal	(175,887)	-	-	-	-	(175,887)
As at December 31, 2023	**1,142,641**	**3,845**	**2,737**	**489**	**428**	**1,150,140**
Accumulated depreciation						
As at January 1, 2022	650,525	3,288	2,449	489	428	657,179
Charge for the year	40,833	442	-	-	-	41,275
As at December 31, 2022	691,358	3,730	2,449	489	428	698,454
Charge for the year	36,432	115	178	-	-	36,725
Disposal	(101,250)	-	-	-	-	(101,250)
As at December 31, 2023	**626,540**	**3,845**	**2,627**	**489**	**428**	**633,929**
Net carrying amounts:						
As at December 31, 2023	**516,101**	**-**	**110**	**-**	**-**	**516,211**
As at December 31, 2022	586,828	115	178	-	-	587,121

*Additions to vessels relate to drydocking costs.

6 Vessels, property and equipment (continued)

6.1 Impairment of vessels

During the year ended 31 December 2023, the Group has not recorded any provision for impairment on vessels (2022: AED Nil). The assessment was made by comparing the carrying value of the vessel with its recoverable amount, which is the higher of its fair value less cost of disposal and its value in use.

The value-in-use of these vessels has been determined by discounting the cash flow projections over a period of 5 years including estimated terminal value. Cash flow projections are based on past experience and business plans approved by management and based on the following assumptions:

- Revenue of time charter vessels has been determined based on rates as per the contracts whereas revenue for vessels on spot charter has been determined based on expected future TCE rates;
- Vessel running costs have been determined using a mix of actual expense of prior years and budgeted expense for the following years with normal inflationary impact;
- Other expenses, such as dry docking, have been estimated using the historical trend of such expenses and expected cost to be incurred in future;
- Residual value has been determined using the steel value at the end of the useful life of the vessel; and
- The net cash flows have been discounted using a discount rate of 9.15% per annum (2022: 10.45% per annum).

As at December 31, 2023, if the discount rate used was 0.5% higher, with all other variables held constant, there would have been no impairment to the vessels (2022: no impairment).

6.2 Depreciation

The amount of depreciation expense on vessels, property and equipment is presented in the consolidated statement of profit or loss as follows:

	2023	2022
	AED '000	AED '000
Direct costs (Note 23)	**36,432**	40,833
General and administrative expenses (Note 24)	**293**	442
	36,725	41,275

6.3 Pledged assets

Vessels with a carrying value of AED 424,938 thousand (2021: AED 534,153 thousand) as at December 31, 2022 are pledged as security for bank borrowings (Note 17).

6.4 Disposal of a vessel

During the year, the Group sold a vessel with a carrying amount of AED 74,637 thousand for a cash consideration of AED 99,471 thousand resulting in a gain of AED 24,834 thousand.

7 Goodwill

The details of goodwill are as follows:

	2023	2022
	AED'000	AED'000
Gross carrying value	**219,912**	219,912
Accumulated impairment loss	**(76,449)**	(76,449)
Net carrying value	**143,463**	143,463

7 Goodwill (continued)

Goodwill comprises the following:

- Goodwill of AED 135,999 thousand arising at the time of the initial public offer (IPO) and as a result of the acquisition of the exiting ship agency business in 2005; and
- Goodwill of AED 83,913 thousand on acquisition of livestock vessels in 2018.

Goodwill is allocated to the vessel chartering reporting segment.

Management performed an impairment test on goodwill as at December 31, 2023 and 2022. The recoverable amounts of the CGUs have been determined at December 31, 2023 and 2022 based on a value in use calculation using cash flow projections. The cash flows are derived from the most recent pre-tax cash flow projections for the next five years based on estimated charter rates using currently available market information and historical trends for vessels which are not on long term time charter. Cash flows beyond the 5-year period are extrapolated using a growth rate, which management believes approximates the long-term average growth rate for the industry in which the cash-generating units operate.

The pre-tax discount rate applied to the cash flow projections is 8.45% (2022: 9.48%). As a result of the analysis, there is headroom and accordingly no impairment to goodwill.

The calculation of value in use is most sensitive to the following assumptions:

Revenue

Revenue is mainly determined based on the actual charter hiring contracts entered into at the reporting date. Management took into consideration a reasonable decrease of 5% in the expected charter hiring rate is not expected to result in any impairment to goodwill.

