INTEGRATED REPORT 2024

Abu Dhabi Ship Building PJSC

ADSB

ABU DHABI SHIP BUILDING

BEYOND SHIPBUILDING


ADSB

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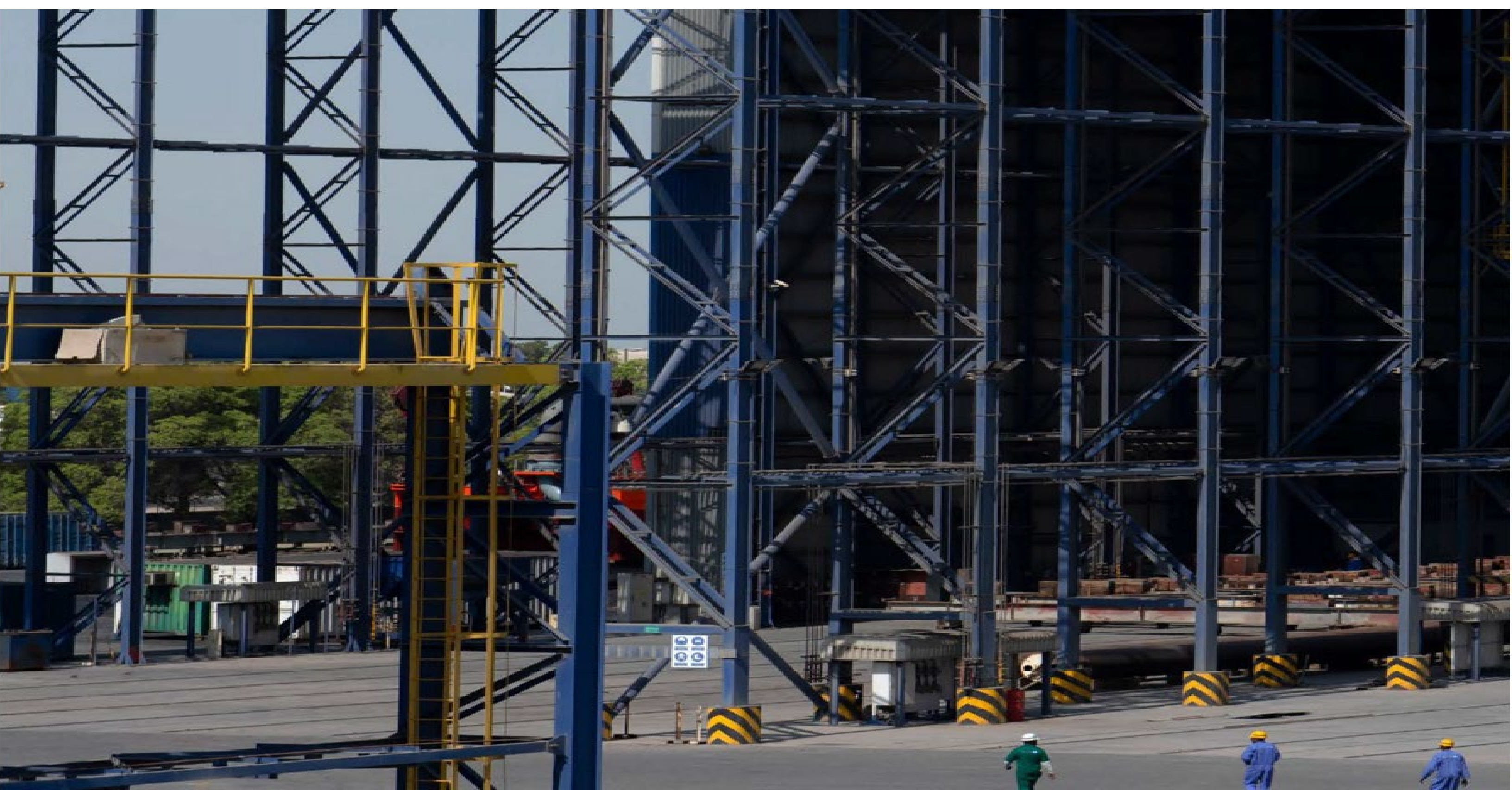

REPORT OVERVIEW

Dear Valued Shareholders,

Abu Dhabi Ship Building PJSC (ADSB) is are pleased to present the **Integrated Report for the year ending 31 December 2024**, offering a comprehensive overview of the company's performance, governance framework, and commitment to sustainability. This report serves as a reflection of our continuous efforts to create long-term value for our stakeholders, guided by our strategic vision and commitment to operational excellence.

Driving Performance Through Strong Governance

At ADSB, we recognize that corporate governance is the foundation of sustainable growth and stakeholder confidence. Our Corporate Governance Report, included in this integrated report, outlines the principles, policies, and practices that drive accountability, transparency, and effective decision-making within the company. Through diligent oversight, a strong leadership structure, and adherence to regulatory compliance, we continue to uphold the highest governance standards, ensuring ADSB remains a trusted and resilient organization.

Commitment to ESG and Sustainable Growth

Sustainability is at the core of our business strategy, reflecting our role as a responsible corporate citizen. Our Environmental, Social, and Governance (ESG) initiatives focus on fostering a positive impact across our operations, from reducing our environmental footprint to championing workforce diversity and community engagement. In 2024, we advanced key ESG programs, reinforcing our dedication to a sustainable and inclusive future while aligning with national and global sustainability frameworks.

A Year of Financial Strength and Strategic Progress

Despite dynamic market conditions, ADSB delivered robust financial performance in 2024, demonstrating resilience and agility in an evolving business landscape. Our Financial Report, included within this document, provides a detailed analysis of our financial results, highlighting revenue growth, operational efficiencies, and disciplined capital management. These financial achievements reflect our unwavering focus on driving shareholder value while positioning ADSB for continued success.

We invite you to explore this report for a deeper insight into our corporate governance framework, sustainability efforts, and financial achievements as we continue our journey of growth and value creation.

Abu Dhabi Ship Building PJSC

Corporate Governance Report

Abu Dhabi Ship Building Company PJSC

Beyond Ship Building

PUBLIC

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At Abu Dhabi Ship Building Company PJSC (hereafter referred to as "**ADSB**" or the "**Company**"), we remain steadfast in our commitment to upholding the highest standards of corporate governance and robust risk management. Our dedication ensures the protection of our business objectives and the interests of our diverse stakeholders.

The 2024 Corporate Governance Report provides a comprehensive overview of ADSB's governance systems and procedures as of 31 December 2024. This report has been filed with the Securities and Commodities Authority (SCA), published on the Abu Dhabi Exchange (ADX), and made available on the Company's website.

1. Statement of Procedures Taken to Complete the Corporate Governance System During 2024

ADSB management remains dedicated to implementing governance rules effectively and transparently, in line with the Board's responsibility to protect and enhance shareholder value. This commitment is reflected in the following key governance practices:

- **Quarterly Board Meetings:** The Board held four meetings in 2024, meeting the requirements set out in Article 156-1 of Federal Decree-Law No. 32 of 2021 on Commercial Companies.

- **Declaration of Independence and Conflict of Interest:** The Board ensured annual disclosure of members' independence, including any changes affecting their status, such as membership in other boards. This was achieved through official declarations confirming their positions on the boards of private and public joint-stock companies.

- **Specialized Board Committees:** The Board of Directors is assisted by various Board Committees, including the Executive Committee, Audit & Risk Compliance Committee, Nominations & Remuneration Committee, and the recently formed the Investor Relations Committee. These committees operate under approved charters that define their duties and delegated powers. In 2024, all committee charters were reviewed and approved by the Board to ensure alignment with best governance practices.

- **Company Disclosures:** ADSB's management remained committed to timely disclosure of quarterly and annual financial statements, ensuring full compliance with legal and regulatory timelines.

2. Statement of ownership and transactions of Board of Directors members and their spouses, and children in the company securities during 2024

All members of the Board of Directors are required to disclose their annual trading in the Company's shares, including transactions made on their own account as well as on behalf of their spouses and children. This obligation is in accordance with Article (36) of the Decision of the Board of Directors of the Securities and Commodities Authority No. (3)/2000 concerning disclosure and transparency regulations.

The table below provides the statement of ownership of the Board members (including their spouses and children) of the Company's shares as of 31 December 2024.

Director	Position	Shares Held as at 31 December 2024	Total Sale Transactions	Total Purchase Transactions
▪ **Khaled Ahmed AlZaabi**	Chairman	Nil	Nil	Nil
▪ **Anas Jawdat Albarguthi**	Vice Chairman	Nil	Nil	Nil
▪ **Khalifa Issa Abushahab**	Director	Nil	Nil	Nil
▪ **Omar Abdulrahman AlZaabi**	Director	Nil	Nil	Nil
▪ **Rodrigo Torres**	Director	Nil	Nil	Nil
▪ **Arwa Ahmed AlKindi**	Director	Nil	Nil	Nil
▪ **Abdulla Saeed Al Ghafli**	Director	Nil	Nil	Nil
▪ **Saeed Salim Hassan Salim Alsuwaidi**	Director	Nil	Nil	Nil
▪ **Dr. Najwa Aaraj**	Director	Nil	Nil	Nil

3. Formation of the Board of Directors

The Articles of Association of the Company define the composition of the Board of Directors, which consists of nine members. Six members are appointed by the Executive Council of the Emirate of Abu Dhabi, or by any authorized person designated by the Council, while the remaining three members are nominated from the public. Each Director serves a three-year term; after which they may be re-elected for successive terms.

In 2024, our Board of Directors continues to comprise of nine Directors, each bringing relevant skills, experience, and diversity to support and drive the Company's vision and strategic objectives.

The table below summarizes the details of the Board of Directors as of 31 December 2024.

Name	Position	Category
▪ **Khaled Ahmed AlZaabi**	Chairman	Non-Executive/dependent
▪ **Anas Jawdat Albarguthi**	Vice Chairman	Non-Executive/Independent
▪ **Khalifa Issa Abushahab**	Board Member	Non-Executive/Independent
▪ **Omar Abdulrahman AlZaabi**	Board Member	Non-Executive/dependent
▪ **Rodrigo Torres**	Board Member	Non-Executive/dependent
▪ **Arwa Ahmed Al Kindi**	Board Member	Non-Executive/Independent
▪ **Abdulla Saeed Al Ghafli**	Board Member	Non-Executive/Independent
▪ **Saeed Salim Hassan Salim Alsuwaidi**	Board Member	Non-Executive/Independent
▪ **Dr. Najwa Aaraj**	Board Member	Non-Executive/Independent

Profiles of

Board of Direcotrs

Khaled Ahmed AlZaabi
Chairman of Board of Directors
Board member since: August 2023
Category: Non-Executive/
dependent member

Experience and Qualifications:

Mr. Khaled Al Zaabi is the President of the Platforms & Systems cluster at EDGE, one of the world's leading defense and advanced technology groups, with over 16 years' experience as an investment professional with successful tenures in Mubadala and in NIMR Automotive as Chief Commercial Officer.

Mr. Khaled's academic background includes a Bachelor of Aerospace Engineering from RMIT University, Australia, and an Executive MBA from INSEAD, France.

Other external appointment held by Mr. Khaled is a board Member in NIMR Algeria company.

In 16th of February 2024, Mr. Khaled was announced as the new Chairman of Abu Dhabi Ship Building PJSC

Anas Jawdat Albarguthi
Vice Chairman
Chairman of Human Resources and Nomination Committee

Board member since: December 2019
Category: Non-Executive/
Independent member

Experience and Qualifications:

Mr. Anas Jawdat Albarguthi serves as the Chief Operating Officer at ADQ, overseeing key functions including human capital, IT, digitization, cybersecurity, corporate services, procurement, and experience and engagement.

With over 20 years of leadership experience across the government, semi-government, and private sectors in the UAE and UK, he has held prominent roles, including Assistant Secretary General and Executive Director at Abu Dhabi Quality and Conformity Council.

Mr. Anas holds a Master's degree in International & Comparative Business Law (LLM) from London Guildhall University and a Bachelor's degree in Law from Amman Private University.

Mr. Anas Jawdat Albarguthi also holds several external appointments, serving as the Chairman of Abu Dhabi Media Company, Chairman of Q Market Makers (QMM), and Vice Chairman of Abu Dhabi Exhibition Center.

Khalifa Issa Abushahab
Chairman of Audit & Risk Committee
Member of the Investor Relations Committee

Board member since: December 2019
Category: Non-Executive/ Independent member

Experience and Qualifications:

Mr. Khalifa serves as the Director of Corporate Services at ADQ and holds a Bachelor of Business Administration in Finance from George Washington University.

Before joining ADQ, he held a senior management role at Tawazun Economic Council and served as a Board Member for several organizations, including Nimr Algeria, Caracal Algeria, Nimr Automotive, and Advanced PyroTechnics (APT).

Additionally, he was the Chairman of the Audit Committee at Methaq Takaful Insurance Co. PJSC.

Rodrigo Torres
Chairman of the Executive Committee
Chairman of Investor Relations Committee
Member of the Audit and Risk Committee

Board member since: January 2022
Category: Non-Executive/ dependent member

Experience and Qualifications:

Mr. Rodrigo is a seasoned Chief Financial Officer with over 20 years of global experience, having held key positions across various finance functions in eight countries and multiple manufacturing industries.

He currently serves as the President and Group CFO at EDGE, one of the world's leading defense and advanced technology groups.

Mr. Rodrigo holds an MBA and a Bachelor's degree in Mechanical and Industrial Engineering.

He serves as a Board Member at Milrem Robotics and ANAVIA Aerosystem and as an Advisory Board Member for the Audit Committee at GAL and NIMR.

Omar Abdulrahman AlZaabi
Member of Executive Committee
Board member since: January 2022
Category: Non-Executive/dependent

Experience and Qualifications:

Mr. Omar Al Zaabi is the Senior Vice President of the Trading & Mission Support Cluster at EDGE, one of the world's leading defense and advanced technology groups.

Before assuming his current role, he served as Senior Vice President, Head of Program Acquisition at EDGE, and previously as the Deputy Executive Director at a government entity.

In addition to holding CCNA, CCNP, and PMP certifications, Mr. Omar earned a Bachelor's degree in Education and a Higher Diploma in Computer Networking from the Higher Colleges of Technology, UAE.

Abdulla Saeed Al Ghafli
Member of Audit & Risk Committee
Member of the Investor Relations Committee
Board member since: April 2022
Category: Non-Executive/Independent

Experience and Qualifications:

Mr. Abdulla Al Ghafli is an Investment Manager at the General Pension & Social Security Authority. In addition to obtaining the CFA certification, he holds a Bachelor of Business Administration in Accounting with a Minor in Marketing, as well as a Master of Science in International Business and Finance from London Metropolitan University.

Mr. Abdulla also serves as a Board Member at Al Ramz Corporation Investment and Development PJSC.

Saeed Salim Alsuwaidi
Member of Executive Committee
Board member since: January 2020
Category: Non-Executive/Independent

Experience and Qualifications:

Mr. Saeed Alsuwaidi holds a Bachelor's degree in Mechanical Engineering from the University of Miami, Florida, USA, and a Master's degree in Strategic and Security Studies.

With an extensive and decorated military career, he has previously held significant leadership roles, including Commander of Naval Workshops, Deputy Director of Logistics for UAE Naval Forces, and Director of Logistics at CICPA.

Arwa Ahmed Al Kindi
Member of Human Resources and Nomination Committee

Board member since: April 2022
Category: Non-Executive/Independent

Experience and Qualifications:

Ms. Arwa Al Kindi holds a Master's degree in Communication Science from the University of Sharjah.

With over 26 years of experience, she has held various leadership roles, including serving as a member of several boards of directors and committees for both public and private institutions. Notably, she was a member of the Investment Committee at Abu Dhabi Aviation Company.

Dr. Najwa Aaraj
Member of Human Resources and Nomination Committee

Board Member since: April 2024
Category: Non-Executive/Independent

Experience and Qualifications:

Dr. Najwa Aaraj is the Chief Executive Officer at the Technology Innovation Institute (TII), the applied research pillar of the Advanced Technology Research Council (ATRC) in Abu Dhabi. With a PhD in Applied Cryptography and Embedded Systems Security from Princeton University, Dr. Aaraj brings over 18 years of global experience in cryptography, embedded systems security, and robotics.

She has previously held senior roles at DarkMatter, Booz & Company, IBM, and Intel, and is currently a board member at Abu Dhabi Ship Building.

3.1 Women's Representation at the Board of Directors for the year 2024

Abu Dhabi Ship Building PJSC recognizes the critical role of diverse perspectives in effective corporate governance. We believe that varied backgrounds and experiences enrich our decision-making processes, leading to more robust and innovative outcomes. In 2024, ADSB is pleased to report that women comprise approximately 22% of our Board of Directors, with two female members out of nine. This reflects our ongoing commitment to fostering a diverse and inclusive leadership team

3.2 Remuneration of the Board Members

- **Total remuneration paid to the Board for 2023**

The General Assembly approved a remuneration for the Board of Directors members for the year 2023 with a total value of AED 2,750,000.

- **The value of the proposed remuneration for the members of the Board of Directors for the year 2024**

The Board proposes AED 4,200,000 as total remuneration for 2024 subject to shareholder approval at the Annual General Assembly

- **Details of allowances, salaries, or additional fees received by the Board Members other than committee Attendance Allowances and Reasons thereof**

None.

- **Details of Allowances for Attending Meeting of Committees Emanating from the Board received by the Board Members for the fiscal year 2024**

Allowances for Attending Committee Meeting

Name	Committee	Position	Number of meetings	Total Allowance Value (AED)
Khalifa Issa Abushahab	Audit & Risk Committee	Chairman	5	100,000
	Human Resources and Nomination Committee	Member	2	50,000
Anas Jawdat Albarguthi	Human Resources and Nomination Committee	Chairman	3	50,000
Rodrigo Torres	Executive Committee	Chairman	4	50,000
	Audit & Risk Committee	Member	4	50,000
Omar Abdulrahman AlZaabi	Executive Committee	Member	4	50,000
Saeed Salim Hassan Salim Alsuwaidi	Executive Committee	Member	4	50,000
Abdulla Saeed Al Ghafli	Audit & Risk Committee	Member	5	50,000
Arwa Ahmed Al Kindi	Human Resources and Nomination Committee	Member	2	50,000
Dr. Najwa Aaraj	Human Resources and Nomination Committee	Member	1	50,000

3.3 Number of Board meetings held during the fiscal year 2024 along with their convention dates, personal attendance times of all members, and members attending by proxy

Board Meeting	20 March	2 July	21 November	30 December
▪ Khaled Ahmed AlZaabi	Present	Present	Present	Present
▪ Anas Jawdat Albarguthi	Present	Present	Present	Present
▪ Khalifa Issa Abushahab	Present	Present by Proxy	Present	Present
▪ Rodrigo Torres	Present	Present by Proxy	Present	Present
▪ Abdulla Saeed AlGafli	Present	Present	Present	Present
▪ Arwa Ahmed Al Kindi	Present	x	Present	Present
▪ Omar Abdulrahman AlZaabi	Present	Present	Present	x
▪ Saeed Salim Hassan Salim Alsuwaidi	Present	Present	Present	Present
▪ Dr. Najwa Aaraj	-	Present	Present	Present

3.4 Name of the Board Secretary and the date of his appointment

Mr. Yasser Omar from Hadef & Partners, an Executive Partner and Head of Corporate and Commercial Practice, acts as the Board Secretary. Reporting directly to the Board, he provides independent legal and regulatory guidance, ensuring comprehensive support during all Board meetings.

3.5 Number of Board resolutions passed by circulation during the fiscal year 2024

The Board issued a total of resolution by circulation during the fiscal year 2024 on the following dates:

	Resolution No.	Date	Subject
1	**Resolution No.1 of 2024**	19 February 2024	Appointment of Chairman
2	**Resolution No.2 of 2024**	04 March 2024	Restructure of Board Committees
3	**Resolution No.3 of 2024**	14 May 2024	Approval of Financial Results for the first Quarter of 2024 for the period ending 31 March 2024
4	**Resolution No.4 of 2024**	22 May 2024	Restructure of Human Resources and Nominations Committee

3.6 Statement of Board duties and powers exercised by Board members or the Executive Management during 2024 based on an authorization from the Board

The Executive Management team, comprising the Chief Executive Officer, Chief Operating Officer, and Chief Financial Officer, is responsible for implementing the Company's strategic direction and managing daily operations. These activities are conducted in accordance with Board-approved business plans, with a focus on protecting shareholder interests and adhering to best practices to achieve the Company's objectives.