Discount rate

The discount rate represents the current market assessment of the risks specific to the CGU, taking into consideration the time value of money and risks of the underlying assets that have not been incorporated in the cash flow estimates. The discount rate calculation is based on the specific circumstances of the Group and its operating segments and is derived from its weighted average cost of capital (WACC). The WACC takes into account both debt and equity. The cost of equity is derived from the expected return on investment from a willing market participant and the cost of debt is based on an estimate of debt available to willing market participants. Segment-specific risk is incorporated by applying individual beta factors. Any reasonable rise of 0.5% (2022: 0.5%) in the discount rate is not expected to result in any impairment to goodwill (2022: AED 9,000 thousand impairment to goodwill).

Growth Rate

The growth rate represents managements best estimate of the applicable market growth rate for the industry segments in which it operates. Any reasonable decrease in the growth rate by 0.5% is not expected to result in any impairment to goodwill (2022: no impairment).

8 Inventories

	2023	2022
	AED'000	AED'000
Spare parts	**7,344**	7,002
Vessel oil and lubricants	**1,740**	827
Others	**-**	137
	9,084	7,966

Inventories with a carrying value of AED 3,974 thousand were recognized as expense in the consolidated statement of profit or loss for the year ended December 31, 2023 (2022: AED 5,528 thousand).

9 Categories of financial assets and liabilities

The Group holds the following financial instruments:

	2023 AED'000	2022 AED'000
Financial assets at amortised cost		
Trade and other receivables	**18,219**	12,357
Cash and bank balances	**210,059**	28,271
	228,278	40,628
Financial assets at fair value through profit or loss		
Quoted equity instruments	**100,379**	-
	328,657	40,628
Financial liabilities at amortised cost		
Trade and other payables	**104,970**	84,284
Interest-bearing borrowings	**300,034**	233,323
Islamic non-convertible sukuk	**-**	34,983
	405,004	352,590
Current	**94,163**	157,889
Non-current	**310,841**	352,590

10 Trade and other receivables

	2023 AED'000	2022 AED'000 *Restated*
Financial assets at amortised cost		
Trade receivables, gross	**22,427**	13,650
Less: allowance for expected credit losses (ECL)	**(6,875)**	(5,875)
Trade receivables, net	**15,552**	7,775
Accrued interest on fixed deposit	**2,667**	-
Other receivables	**-**	4,582
	18,219	12,357
Non-financial assets		
Advances to suppliers	**3,374**	2,196
Prepayments	**1,551**	3,243
	4,925	5,439
	23,144	17,796

The movement in the allowance for expected credit losses of trade receivables can be reconciled as follows:

	2023 AED'000	2022 AED'000
As at January 1,	**5,875**	5,480
Charge for the year (Note 24)	**1,000**	395
As at December 31,	**6,875**	5,875

11 Financial assets at fair value through profit or loss

During the year ended December 31, 2023, the Group invested in quoted equity instruments listed in the UAE for trading purposes, and accordingly, these investments have been classified as financial assets at fair value through profit of loss (FVTPL). The movement in the investments in financial assets at FVTPL is as follows:

	2023 AED'000	2022 AED'000
At the beginning of the year	-	-
Acquisitions	178,423	-
Change in fair value (Note 25)	(2,009)	-
Disposals	(76,035)	-
At the end of the year	100,379	-

12 Cash and cash equivalents

	2023 AED'000	2022 AED'000
Cash on hand	83	136
Cash at banks – current accounts	9,976	28,135
Cash at bank – fixed deposit	200,000	
Cash and bank balances	210,059	28,271
Less: restricted cash (1)	-	(10,470)
Less: fixed deposit (2)	(200,000)	-
Cash and cash equivalents	10,059	17,801

(1) Represents cash held in certain bank accounts for payment of old outstanding unclaimed dividends (Note 13), which were transferred to the Securities and Commodities Authority ("SCA") in 2023 as instructed by SCA.

(2) During the third quarter of 2023, the Group placed AED 200 million as fixed term deposit with a local bank carrying interest at a commercial rate per annum and having 1 year maturity.