Executive Management provides the Board with regular reports on the Company's financial and operational performance, as well as the effectiveness of its internal control systems.

A comprehensive Delegation of Authority document clearly defines approval limits and lines of responsibility across all business functions.

3.7 Details of Transactions carried out between the Related Parties (Stakeholders) during the year 2024

The nature of related party transactions carried out in 2024 were all related to Company's normal course of business and details of such transactions are in the table below.

No.	Statement of the Relevant Party	Explanation of the Nature of the Relationship	Transaction Type	Transaction Volume In AED
1	Edge Defense Platforms & Systems	Major Shareholder (49.96%)	Information Technology Services	(9,130,804.67)
2	Edge Defense Platforms & Systems	Major Shareholder (49.96%)	Marketing Services	(436,086)
3	Edge Defense Platforms & Systems	Major Shareholder (49.96%)	Training Services	(10,548)
4	Nimr Automotive LLC	Intercompany	Supply Contract	4,455,172.18
5	Nimr Automotive LLC	Intercompany	Contract Costs	(5,320)
6	Abu Dhabi Autonomous Systems Investments Co. LLC	Intercompany	Service Contract	500,000
7	ANAVIA	Intercompany	Subcontract Services	(29,626,803.09)
Net Transactions				**(34,254,389.58)**

In respect to the related party transactions equal to or greater than 5% of the Company's share capital, in 2024, the Company presented the following two transactions to the shareholders at the General Assembly held on 26 June 2024, which were subsequently approved by the shareholders:

- Related party transaction with **Emirates Advanced Research and Technology Holding Company – LLC** with a value of which exceeds (5%) of the company's capital.

- Related party transaction with **Anavia Company** with value exceeds (5%) of the company's capital AED (29,626,803.09)

3.8 Assessment of the Board of Directors:

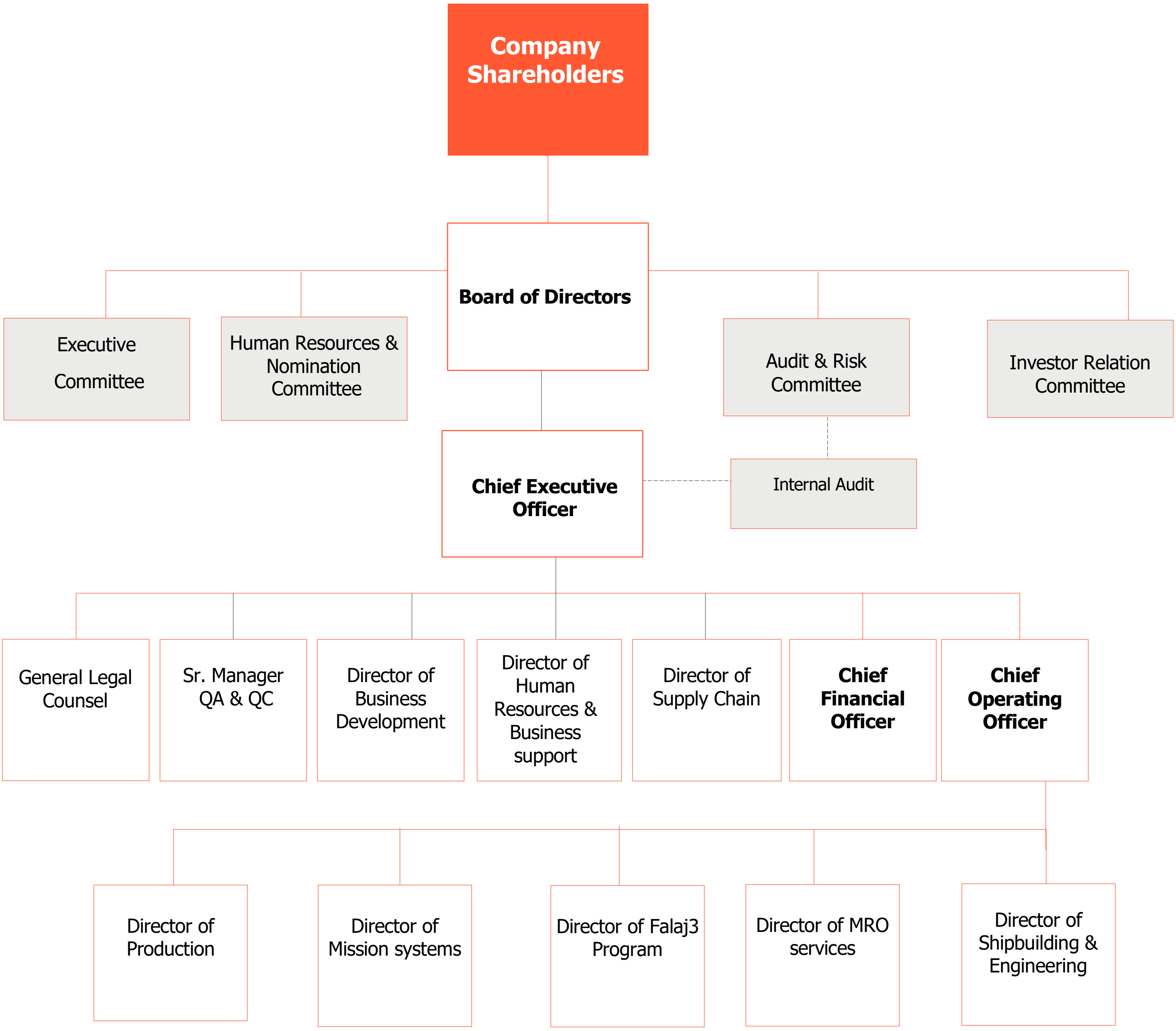
The performance assessment of the Board of Directors and its committees is a critical governance practice that contributes to the ongoing success and sustainability of ADSB’s operations. This evaluation process reflects ADSB’s dedication to:

- Strengthening corporate governance principles
- Ensuring compliance with regulatory standards and international best practices
- Assessing the effectiveness of the Board in fulfilling its responsibilities
- Evaluating the efficiency of strategic oversight and decision-making
- Identifying areas for improvement to enhance governance, compliance, and the achievement of strategic goals

A comprehensive evaluation of the Board, its members, and Committees will be conducted in the second quarter of 2025.

Additionally, the Board conducts an annual assessment of the Executive Management's performance to ensure alignment with strategic objectives and operational efficiency. This comprehensive approach demonstrates ADSB's commitment to transparent, effective, and accountable governance.

4. Organizational Structure and Executive Management



3.1 Detailed Statement of the Senior Executives in the First and Second Ranks of the company, their Positions, Dates of Appointment, Total Salaries and Bonuses paid them during the year 2024

Position	Date of Appointment	Total Salaries and Allowances Paid for the year 2024 (Dirham)	Total Bonuses Paid for year 2024 (Dirham)	Any other cash/in kind Remuneration for the year 2024 or Fall Due in the Future
Chief Executive Officer	01/04/2020	1,808,442.66	803,649.60	None
Chief Operating Officer	01/04/2019	1,386,300.00	545,289.60	None
Chief Financial Officer	08/02/2015	1,265,073.84	505,478.40	None
General Legal Counsel	13/02/2020	1,419,641.40	545,289.6	None
Human Capital & Business Support Director	09/02/2020	1,085,994.69	431,827.2	None
Supply Chain Director	19/05/2019	1,030,029.60	406,924.80	None
Business Development Director	14/10/2018	1,134,482.55	454,659.26	None
Shipbuilding & Engineering Director	14/12/2014	1,037,548.71	427,395.26	None
MRO Services Director	06/08/2017	1,120,577.85	413,507.23	None
Falaj 3 Program Director	08/09/2013	1,017,175.89	413,507.23	None
Production Director	20/11/2011	901,725.27	366,380.06	None
Mission Systems Director	03/04/2023	1,046,990.76	414,134.40	None

5. External Auditors

Grant Thornton were the independent External Auditor of the Company for the year ended 31 December 2024. Grant Thornton is one of the leading professional audit services companies in the United Arab Emirates and is recognized as a leading provider of quality assurance and business advisory services.

Grant Thornton served as the independent external auditor for ADSB for the year ending 31 December 2024. Grant Thornton is a leading professional audit services firm in the United Arab Emirates, renowned for its quality assurance and business advisory services.

They were appointed by a decision of the shareholders during the General Assembly Meeting on 28 April 2024, with a fee of AED 412,000 for the audit and quarterly reviews of the Company (excluding standard out-of-pocket expenses).

The General Assembly evaluates the performance of external auditors, approves their appointment, and determines their remuneration. The external auditors attend the General Assembly Meeting to present their reports and address any inquiries from the shareholders.

5.1 Statement of fees and costs for the audit or services provided by the external auditor

Name of the Audit firm	Grant Thornton Audit & Accounting Limited – Abu Dhabi
Name of the Partner Auditor	Signing Partner: Dr. Osama El Bakry Engagement Partner: Samer Hijazi
Number of years spent as the company's external auditor	5
Number of years the partner auditor spent auditing the company's accounts	5 for Engagement Partner 2 for the Signing Partner
Total value of audit fees for 2024 (in AED)	AED 292,000
Details and nature of other services provided by the company's auditor (if any). In the event that there are no other services, this shall be stated explicitly.	Audit of Internal Control Over Financial Reporting (ICOFR)
The value of fees and costs incurred for other special services other than auditing the financial statements for 2024 (in AED), if any. In the event that there are no other fees, this shall be stated explicitly.	AED 120,000
Statement of other services that an external auditor other than the company auditor provided during 2024 (if any). In the event that there are no services provided by another external auditor, this shall be stated explicitly.	Auditor name: Not Applicable. Details of provided services: Not Applicable.

5.2 External Auditor's opinion on the Company's interim and annual financial statements for the year 2024.

No qualified opinions or reservations were made by the Company's external auditor in the interim and annual financial statements for 2024.

6. Board Committees

6.1 AUDIT & RISK COMMITTEE

The Audit & Risk Committee assists the Board in fulfilling its corporate governance responsibilities in relation to risk management and internal control systems, accounting policies and practices, financial reporting and internal and external audit functions.

The Committee is comprised of three Directors. The General Legal Counsel is the Secretary to the Audit & Risk Committee. The CEO, external auditor and Company advisors also attend the meetings as and when required but are not entitled to vote on the decisions of the Committee.

6.1.1 Names of the Audits and Risk Committee members

	Name	Position
1	Khalifa Abushahab	Chairman
2	Abdulla Al Ghafli	Member
3	Rodrigo Torres	Member
4	Amit Surana	Advisor
5	Rashed Alsuwaidi	Advisor

The Chairman of Audit & Risk Committee acknowledges his responsibility for the Human Recourses and Nomination Committee, the review of its working mechanisms and ensuring its effectiveness.

6.1.2 Terms of Reference of the Audit & Risk Committee

1. Review the Company's financial and accounting policies and procedures.

2. Monitoring the integrity of Company's financial statements and reports (annual, semi-annual and quarterly) review thereof as a part of its normal work during the year, and the Committee shall particularly, focus on the following:

- Any changes in accounting policies and practices;
- Highlighting the aspects that are subject to the management's discretion;
- Substantial amendments resulting from audit;
- Supposing continuity of the Company's business;
- Commitment to the accounting standards approved by the Securities and commodities Authority; and
- Commitment to the listing and disclosure rules and any other legal requirements related to preparation of financial reports.

3. Coordinating with the Company's Board of Directors, Senior Executive Management, and the Finance Manager or the Manager doing such role in the Company, for the purpose of performing its duties.

4. Considering important and unusual clauses or unconventional issues that are or shall be mentioned in such reports and accounts, the Committee shall also pay the required attention to any issues brought up by the Finance Manager, the Manager doing such role, the Compliance Officer, or the Auditor.

5. Submitting a recommendation to the Board of Directors respecting selection, resignation, or discharge of the auditor, and in case the Board of Directors rejects the recommendation of the Committee in this regard, the Board of Directors shall include in the Governance Report a statement clarifying the Committee recommendations and the reasons for the Board of Directors' rejection thereof.

6. Setting and implementing the policy of contracting with the auditor, submitting a report the Board of Directors, specifying the issues the Committee deems necessary to take procedures in relation to, and submitting the Committee's recommendations concerning the steps required to be taken.

7. Ensuring the auditor's fulfillment of the terms stipulated in the applicable laws, regulations, and resolutions and the Company' Articles of Association, and following up and monitoring his/her independence.

8. Meeting with the Company' auditor without attendance of any of the personnel of the Senior Executive Management or representative thereof, at least once annually, and discussing with the auditor the nature and scope of the auditing process and its effectiveness according the approved auditing standards.

9. Studying all that is related to the auditor's job, work plan, correspondence with the Company, comments, proposals, concerns, and any substantial inquiries posed by the auditor to the Senior Executive Management concerning accounting books, financial accounts, or control systems, and following up the Company's board of Directors response thereto and provision of the facilities required for performing the auditor's job.

10. Ensuring timely response of the Board of Directors to inquiries for illustration and substantial matters mentioned in the auditor's letter.

11. Review and assessment of financial control, internal control and risk management systems in the Company.

12. Discussing the internal control system with the Board of Directors and ensuring the latter's establishment of an effective system for internal control.

13. Considering the results of primary investigations in internal control issues as assigned to the Committee by the Board of Directors or based on an initiative on the part of the Committee and the Board of director's approval of such initiative.

14. Review of the auditor's assessment of internal control procedures and ensuring coordination between the internal and external auditors.

15. Ensuring availability of the resources required for the internal control department and reviewing and monitoring the effectiveness of such department.

16. Studying internal control reports and following up the implementation of corrective measures for the comments arising from such report.

17. Setting the rules that enable the Company's staff to confidentially report any potential violations in financial reports, internal control, or any other issues and the procedures sufficient for conducting independent and fair investigations concerning such violations.

18. Monitoring the extent to which the Company compiles with the code of conduct.

19. Review of related party transactions with the Company, managing conflict of interest, and submitting recommendations concerning such transactions to the Board of Directors before concluding the contracts.

20. Ensuring implementation of the code of conduct related to the Committee's duties and powers assigned to it by the Board of directors.

21. Responsible for the risk management policy of the company operations' and oversight of the operations of the company risk management framework.

22. The Committee will assist the Board of Directors in fulfilling its oversight responsibilities with regard to the risk appetite of the Corporation and the risk management and compliance framework and the governance structure that supports it. Risk appetite is defined as the level and type of risk a firm is able and willing to assume in its exposures and business activities, given its business objectives and obligations to stakeholders.

23. Approve and periodically review the risk management policies of the company's global operations; and oversee the operation of the Company's global risk management framework, which shall be commensurate with the structure, risk profile, complexity, activities, and size of the Company, including: Policies and procedures establishing risk management governance, risk management procedures, and risk control infrastructure for operations;

24. Processes and systems for implementing and monitoring compliance with such policies and procedures, including processes and systems to:

- Identify and report risks and risk management deficiencies, including emerging risks, and ensure effective and timely implementation of actions to address emerging risks and risk management deficiencies for the Company's operations;
- Establish managerial and employee responsibility for risk management;
- Ensure the independence of the risk management function; and
- Integrate risk management and associated controls with management goals and the company's compensation structure for its operations.

6.1.3 Audit & Risk Committee Meetings during year 2024:

Meeting No.	Meeting Date	Number of Attendees
1	21 March 2024	4
2	02 May 2024	4
3	14 May 2024	4
4	11 November 2024	3

6.1.4 Annual Audit Committee Report

- **Significant Matters Reviewed by the Committee Regarding Financial Statements and Their Resolutions**

  The Audit and Risk Committee ensures the integrity and accuracy of ADSB's financial reporting. In coordination with the Chief Financial Officer and management, the committee conducts quarterly reviews of the company's financial statements, ensuring compliance with accounting standards and regulatory requirements.

- **Assessment of the External Audit Process, Auditor Appointment/Reappointment, and Tenure**

  The committee oversees the external audit process to ensure its effectiveness, independence, and regulatory compliance. It secures formal confirmation from the external audit firm, affirming the auditors' independence and absence of conflicts of interest. After a thorough evaluation, the committee recommends an external audit firm for Board approval.

- **Recommendation on External Auditor Appointment, Reappointment, or Dismissal**

  In compliance with UAE Federal Decree Law No. 32 of 2021, the committee ensures the external audit firm's rotation every six years, aligning its recommendations with legal requirements.

- **Ensuring the Independence of the External Auditor When Providing Non-Audit Services**

  To safeguard auditor independence, the committee enforces strict policies on non-audit services. An annual independence confirmation is obtained from the audit firm's Partner and engagement team. The committee also reviews the scope of non-audit services, imposing necessary limitations to prevent conflicts of interest and maintain objectivity.

- **Actions Taken or Planned to Address Deficiencies in Internal Control or Risk Management**

  The committee enhances ADSB's internal control and risk management frameworks through structured oversight. Quarterly meetings are held to review internal audit and risk reports, with key findings discussed with senior management. The Risk Management and Internal Audit Department conducts follow-ups on corrective actions, ensuring continuous monitoring and progress reporting.

- **Review of Internal Audit Reports on Medium and High-Risk Findings**

  The committee closely monitors internal audit reports highlighting medium and high-risk findings to assess compliance and mitigate risks. This process ensures that any identified weaknesses, regulatory violations, or control gaps are addressed promptly and effectively.

- **Corrective Action Plan for Addressing Substantial Deficiencies in Risk Management and Internal Controls**

  To strengthen governance and risk management, the committee oversees the development and execution of a corrective action plan. This plan, created in collaboration with the Risk Management and Internal Audit Department, focuses on reinforcing internal controls and minimizing financial, operational, and compliance risks. Clear timelines and responsibilities are defined, with continuous evaluation ensuring measurable improvements.

- **Audit and Oversight of Related Party Transactions**

  The Audit and Risk Committee provides rigorous oversight of all related party transactions to ensure compliance with legal and regulatory requirements. It conducts thorough reviews, assesses key observations and findings, and ensures that these transactions are transparent, accountable, and free from conflicts of interest.

  Through these initiatives, the Audit and Risk Committee upholds ADSB's commitment to corporate governance, transparency, and risk mitigation

6.2 Human Recourses and Nomination Committee

The Human Recourses and Nomination Committee established to assist the Board in its responsibilities for reviewing nomination and remuneration arrangements of both the Board members and the Executive management team in order support the strategic aims of the business.

The Committee is comprised of three Directors. The General Legal Counsel is the Committee Secretary. The CEO, and Company advisors attend the meetings as and when as required but are not entitled to vote on the decisions of the Committee.

6.2.1 Names of the members of the Human Recourses and Nomination Committee

	Name	Position
1	Anas Jawdat Albarguthi	Chairman
2	Khalifa Abushahab	Member
3	Dr. Najwa Aaraj	Member
4	Noor Alsulaimani	Advisor

The Chairman of Human Recourses and Nomination Committee acknowledges his responsibility for the Human Recourses and Nomination Committee, the review of its working mechanisms and ensuring its effectiveness.

6.2.2 Terms of Reference of the Human Recourses and Nomination Committee

- Setting a policy for nomination of the Board and executive management membership with the aim of varying between the two genders in the Board and encouraging female nominees through offering privileges and training and motivational programs, and submitting a copy of such policy to the Securities and Commodities Authority and any amendments thereof.

- Regulating and following up the procedures of nomination for Board membership in accordance with the applicable laws and regulations, as well as the provisions of the Code of Corporate Governance.