13 Share capital

	2023 AED'000	2022 AED'000
Authorised, issued and fully paid-up share capital 837,695,625 shares (2022: 1,275,391,249) of AED 1 each	837,696	1,275,391

The movement in the share capital during the year was as follows:

	2023 AED'000	2022 AED'000
At January 1,	1,275,391	1,019,209
Equity issued to New Bond holders (1)	-	256,182
Capital reduction (2)	(637,695)	-
Conversion of Sukuk to share capital (3)	200,000	-
At December 31,	837,696	1,275,391

13 Share capital (continued)

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

The Group obtained the approval from the Securities and Commodities Authority for the issuance of the New Bond and, in June 2022, the Group agreed for the issuance of New Bond of AED 85,394 thousand to the following parties:

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

On September 29, 2022, and on completion of the regulatory requirements, the New Bond was converted into 256,182 thousand shares of the Company at a price of AED 0.33 per share. Accordingly, the Company's share capital increased by AED 256,182 thousand resulting in a corresponding other reserve in equity of AED 170,788 thousand (Note 16) representing the share discount. All the new shares were subject to the lockup period of one year.

(2) At the General Assembly Meeting held on March 22, 2023, the Company's shareholders, through special resolutions, approved a capital reduction by 50% of the total issued share capital of the Company through the cancellation of 637,695,625 shares in the Company with nominal value of AED 1 (the "Capital Reduction"), on a pro rata basis, to absorb accumulated losses to the extent of AED 637,695,625 reducing the Company's share capital to AED 637,695,625, noting that the Company will fully utilize the legal or optional reserves to absorb part of the accumulated losses with the remaining losses absorbed from the share capital. The shareholders also approved granting the Board of Directors the full authority to take all actions required to implement and execute the Capital Reduction pursuant to the provisions of the UAE Federal Decree-Law No. (32) of 2021 and the executive regulations of the SCA. The Capital Reduction was completed on May 22, 2023 and the statutory reserve was fully utilized for the partial absorption of accumulated losses as approved by the General Assembly and after obtaining the necessary regulatory approvals.

(3) At the General Assembly Meeting held of September 11, 2023, the Company's shareholders, through special resolutions, approved the issuance of 220 million mandatory convertible Sukuk to new investors to be converted to 200 million shares of the Company at a conversion price of AED 1.10 increasing the share capital of the Company to AED 837,695,625 (the "Capital Increase") post the Capital Reduction. The Capital Increase was completed on September 15, 2023 resulting in a share premium of AED 2,400 thousand, net of share issuance cost of AED 17,600 thousand.

14 Statutory reserve

In accordance with the Company's Articles of Association and Article 103 of UAE Federal Law No. (32) of 2021, a minimum of 10% (2022: 10%) of the profit for the year has to be transferred to the statutory reserve. Such transfers are required to be made until the balance of the statutory reserve equals one half of the Company's paid-up share capital. The reserve is not available for distribution except as provided for in the above-mentioned law.

15 Treasury shares

At the Annual General Assembly held on April 28, 2022, the shareholders of the Company approved the recommendation of the Board of Directors to buy back from 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 Company's Board of Directors to:

15 Treasury shares (continued)

- Implement the decision of the General Assembly during 2022 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.

Consequently, in 2022, the Company acquired 11,150,000 of its own shares through market brokers and agents, which have been registered under the Company's name as legal and beneficial holder of those shares, as well as appointed a liquidity provider to provide liquidity for the Company's securities listed on the DFM as the regulated market by entering two-way daily quotes into the Market Trading System, whereby the Company's shares traded under the liquidity provision agreement would be held under the legal name of the liquidity provider on behalf and for the benefit of the Company.

The details of the outstanding treasury shares at the reporting date are as follows:

	Number of shares		Acquisition cost of shares	
	2023	2022	**2023**	2022
	No.	No.	**AED'000**	AED'000
Held under the legal name of:				
- the Company	**575,000**	11,150,000	**334**	3,335
- the liquidity provider	**13,465,854**	35,619,293	**95,947**	20,710
	14,040,854	46,769,293	**96,281**	24,045

A cumulative gain of AED 33,334 thousand has been recognised for the year ended December 31, 2023 as Share Premium under equity (2022: AED 8,452 – Restated) out of which a net gain of AED 24,882 thousand is from the net disposal of shares during the year (2022: net gain of AED 8,452 thousand – Restated). In accordance with the signed agreement, the liquidity provider has partially funded the acquisition of the treasury shares.

16 Other reserves

Other reserves include a reserve of AED 170,788 thousand arising on issuance of 256,182 thousand shares of the Company at a discount against settlement of AED 85,394 thousand of liabilities (Note 13) whereby the Company had completed the requirement for capital increase effective September 29, 2022.

Other reserves also include AED 7,559 thousand equity adjustment on acquisition of non-controlling interests in 2022 representing the excess of purchase consideration over the net carrying value of non-controlling interests as at the date of acquisition.

17 Interest-bearing borrowings

	2023	2022
	AED'000	AED'000
Bank loans		
Term loans	**119,847**	232,492
Short-term loan	**-**	831
	119,847	233,323
Bank overdraft	**180,187**	-
Total interest-bearing borrowings	**300,034**	233,323
Less: non-current portion	**(94,163)**	(157,889)
Current portion	**205,871**	75,434

17 Interest-bearing borrowings (continued)

During the third quarter of 2023, the Group obtained a bank overdraft facility with a limit of AED 200 million secured by the fixed deposit (Note 12), which were mainly utilized for financing activities and settlement of Sukuk. The facility carries interest rate of 0.75% over the highest rate payable on pledged deposits per annum.

The movement in bank loans during the year was as follows:

	2023 AED'000	2022 AED'000
At January 1,	**233,323**	229,232
Add: amortization of arrangement fee	**1,419**	2,810
Add: amortization of discounted value	**-**	1,525
Add: loan availed during the year	**-**	226,920
Less: loans repaid during the year	**(106,375)**	(222,992)
Less: arrangement fee paid	**-**	(4,172)
Less: write back	**(8,520)**	-
At December 31,	**119,847**	233,323

The details of the term loans are as follows:

	2023 AED'000	2022 AED'000
Term loan I (1)	**-**	23,147
Term loan II (1)	**-**	11,050
Term loan III (2)	**119,847**	198,295
	119,847	232,492

(1) At December 31, 2022, the Group had defaulted the repayment of term loans I and II, and accordingly, the entire amounts of the term loans were classified as current liability in the consolidated statement of financial position as at December 31, 2022.

During the current year, the Group agreed on a revised settlement plan with the lender according to which the Group settled an upfront payment of AED 1,000 thousand in addition to legal fees of AED 190 thousand, with the remaining amount of AED 25,000 thousand due for payment on June 1, 2023 plus interest of 3-month EIBOR + 3.5% per annum (minimum 5.5%) until the full and final settlement in case of any delay. However, the AED 25,000 thousand along with accrued interest were fully settled in April 2023.

On this basis, the Group wrote back AED 8,520 thousand of loan principal with relation to the two term loans and AED 10,941 thousand with respect to the related accrued interest, which were recorded under other non-operating income in profit or loss (Note 25).

(2) Term loan III has been obtained in 2022 part of a refinancing arrangement with a financial institution to restructure the Group's borrowings. In accordance with the arrangement, the Group borrowed AED 226,920 thousand and partially utilized the proceeds to fully settle two other term loans. The Group incurred arrangement fee of AED 4,172 thousand, which is being amortised over the term of the loan of 5 years. The loan is subject to compliance with certain financial covenants on quarterly basis, which are all met as at December 31, 2023 (2022: all met). Upon sale of a vessel during the current year (Note 6), the related remaining portion of the term loan of AED 41.9 million was fully settled and the related unamortized portion of the arrangement fee was fully expensed under finance costs.

18 Islamic Non-Convertible Sukuk

On January 16, 2020 the Board of Directors passed a resolution to issue 125 million Islamic non-convertible sukuk (the "Sukuk") amounting to AED 125,000 thousand (AED 1 per Sukuk) in compliance with Islamic Shari'a and by way of a private placement. The Group had obtained approvals on March 12, 2020 from the regulatory authority and on March 29, 2020 from the shareholders at a General Assembly Meeting to issue the Sukuk, which carry profit of 12% per annum payable semi-annually with a maturity term of 5 years.