- If the Committee finds out that one of the members has lost independence, the Committee shall bring the issue before the Board to inform the member(s) by a registered letter at their address registered at the Company clarifying the reasons for the loss of independence; such member shall reply to the Board within fifteen days from the date of receiving notice thereof, and the Board shall issue a decision as to whether such member is independent or otherwise in its first meeting following reception of the Board member’s reply or elapse of the period mentioned in this paragraph without replying.
- Taking into consideration article (145) of the Companies Law, if the Board decision of a member’s loss of independence affects the minimum percentage of independent Board members, the Board shall appoint an independent member to replace such member in case the latter submits ion for losing independence; if such member refuses to submit his/her resignation, the Board of Directors shall bring the issue before the general assembly to issue the decision of approval of appointing another Board member or open the door for nomination to elect a new Board member.

- Setting the policy for granting bonuses, privileges, incentives, and salaries and employees of the company, reviewing such policy annually, and ensuring that the bonuses and privileges offered to the Senior Executive Management are reasonable and in line with the Company’s performance.

- Determining the Company’s needs of qualifications at the Senior Executive Management and the employee levels and the criteria for selection thereof.

- Setting the Company's human resources and training policy, monitoring implementation of such policy, and reviewing thereof on annual basis.
- Review, recommend and or endorse organization structure, Emiratization, compensation and benefits policies.
- Any other responsibilities or tasks assigned by the Board and the Chairman.

6.2.3 Human Recourses and Nomination Committee meetings during the year 2024

Meeting No.	Meeting Date	Number of Attendees
1	29 March 2024	4
2	27 May 2024	4
3	19 December 2024	4

6.3 Investor Relations Committee

The Investor Relations Committee was established by the Board of Directors on 21st November 2024 to oversee and guide ADSB's investor relations strategy, with the primary objective of enhancing transparency and improving communication with stakeholders.

The committee aims to build and maintain investor confidence in the company's strategy and performance.

The Committee is comprised of three Directors. The General Legal Counsel is the Committee Secretary. The CEO, and Company advisors attend the meetings as and when as required but are not entitled to vote on the decisions of the Committee.

As the committee was formed late in the year, it did not hold any official meetings in 2024. Moving forward, the committee is expected to play an active role in fostering stronger relationships with the investment community and ensuring the continued success of ADSB's investor relations efforts.

6.3.1 Names of the member of the Investor Relations Committee

	Name	Position
1	Rodrigo Torres	Chairman
2	Khalifa Abushahab	Member
3	Abdulla Al Ghafli	Member

The Chairman of Investor Relations Committee acknowledges his responsibility for the Investor Relations Committee, the review of its working mechanisms and ensuring its effectiveness.

6.4 EXECUTIVE COMMITTEE

The Executive Committee was formed on 26 January 2020. The Executive Committee acts as an advisor to the Board where it reviews, evaluates and makes recommendations to the Board on various matters based on the level of authority and delegation.

The Committee is comprised of three independent Directors. The General Legal Counsel is the Committee Secretary. The CEO, and Company advisors attend the meetings as and when as required but are not entitled to vote on the decisions of the Committee.

6.4.1 Names of the members of the Executive Committee

	Name	Position
1	Rodrigo Torres	Chairman
2	Omar Al Zaabi	Member
3	Saeed Alsuwaidi	Member
4	Amit Surana	Advisor
5	Miles Chambers	Advisor

The Chairman of Executive Committee acknowledges his responsibility for the Executive Committee, the review of its working mechanisms and ensuring its effectiveness.

6.4.2 Terms of Reference of the Executive Committee

1. Review and make recommendations to the Board on the direction of, and strategies for, development or new business areas that promote the growth of the Company's overall business in accordance with the Company's business plan and strategic objectives.

2. Advise the Board on the strategic health of the Company with respect to its overall business goals and strategic objectives as set forth in the Company's business plan.

3. To oversee and expedite any operational, financial and strategy related matter relating to the operations of the Company, as seen fit by the members of the Committee.

4. Endorse Business plan. Review and make recommendations to the Board regarding any modifications to the Company's business plan and budget.

5. Review and endorse sales plan & bid proposal.

6. Review potential business opportunities and record required actions to secure such opportunities and business development strategy that help secure new opportunities for the Company.

7. Review and approve the CAPEX spending and sales pipeline as part of the business plan.

8. Endorse policies and procedures relating to the Company's operations and submit to the Board for approval.

9. Supervise the operations of the Company and make recommendations to the executive management to improve the operations of the Company.

10. Ensure Portfolio of technical programs and major projects are in line with the Company's strategy.

11. Ensure that the Company has appropriate technical capabilities and road map consistent with its strategy.

12. Facilitate the Board gaining a deeper understanding of general operational and technical issues

13. Provide guidance on appropriate governance and standards processes.

14. Oversee and review the technical aspects of the Company's projects including reviewing project milestones and project life-cycle.

15. Undertake periodic review of progress reports on projects.

16. Review health, safety and environment policies and procedures and recommend updates where necessary.

17. Investigate any complaint by the Company's customers in respect of any operational and/or technical issues

18. The Committee is authorized by the Board to obtain legal or other professional advice from both inside and outside the Company as and when required, at the Company's expense, and to appoint and secure the attendance of external consultants and advisors if it considers this beneficial. Such appointments shall be managed in coordination with the CEO.

19. Any other responsibilities or tasks assigned by the Board to the Committee or Chairman of the Board of Directors from time to time.

6.4.3 Executive Committee meetings during the year 2024

Meeting No.	Meeting Date	Number of Attendees
1	8 May 2024	5
2	5 August 2024	5
3	29 October 2024	5
4	20 November 2024	5

Internal Control System

7. Internal Control Systems

a. Recognition by the Board of Directors of its responsibility for the company's internal control system and for reviewing its mechanism of action and ensuring its effectiveness

The Board of Directors is responsible for overseeing the company's internal control system, reviewing its framework, and ensuring its effectiveness.

The internal control system is designed to enable both the Board and management to achieve business objectives efficiently while safeguarding the interests of shareholders and other stakeholders. It plays a critical role in minimizing key risks, including fraud, unauthorized business activities, inaccurate financial reporting, and breaches of legal or contractual obligations.

b. Internal Control Department In-charge's Profile

Mr. Mohamed Hendawy, appointed as Head of Internal Audit on January 21, 2024, is a Certified Fraud Examiner and Certified Sarbanes-Oxley Expert. He leads the Internal Audit and Risk Management Department, reinforcing governance practices, enhancing risk management, and ensuring regulatory compliance to safeguard ADSB's integrity.

c. Compliance officer's name, qualifications and appointment date

In 2024, the Company's Legal Department was responsible for overseeing the compliance function, ensuring that the Company and its employees adhered to relevant laws, regulations, decisions, and internal policies.
A dedicated Compliance Officer will be appointed in 2025 to further enhance and streamline the compliance processes and ensure a robust framework for regulatory adherence.

d. Internal Control Department and any major problems with the company

The Internal Audit and Risk Management department, plays a crucial role in addressing major company issues, whether identified through internal audits or disclosed in the annual reports and accounts. The department diligently monitors significant concerns or risks and collaborates closely with management to implement corrective actions or enhance controls as needed. For the reporting period, no major issues were identified, reflecting the strength and effectiveness of the company's internal control framework.

e. Number of reports issued by the Internal Control Department of the company's Board of Directors

In 2024, 12 audits were conducted with 3 report issued to the Audit and Risk Committee.

f. Details of violations committed during 2024, explaining their causes, how to address them and avoid recurrence in the future

During the 2024, the Company was not subject to any fines or restrictions by the Securities and Commodities Authority or any legal authority in relation to any financial market issue.

8. Corporate Social Responsibility

ADSB is committed to community focused Corporate Social Responsibility (CSR), implementing a range of initiatives that encompass support for UAE graduate projects and a strong emphasis on employee wellbeing.

ADSB's CSR strategy is integral to its transformation into a modern, efficient, and profitable shipbuilding and repair business. This strategy prioritizes the enhancement of the working environment for all employees, both within and outside the shipyard. Central to ADSB's approach is a commitment to environmental stewardship and the nurturing of its social assets its employees.

The company champions a diverse workforce and ensures equal opportunity for all, regardless of gender or background. This includes, but is not limited to, providing training and development opportunities, promoting workplace safety, and supporting local community initiatives.

To further solidify its commitment to sustainability, ADSB has engaged an external consultant to develop a comprehensive Sustainability Report for 2024. This report will detail ADSB's progress in key sustainability areas, including environmental impact, social responsibility, and governance practices, providing stakeholders with transparent and measurable insights into the company's CSR performance.