In 2020, Sukuk amounting to AED 87,572 thousand have been subscribed and the related cash proceeds were received by the Group. Cost of issuance of Sukuk amounting to AED 9,915 thousand is being unwound over the contractual period of the Sukuk.

In 2022, holders of Sukuk amounting to AED 50,540 thousand along with accrued interest until March 31, 2022 of AED 11,565 thousand agreed to settle the Sukuk by way of issuing Mandatorily Convertible Bonds and conversion of the same to shares in the Company (Note 2.3).

On February 14, 2023, the representative of Sukuk holders (the 'Representative') has sent an event of default notice to the Company in relation to default in payment of periodic distribution amount as per the terms of the underlying agreements related to the issuance of Sukuk (the "Terms"). Accordingly, the Representative has demanded and claimed the dissolution distribution amount and delegate the liabilities sum, being USD 14,804 thousand (equivalent AED 54,183 thousand). Further, the Securities and Commodities Authority (SCA) through their letter dated March 24, 2023 requested clarification from the Company in relation to such default. Management assessed that the claims made by the Representative are not valid and was of the view that the liability recorded in the consolidated financial statements of the Group is in accordance with the Terms and will be settled when due as per the Terms. This assessment was communicated by management to SCA through a letter dated March 24, 2023. Management successfully settled with the Sukuk holders an outstanding Sukuk amount of AED 36,000 thousand and the related accrued interest amount of AED 13,484 resulting in a gain on settlement of Sukuk of AED 14,549 thousand recognized under other non-operating income (Note 25) during the current year.

The movements in Sukuk are as follows:

	2023	2022
	AED'000	AED'000
At January 1,	**34,983**	81,385
Settlement	**(36,000)**	(50,541)
Amortisation of the arrangement fee	**1,017**	1,839
Amortisation of the arrangement fee related to conversion to Mandatory convertible bonds	**-**	2,300
At December 31,	**-**	34,983

19 Provision for employees' end of service benefits

	2023	2022
	AED'000	AED'000
As at January 1,	**1,211**	1,177
Charge for the year	**276**	180
Payments made during the year	**(232)**	(146)
As at December 31,	**1,255**	1,211

20 Trade and other payables

	2023 AED'000	2022 AED'000 *Restated*
Financial liabilities at amortised cost:		
Trade payables	**19,231**	22,091
Accruals, provisions and other payables	**12,441**	18,417
Tax accrual	**2,374**	3,812
Accrued interest on Sukuk	**-**	10,954
Dividend payable	**-**	10,470
Accrued interest on bank borrowings		10,946
Payable to liquidity provider (Note 15)	**70,924**	7,594
	104,970	84,284
Non-financial liability		
Advances from customers	**445**	11,501
	105,415	95,785

21 Related party transactions

Key management personnel remuneration

	2023 AED'000	2022 AED'000
Short-term benefits	**3,654**	2,473
Post-employment benefits	**-**	35
	3,654	2,508

Other related party transaction

During 2022, the Company issued Mandatorily Convertible Bonds against the settlement of short-term loans from related parties amounting to AED 10,838 thousand, which were converted into shares in the Company (Note 2.3).

22 Revenue

	2023 AED'000	2022 AED'000
Services transferred over time		
Vessel chartering*	**99,010**	127,110
Services transferred at a point in time		
Shipping and technical services	**6,524**	10,119
	105,534	137,229

*As disclosed in Note 6.4, the Group sold a vessel during the first quarter of the year. In addition, there were several vessels under drydocking during the last quarter of the year.

The transaction price allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) with relation to charter hiring revenue as at 31 December are, as follows:

22 Revenue (continued)

	2023 AED'000	2022 AED'000
Within one year	**73,838**	99,043
More than one year	**23,683**	33,763
	97,521	132,806

23 Direct costs

	2023 AED'000	2022 AED'000
Vessel chartering:		
Ship running costs - vessels	**49,256**	62,748
Depreciation of vessels, property and equipment (Note 6)	**36,432**	41,275
Ship running costs - crew boats	**3,911**	4,507
Ship repairs	**-**	1,048
Shipping and technical services:		
Operating expenses	**6,322**	7,169
	95,921	116,747

24 General and administrative expenses

	2023 AED'000	2022 AED'000
Staff costs	**8,741**	7,121
Professional fees	**5,577**	1,494
Directors' remuneration (Note 21)	**3,654**	2,508
Credit losses on trade receivables (Note 10)	**1,000**	395
Depreciation of vessels, property and equipment (Note 6)	**293**	-
Foreign exchange loss / (gain), net	**171**	(63)
Depreciation of rights-of-use assets	**-**	192
Others	**7,295**	1,769
	26,731	13,416

25 Other non-operating income, net

	2023 AED'000	2022 AED'000
Reversal of liabilities no more required (Note 17)	**19,466**	19,707
Gain of settlement of Sukuk (Note 18)	**14,549**	-
Change in fair value of financial assets at FVTPL (Note 11)	**(2,009)**	-
Others	**1,420**	686
	33,426	20,393

26 Finance costs

	2023	2022
	AED'000	AED'000
Finance costs on:		
-Term loans	**13,744**	23,530
-Islamic non-convertible sukuk	**2,581**	8,923
-Amortisation of arrangement fee	**4,168**	-
-Short-term loan	**1,415**	-
Others	**626**	792
	22,534	33,245

27 Basic and diluted earnings per share

The calculation of basic and diluted earnings per share has been based on the profit/(loss) for the year attributable to the Owners of the Company and weighted average number of ordinary shares outstanding during the year.

	2023	2022
Profit / (loss) for the year attributable to the Owners of the Company (AED'000) – *Restated*	**21,275**	(7,616)
Weighted average number of ordinary shares (Note 15) (1)	**925,479,458**	1,275,391,249
Basic and diluted earnings per share (AED) – *restated*	**0.023**	(0.006)

(1) The weighted average number of ordinary shares takes into account the weighted average effect of changes in treasury shares, the Capital Reduction (Note 13), and the Capital Increase (Note 13) during the year.

28 Commitments and contingent liabilities

At 31 December 2023, the Group did not have any contingent liabilities (2022: a contingent liability with respect to not meeting the proposed payments towards the settlement of term loans I and II, amounting to AED 5,952 thousand as disclosed in Note 17).

The Group does not have any contingent liabilities at the reporting date (2022: None).

29 Financial instruments and risk management

The Group is exposed to various risks in relation to financial instruments. The Group's financial assets and liabilities by category are summarised in Note 9. The main types of risks are market risk, credit risk and liquidity risk.

The Board of Directors has the overall responsibility for the establishment and oversight of the Group's risk management framework. The Group's senior management are responsible for developing and monitoring the Group's risk management policies and report regularly to the Board of Directors on their activities.

The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities.

29 Financial instrument and risk management (continued)

29.1 Market risk analysis

The Group is exposed to market risk through its use of financial instruments and specifically to currency risk, interest rate risk and certain other price risks, which result from both its operating and investing activities.

Foreign currency risk

Most of the Group's transactions are carried out in USD and AED, which is pegged to the USD. Accordingly, the Group is not exposed to significant foreign currency risk.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

At December 31, 2023 and 2022, the Group is exposed to changes in market interest rates through bank borrowings at variable interest rates.

Interest rate sensitivity

The following table illustrates the sensitivity of profit and equity to a reasonably possible change in interest rates of +/- 1% (2022: +/- 1%). These changes are considered to be reasonably possible based on observation of current market conditions. The calculations are based on a change in the average market interest rate for each period, and the financial instruments held at each reporting date that are sensitive to changes in interest rates. All other variables are held constant.

	Profit / (loss) and equity	
	+1%	-1%
	AED'000	AED'000
December 31, 2023	**(1,198)**	**1,198**
December 31, 2022	(2,325)	2,325

Other price sensitivity

The Group is exposed to other price risk in respect of its listed equity securities (Note 11). For the listed equity securities, an average volatility of 5% has been considered by the Group. This volatility figure is considered to be a suitable basis for estimating how profit or loss and equity would have been affected by changes in market risk that were reasonably possible at the reporting date. If the quoted stock price for these securities increased or decreased by that percentage, profit or loss and equity would have increased or decreased by AED 5,019 thousand.

29.2 Credit risk analysis

Credit risk is the risk that a counterparty fails to discharge an obligation to the Group. The Group is exposed to credit risk from financial assets including cash and cash equivalents held at banks and trade and other receivables.