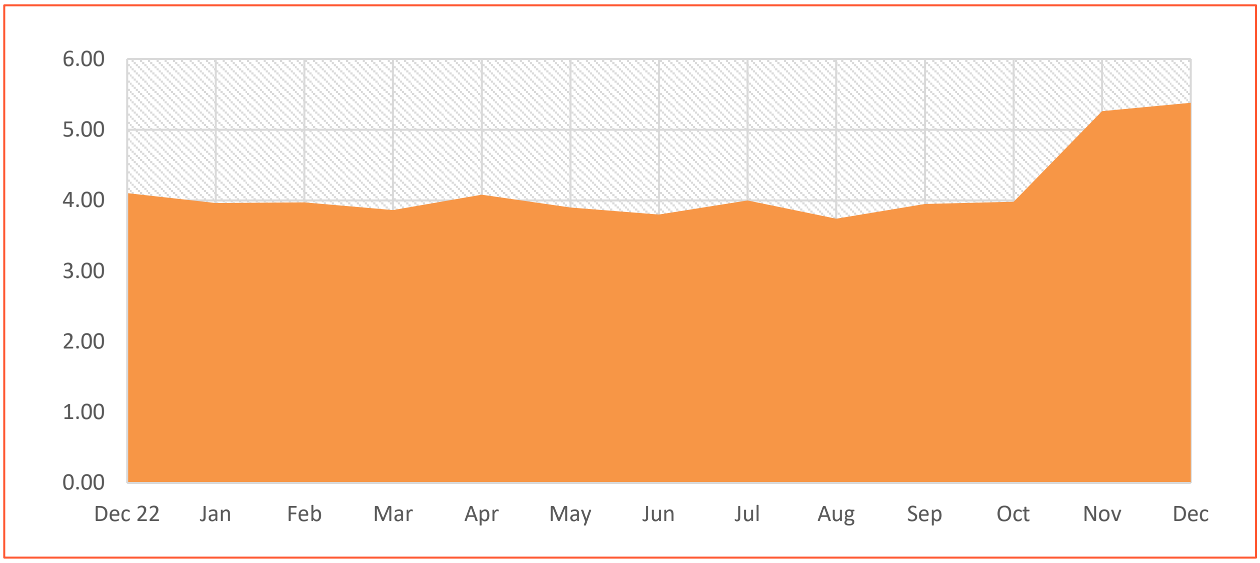
General Information about the Company

9. General Information about the Company

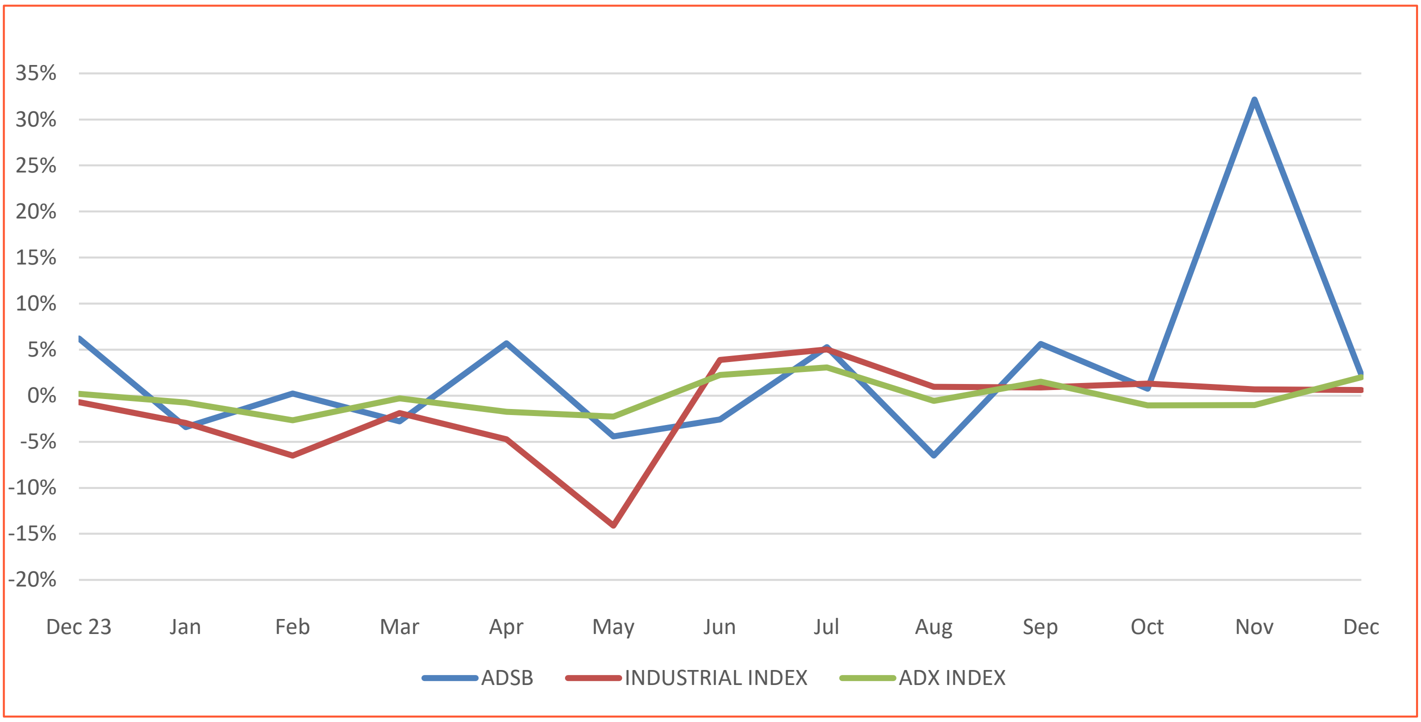
a. Company's share price on the market (closing price - highest price - lowest price) at the end of each month during the fiscal year 2024

MONTH	OPEN (AED)	CLOSE (AED)	HIGH (AED)	LOW (AED)	VALUE (AED) TRADED	VOLUME TRADED	# OF TRADES
01	3.990	3.960	4.100	3.840	2,865,481	719,844	309
02	3.900	3.970	4.150	3.600	9,184,805	2,320,476	440
03	3.870	3.860	4.030	3.750	4,159,902	1,082,022	433
04	3.810	4.080	4.160	3.800	7,294,817	1,835,920	241
05	3.970	3.900	4.090	3.710	3,760,926	965,267	228
06	3.900	3.800	3.900	3.500	4,076,689	1,095,416	302
07	3.800	4.000	4.000	3.620	8,985,313	2,341,639	462
08	4.000	3.740	4.030	3.680	3,413,729	890,522	356
09	3.840	3.950	4.430	3.450	44,296,803	10,901,339	1,329
10	3.950	3.980	3.980	3.690	7,499,909	1,966,766	335
11	3.950	5.260	6.400	3.840	184,554,870	36,433,276	5,275
12	5.260	5.380	5.560	4.820	58,657,969	11,250,465	2,007
					338,751,212	**71,802,952**	**11,717**

b. Company shares price performance during the year 2024



c. Performance of the company's shares compared with the ADX index and ADX investment and financial sector index during 2024



d. Distribution of shareholders' ownership as at 31/12/2024 (individuals, companies, governments) classified as follows: Local, Gulf, Arab, and Foreign:

SN	Shareholder Classification	Individuals	Companies	Government	Total
1	Local	38.12%	5.53%	49.96%	93.61%
3	Arab	4.61%	0.76%	0.00%	5.37%
2	Foreign	0.49%	0.53%	0.00%	1.02%
	Total	**43.22%**	**6.82%**	**49.96%**	**100.00%**

e. **Shareholders owning 5% or more of the company's capital as of 31/12/2024, as per the following table:**

SN	Citizenship	Investor Name	Holding	Ownership %
1	UAE	Edge Defense Platforms & Systems	105,908,000	49.96%
2	UAE	Mohamed Bin Ahmed Bin Saeed Al Qasimi	18,685,902	8.81%
			124,593,902	**58.77%**

f. **shareholders' distribution according to ownership size as of 31/12/2024, as per the following table:**

SN	Share Ownership Category	No. of Shareholders	Holding	Ownership %
1	Less than 50,000	5,282	22,780,390	10.75%
2	From 50,000 to less than 500,000	131	20,384,594	9.62%
3	From 500,000 to less than 5,000,000	24	33,109,674	15.62%
4	More than 5,000,000	4	135,717,342	64.02%
		5,441	**211,992,000**	**100%**

g. Investor Relations

The management is committed to effective communication between the Company and its shareholders. The Company regularly announces its results to SCA, ADX, and shareholders by way of interim management statements, quarterly results, and the annual report and annual financial statements.
Significant matters relating to share trading or business development are disclosed to SCA, ADX, and the general public by way of market disclosures and announcements in accordance with the related provisions of applicable laws and regulations, in addition an Investor Relations page has been created on the company's website.
Details and contact information of Abu Dhabi Ship Building Investor Relations Officer:

- **Investor Relations Officer:** Ms. Bushra Abyan
- **Contact Details:**
  - Mobile Number: +971 54 363 3409
  - Phone: +971 25028424
  - Email: bushra.abyan@adsb.ae

h. Annual General Assembly 2024

The Company held its General Assembly Meeting on April 25, 2024 in which the shareholders approved the following matters:

- Approval of the Board of Directors' annual report for the financial year ending on 31 December 2023
- Approval of the external auditors' report on the financial position of the Company for the financial year ending on 31 December 2023.
- Approval of Company's balance sheet and profit and loss and financial statements for the financial year ending on 31 December 2023.
- Approval of Board of Directors proposal the distribution of cash dividends to shareholders in a total amount of AED (21,199,200) twenty-one million one hundred ninety-nine thousand two hundred Dirhams at the rate of (10.0) UAE fills per share representing (10) % of the share capital for the year ended 31 December 2023.
- Approval of the Board of Directors' proposal for their remuneration for the year 2023 for total amount of AED 2.75M.
- Discharge of the members of the Board of Directors from liability for the performance of their duties for the year ending on 31 December 2023
- Discharge of external auditors from any liability for the financial year ending on 31 December 2023.
- Appointment of the Grant Thornton as external auditors of the Company for the financial year which will end on 31 December 2024 for total fees of AED 412,000.

i. Emiratization Percentage in Company as of 2024

In 2024, the Emiratization percentage was 8.1%

j. Detailed statement of the fundamental events and important disclosures that the company encountered during 2024.

ADSB remained dedicated to transparency by disclosing significant events to the market, including:

- **Appointment of Chairman of the Board of Directors:** The appointment of the new Chairman further strengthened ADSB's leadership and governance structure to drive future growth and development.
- **Restructuring of the Human Resources and Nominations Committee.**
- **Appointment of Q Market Maker LLC (QMM) as Liquidity Provider:** QMM was appointed to improve the liquidity of ADSB's shares on the Abu Dhabi Securities Exchange.
- **Completion of the First Steel Cut for BR71 MKII Corvettes for the Angolan Navy**
  ADSB successfully completed the First Steel Cut for the second and third BR71 MKII corvettes for the Angolan Navy.
- Announcement of Falaj3 Class Vessels Progress for the UAE Navy.
  ADSB made significant progress on the construction of four Falaj3 class vessels for the UAE Navy.
- **Completion of Over 20 Composite Boats for Domestic and International Clients**
  Over 20 composite boats were completed for various domestic and international clients.
- **Keel Laying Ceremony for RABDAN FA-400 Vessel.**
  ADSB celebrated the keel laying ceremony for the RABDAN FA-400 Offshore Patrol Vessel
- **ADSB Strengthens RABDAN FA-400 with Advanced Defense Systems**
  ADSB announced strategic partnerships with Dynateq, SIATT, and LACROIX to enhance the RABDAN FA-400 with advanced defense systems. The collaboration with Dynateq focuses on integrating advanced gun systems, while the partnership with SIATT enables the deployment of the MANSUP surface-to-surface missile launcher. Additionally, ADSB teamed up with LACROIX to equip the RABDAN FA-400 with the SYLENA LW Decoy System, further strengthening its defense capabilities.

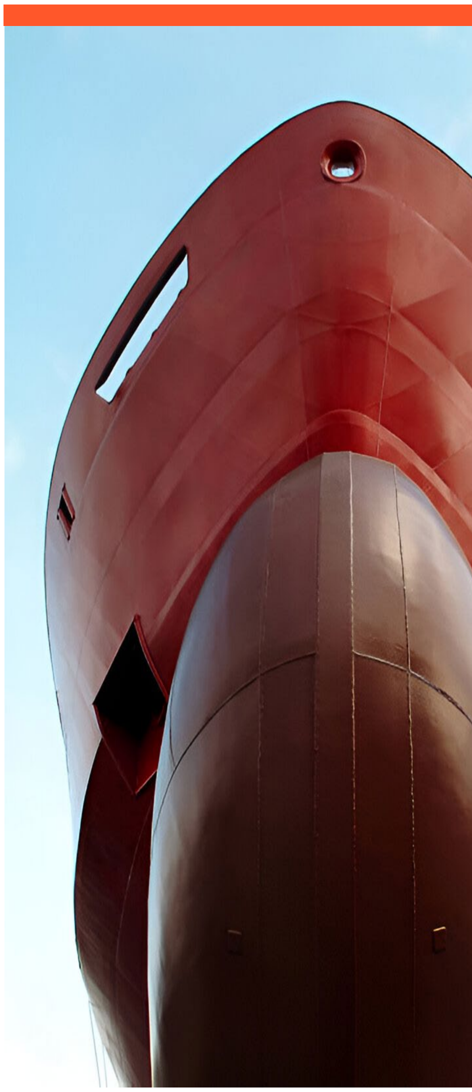
These milestones reflect ADSB’s continued focus on innovation, global partnerships, and operational excellence across its various projects. Through its strategic governance, robust operations, and collaborative initiatives, ADSB remains dedicated to providing cutting-edge solutions and supporting the development of the UAE’s defense and maritime sectors.

k. Initiatives and Innovations during 2024

In 2024, ADSB further solidified its position as an industry leader by expanding its innovative footprint and introducing cutting-edge maritime solutions. The company spearheaded several pioneering projects, reinforcing its commitment to technological advancement and excellence in the sector.

A key highlight of the year was the RABDAN FA-400 Offshore Patrol Vessel, a groundbreaking project that showcases ADSB's dedication to next-generation defense solutions. Through strategic partnerships with Dynateq, SIATT, and LACROIX, ADSB enhanced its defense capabilities by integrating advanced technologies.

Rabdan FA 400



This report is governed by the Resolution of the Board of the Securities and Commodities Authority (SCA) No. 3/Chairman of 2020 as amended from time to time on the Corporate Discipline and Governance Standards of Public Joint Stock Companies Resolution 3/2020) and the format of this report is as prescribed by SCA.

The Report has been filed with the Securities and Commodities Authority (SCA) and posted on Abu Dhabi Exchange (ADX) in addition to the ADSB's website.

Mr. David Massey
Chief Executive Officer

ADSB
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لبناء السفن

2024 SUSTAINABILITY REPORT

ADSB

ABU DHABI SHIP BUILDING

BEYOND SHIPBUILDING


ADSB

CONTENTS

REPORT OVERVIEW

ABOUT THIS REPORT

Abu Dhabi Ship Building company (ADSB) is the region's leader in the design, construction, repair, maintenance, refit, and conversion of naval and commercial vessels. The company aims to offer unmatched service and skill through intelligent, innovative applications. ADSB offers highly efficient and reliable product and service delivery while maintaining industry-leading health, safety, and environmental standards.

A core value of our company centers on innovation in shipbuilding and ship repair to ensure our products revolutionize traditional approaches. Motivation drives our company to continually develop the latest advanced solutions using new and emerging technologies to disrupt and transform the shipbuilding and ship repair industry and to ensure customer satisfaction. At ADSB, we partner with our employees, customers, and partners towards coordinated growth and success. Innovation and capacity building in our employees is a priority to ensure end-user satisfaction for our clients.

This report provides an overview of the Abu Dhabi Ship Building company's active approach to align with the ADX ESG Guidelines and GRI Standards 2021, covering various economic, environmental, and social topics that report our sustainability performance and impacts.

KEY ACHIEVEMENTS

ENVIRONMENTAL:

Electricity Intensity: Improved from 19.99 MWh/million AED in 2022 to 10.5 MWh/million AED in 2024 - nearly a 50% reduction.

Water Intensity: Decreased from 0.29 megalitres/million AED in 2022 to 0.13 megalitres/million AED in 2024 - over a 50% improvement.

Waste management training and awareness programs are given to all the employees at ADSB, fostering a proactive culture around sustainable practices.

SOCIAL:

Enhanced Gender Diversity: Female employees rose from 31 in 2022 to 44 in 2024, reflecting a commitment to broader inclusion efforts.

Strong Retention After Parental Leave: Achieved a 100% retention rate among employees who took parental leave in 2024, underscoring supportive family-friendly policies.

Skilled External Talent: External skilled workforce nearly doubled from 4% in 2022 to 10% in 2024, highlighting the organization's focus on specialized expertise.

Workforce Expansion: Employee numbers have grown from 2022 to 2024 and are expected to continue rising in 2025 and beyond.

GOVERNANCE:

BOD diversity: Continue to maintain diversity on board, including the presence of two female board members.

A new sustainability team of highly qualified and skilled members has been established to oversee all the sustainability measures of ADSB and come up with concrete sustainability plans.

Consistently reduced injury rates by 71% since in the last 4 years (2021-2024) through diligent safety measures, reflecting our commitment to health and safety.

Increase in Training Hours: From 186 hours in 2022 to 1,462 hours in 2024, we have intensified employee safety by significantly increasing the training hours on occupational health and safety.

MESSAGE FROM THE CHAIRMAN

"Guided by the UAE's visionary leadership, ADSB is committed to shaping a resilient maritime future. By integrating innovation with sustainability, we drive progress while upholding our responsibility to the environment, economy, and society. Together, we navigate toward lasting impact and global excellence."

The UAE has continuously shown a forward-thinking attitude under the astute leadership of its leaders, adopting a vision that transcends boundaries and time. With programmes like UAE Vision 2021, UAE Centennial 2071, and Abu Dhabi Vision 2030, our country has set high standards to tackle today's issues and guarantee long-term prosperity for coming generations. Along with expressing our gratitude, let's also recognise the UAE's contributions to international cooperation, resource management, and the creation of sustainable solutions. The astounding accomplishments made possible by the UAE's visionary leadership demonstrated the strength of willpower, foresight, and a dedication to a sustainable and prosperous future for all.

We are inspired and given a collective call to action when we embrace the values expressed in the UAE's ambitious initiatives, which motivates us all to work towards a future where sustainability, resilience, and the welfare of our planet are given top priority. We at ADSB are aware of our responsibilities and part in this attempt. Our unwavering dedication to sustainability permeates every aspect of our business operations. Throughout 2024, we persisted in giving sustainability projects first priority, from encouraging ethical waste management techniques to improving health and safety in our shipbuilding operations.

We maximised the beneficial effects on our communities while minimising our environmental impact by utilising innovation and technology. To promote constructive change, we deepened our relationships with stakeholders by having meaningful conversations and working together. We are steadfast in our dedication to corporate responsibility and sustainability as we look to the future. We are certain that we can generate long-term value for our stakeholders, shareholders, and society at large by coordinating our business goals with sustainability principles.

On behalf of the Board of Directors, I sincerely want to thank our management and staff, partners and stakeholders for their unwavering commitment and support. Together, we will keep paving the way for a more promising and sustainable future.

KHALED AHMED ALI MOHAMED ALZAABI
Chairman - Abu Dhabi Ship Building

MESSAGE FROM THE CEO

"At ADSB, sustainability is more than a commitment, it is our blueprint for progress. By embracing circular economy principles, integrating renewable energy, and investing in our people, we drive innovation while ensuring a resilient and responsible shipbuilding and ship repair industry."

I am proud to share events that have occurred during the past year regarding the company's important sustainability milestone pathways. This report also highlights our accomplishments and displays our dedication to pushing our industry towards sustainable practices. As a progressive organisation, we prioritise environmental sustainability as a crucial pillar of success for ADSB. We do this through ensuring circular economy practices are met through the principles assigned for resource efficiency, including the integration of renewable energy.

One of our valuable assets is our talented workforce; therefore, we are proactive in ensuring that our employees are offered continuous growth in their areas of specialization, including opportunities that aim to nurture and extend their evolving needs. We cultivate a culture of continuous learning and innovation, capacity building, where diverse professional development opportunities empower our people to strive for excellence and how their well-being is prioritized.

There has been much success with our notable projects that range from cementing our stewardship position on sustainability to building cutting edge marine vessels and systems. These achievements highlight our dedication to delivering high quality, innovative, and sustainable solutions that align with the values and needs of our clients.

DAVID MASSEY
CEO - Abu Dhabi Ship Building

ABOUT ADSB

ADSB
AT A GLANCE

49.96%	50.04%
EDGE/ Abu Dhabi Government	Private Investors

Abu Dhabi Ship Building (ADSB) is a leading shipbuilding and ship repair company based in Abu Dhabi, UAE. Established in 1995, ADSB has grown to become a prominent player in the shipbuilding industry, renowned for its expertise in constructing and maintaining a wide range of naval and commercial vessels.

ADSB's state-of-the-art shipyard facilities are equipped with advanced technologies and modern infrastructure, allowing the company to undertake complex shipbuilding and repair projects with precision and efficiency. The company's capabilities span the entire lifecycle of a vessel, from design and construction to maintenance, repair, and overhaul.

Recognizing the importance of reducing the shipbuilding industry's carbon footprint, we encourage the development of environmentally friendly and energy-efficient vessels. This also aligns with the UAE's broader sustainability goals and supports the transition towards a greener and more sustainable shipbuilding sector. ADSB's reputation for excellence and reliability has earned it numerous accolades and certifications over the years. Our dedication to quality and customer satisfaction is evident in our track record of delivering projects on time, while adhering to the highest safety and quality standards.