29 Financial instrument and risk management (continued)

29.2 Credit risk analysis (continued)

Credit risk management

The Group's maximum exposure to credit risk is limited to the carrying amount of financial assets recognised at the reporting date, as summarized below:

	2023 AED'000	2022 AED'000
Trade and other receivables	18,219	25,528
Cash and bank balances	210,059	28,271
	228,278	53,799

Trade receivables

The Group continuously monitors the credit quality of customers based on a credit rating scorecard. The Group's policy is to deal only with credit worthy counterparties. The credit terms range between 15 and 30 days. The credit terms for customers as negotiated with customers are subject to an internal approval process. The ongoing credit risk is managed through regular review of ageing analysis, together with credit limits per customer.

The Group applies the IFRS 9 simplified model of recognising lifetime expected credit losses for all trade receivables as these items do not have a significant financing component.

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns.

The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. Management takes into consideration subsequent collections and advances received from customers when assessing the expected credit loss on its trade receivables. Management assessed that the impact of time value of money is insignificant.

Trade receivables are written off (i.e. derecognised) when there is no reasonable expectation of recovery.

On the above basis the expected credit loss for trade receivables as of December 31, 2023 and December 31, 2022 was determined as follows:

			Past due			
2023	***Total AED '000***	***Not due AED '000***	***<90 days AED '000***	***91 to 120 days AED '000***	***121 to 150 days AED '000***	***> 150 days AED '000***
Expected credit loss rate		2%	2%	2%	3%	57%
Gross carrying amount	22,427	776	699	3,687	5,952	11,313
Expected credit loss	6,875	19	17	92	149	6,598

29 Financial instrument and risk management (continued)

29.2 Credit risk analysis (continued)

Credit risk management (continued)

2022	*Total AED '000*	*Not due AED '000*	*Past due* *<90 days AED '000*	*91 to 120 days AED '000*	*121 to 150 days AED '000*	*>150 days AED '000*
Expected credit loss rate		-	-	-	-	97%
Gross carrying amount	13,650	-	2,808	4,766	30	6,046
Expected credit loss	5,875	-	-	-	-	5,875

Bank balances

The credit risk in respect of cash balances held with banks and deposits with banks are managed via diversification of bank deposits and are only with major reputable financial institutions.

29.3 Liquidity risk

Liquidity risk is that the Group might be unable to meet its obligations. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group considers expected cash flows from financial assets in assessing and managing liquidity risk, in particular its cash resources and trade receivables. Cash flows from trade and other receivables are all contractually due within 1 months.

The table below summarises the maturity profile of the Group's financial liabilities based on contractual undiscounted payments:

	Within 1 year	**1 to 5 years**	**After 5 years**	**Total**
	AED'000	**AED'000**	**AED'000**	**AED'000**
December 31, 2023				
Interest-bearing borrowings	**36,419**	**114,258**	**-**	**150,677**
Trade and other payables	**103,607**	**-**	**-**	**103,607**
Bank overdraft	**180,187**	**-**	**-**	**180,187**
Total	**320,213**	**114,258**	**-**	**434,471**

	Within 1 year	1 to 5 years	After 5 years	Total
	AED'000	AED'000	AED'000	AED'000
December 31, 2022				
Interest-bearing borrowings	93,905	210,430	-	304,335
Trade and other payables	16,982	10,946	-	27,928
Islamic non-convertible sukuk	59,250	-	-	59,250
Total	170,137	221,376	-	391,513

The above amounts reflect the contractual undiscounted cash flows, which may differ to the carrying values of the liabilities at the reporting date.

30 Capital management

The Group's capital management objectives are to ensure the Group's ability to continue as a going concern and to provide an adequate return to shareholders to maintain the confidence of its investors, creditors and the market and to sustain future development of the business.

The Group manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, or sell assets to reduce debt. Capital comprises share capital, share premium, treasury shares and all other equity reserves and is measured at AED 595,636 thousand as at December 31, 2023 (2022: AED 419,315 thousand).

In order to achieve this overall objective, the Group's capital management, among other things, aims to ensure that it meets financial covenants attached to the interest-bearing loans and borrowings that define capital structure requirements. Breaches in meeting the financial covenants would permit the bank to immediately call the loans and borrowings. There have been no breaches of the financial covenants of any interest-bearing loans and borrowing as at December 31, 2023.

No changes were made in the objectives, policies or processes for managing capital during the years ended December 31, 2023 and 2022.

31 Correction of error and comparative information

The Group restated the comparative information to correct the accounting treatment of gains from treasury shares that were previously included in profit or loss, and rather recorded such gains directly in equity in accordance with IAS 32 *Financial Instruments*. The error has been corrected by restating each of the affected financial statement line items for the prior year.

In addition, certain amounts have been reclassified in the consolidated statements of financial position and profit or loss to conform with the current year's classification and enhance the quality of presentation with no further impact on the previously reported net assets and results of the Group.

Furthermore, the Group made changes in the reporting segments following changes in internal reporting (Note 5).

The impact of the correction of error and reclassifications is as follows:

Impact on the consolidated statement of financial position as at December 31, 2022	As previously reported AED'000	Effect of restatement and reclassification AED'000	As currently reported AED'000
Trade and other receivables	25,528	(7,732)	17,796
Total assets	792,349	(7,732)	784,617
Trade and other payables	99,688	(3,903)	95,785
Total liabilities	369,205	(3,903)	365,302
Share premium	-	8,452	8,452
Accumulated losses	(666,878)	(12,281)	(679,159)
Total equity	423,144	(3,829)	419,315

31 Correction of error and comparative information (continued)

Impact on the consolidated statement of profit or loss for the year ended December 31, 2022	As previously reported	Effect of restatement and reclassification	As currently reported
Other income	12,776	(12,281)	495
Profit/(loss) before income tax	6,495	(12,281)	(5,786)
Profit/(loss) for the year	4,665	(12,281)	(7,616)

32 Fair value measurement

Management assessed that the fair values of cash and bank balances, trade and other receivables, bank overdraft, and trade and other payables as at December 31, 2023 and 2022 approximate their carrying amounts largely due to the short-term maturities of these instruments.

Management assessed that the carrying amounts of long-term borrowings as at December 31, 2023 and 2022 approximate their fair values due to the fact that they bear variable interest rates that reflect current market interest rates for similar borrowings. As a result, the values of the future discounted cash flows on those borrowings are not significantly different from their current book values.

Financial assets measured at fair value in the consolidated statement of financial position are grouped into three levels as disclosed in the Group's accounting policies (Refer Note 4.11).

The fair values of the financial assets at FVTPL comprising quoted equity instruments are based on quoted prices in active markets, and accordingly, fall under level 1 category of the fair value hierarchy.

There have been no transfers made between the valuation levels during the current year and the previous years.

33 Corporate Tax in the UAE

On December 9, 2022, the UAE Ministry of Finance released Federal Decree-Law No. 47 of 2022 on the Taxation of Corporations and Businesses (Corporate Tax Law or the Law) to enact a Federal corporate tax (CT) regime in the UAE. The CT regime is effective from June 1, 2023 and accordingly, it has an income tax related impact on the consolidated financial statements for accounting periods beginning on or after June 1, 2023.

The Cabinet of Ministers Decision No. 116 of 2022 specifies the threshold of income over which the 9% tax rate would apply and accordingly, the Law is now considered to be substantively enacted from the perspective of IAS 12 - Income Taxes. A rate of 9% will apply to taxable income exceeding AED 375,000 and a rate of 0% will apply to taxable income not exceeding AED 375,000 and a rate of 0% on qualifying income of free zone entities.

The Group will be subject to taxation commencing January 1, 2024.

Based on the information available to the date of the issuance of the consolidated financial statements, management assessed that there is no deferred tax impact on account of the CT Law in the Group's consolidated financial statements as at December 31, 2023.

As certain other cabinet decisions are pending as of the date of the issuance of these consolidated financial statements, the Group will continue to assess the impact of these pending cabinet decisions on deferred taxes as and when finalised and published. Any resulting impact will accordingly be reflected in the Group's consolidated financial statements when such additional information will be substantively issued.

34 Subsequent event

On December 27, 2023 the Group announced that it has acquired 40% of the Turkish Polimar Holding Company's stake in Gulf Navigation Polimar Maritime, which is specialized in the field of Maritime Agency Services, increasing the Group's stake from 60% to 100%. The acquisition of the 40% shares was completed in 2024.