As a key contributor to the UAE's shipbuilding sector, ADSB plays a vital role in supporting the country's economic growth and national security. Through its continued investment in people, technology, and sustainable practices, ADSB remains well-positioned to maintain its status as a leading shipbuilding and ship repair company in the region and beyond.

OUR PURPOSE

To be the region's leading naval & commercial shipyard, offering unmatched service, innovation skill

OUR CORE VALUES

Quality: We offer highly-efficient and reliable product & service delivery while maintaining industry leading health, safety & environmental standards

Innovation: We are motivated to continually develop the latest advanced solutions to create greater impact for our customers

Partnership: We work together with our employees, customers & partners towards coordinated growth and success

We provide exceptional reliability, operational simplicity, and cost-effectiveness through five potent facilitators.

SUPERIOR DESIGN SELECTION

SKILLED WORKFORCE WITH EXTENSIVE TECHNICAL EXPERIENCE

WORLD-CLASS SHIPYARD FACILITIES

EXCEPTIONAL INTEGRATION CAPABILITIES

PRECISION STEEL FABRICATION

WHAT DO WE OFFER?

NEW BUILD

REPAIR

MAINTENANCE

REFIT

CONVERSION

ENGINEERING CONSULTANCY

SUSTAINMENT

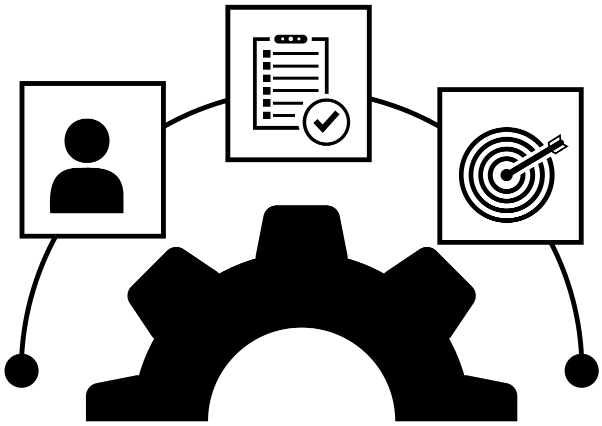
REFURBISHMENT

ADVANCED TECHNOLOGY

FACILITIES & CAPABILITIES

We provide a range of logistics and workshop support services to manage your equipment and supply chain systems, and operate your workshops. Our offerings have already helped to increase the defence capabilities of the UAE. Leveraging our advanced equipment portfolio, we build and service vessels that strengthen our customers' naval and shipbuilding fleets.

SUSTAINABLE OPERATIONS



Our key operations involve reducing the impact on the environment by using eco-friendly disposal techniques and rerouting waste away from landfills. To monitor waste, the ADSB established a program for the sustainable management and reduction of waste in the workplace. We continually assess possibilities for recovery, recycling, reuse, and waste reduction strategies. In addition, our company sets and monitors waste recycling goals to reach a 20% yearly decrease. Maintaining environmental protection is critical, and we encourage sustainable operations by following local laws, rules, and industry best practices. To reduce the environmental impact of our waste, ADSB monitors high-waste-generating processes and implements measures to minimize landfill disposal.

Our circular economy practices and the integration of renewable energy are related ideas, with the latter being essential to our circular economy's central tenet of eliminating ADSB’s waste and pollution. Since 2021, we are assessing our emissions, locating the main causes and putting plans in place to lessen our carbon footprint.

One of our 2024 key outcomes initially forged the creation of a sustainability team. This is an important milestone because sustainability measures and implementation procedures guarantee sustainable outcomes for the company, the employees and the clients, and our planet. Through adopting sustainability principles, connections are formed between people and organizations which ignites sustainable technology applications and outcomes. When we apply this concept to our working environment, intelligent design ideas unfold.

We continuously assess our operational emissions, identify key sources, and implement strategies to reduce our carbon footprint. As part of our ongoing sustainability efforts, we are pleased to introduce additional initiatives in 2024.

Environmental initiatives starting in 2024:

- Development of waste and scrap management procedures
- Deployment of a 9-seater electric golf cart to reduce fuel consumption
- Installation of a Tadweer recycling vending machine
- Establishment of a recycling agreement with Al Dhafra for paper and plastics
- Installation of 20 motion sensors for office and restroom lighting (Phase 1

Environmental initiatives in progress since 2023:

Procured five electric forklifts promoting a reduction in emissions from diesel forklifts.

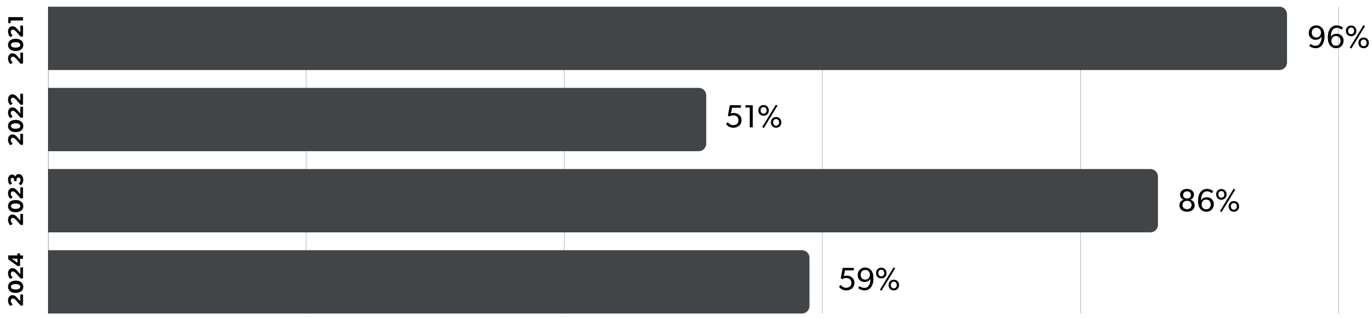
Procured one electric Polaris vehicle for security, contributing to a cleaner transportation fleet

Installed three EV charging stations in our yard for employees to freely use, promoting the adoption of electric vehicles among our employees and reducing emissions.

THE SUPPLY CHAIN

Our suppliers are categorized into OEMs and non-OEMs for products and service providers based on order values.

Graph 1: OEM suppliers



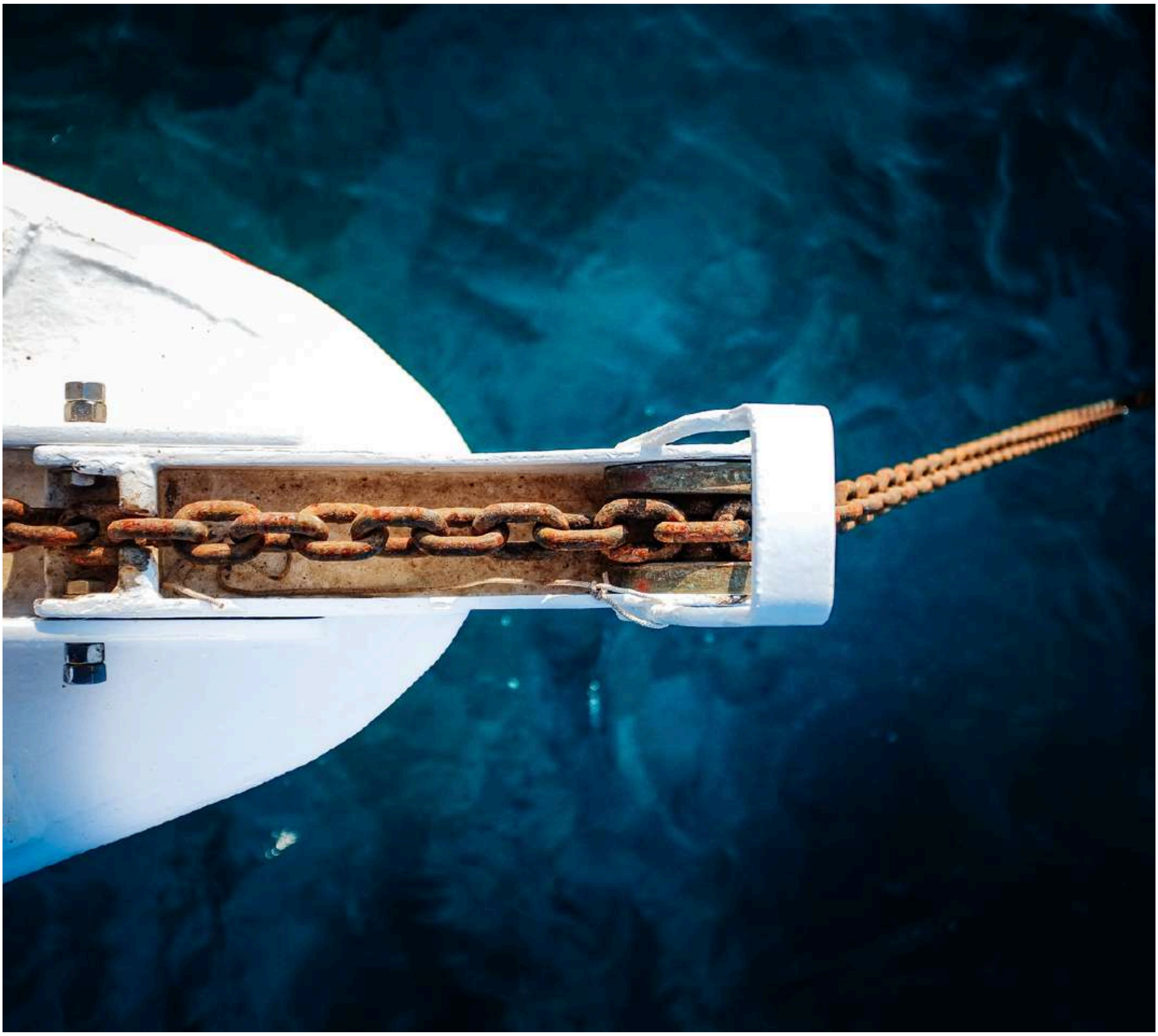
Graph 2: Local supplier spending for new orders based on value

62% of our spending was on local suppliers in 2024.

SUSTAINABILITY ANCHOR

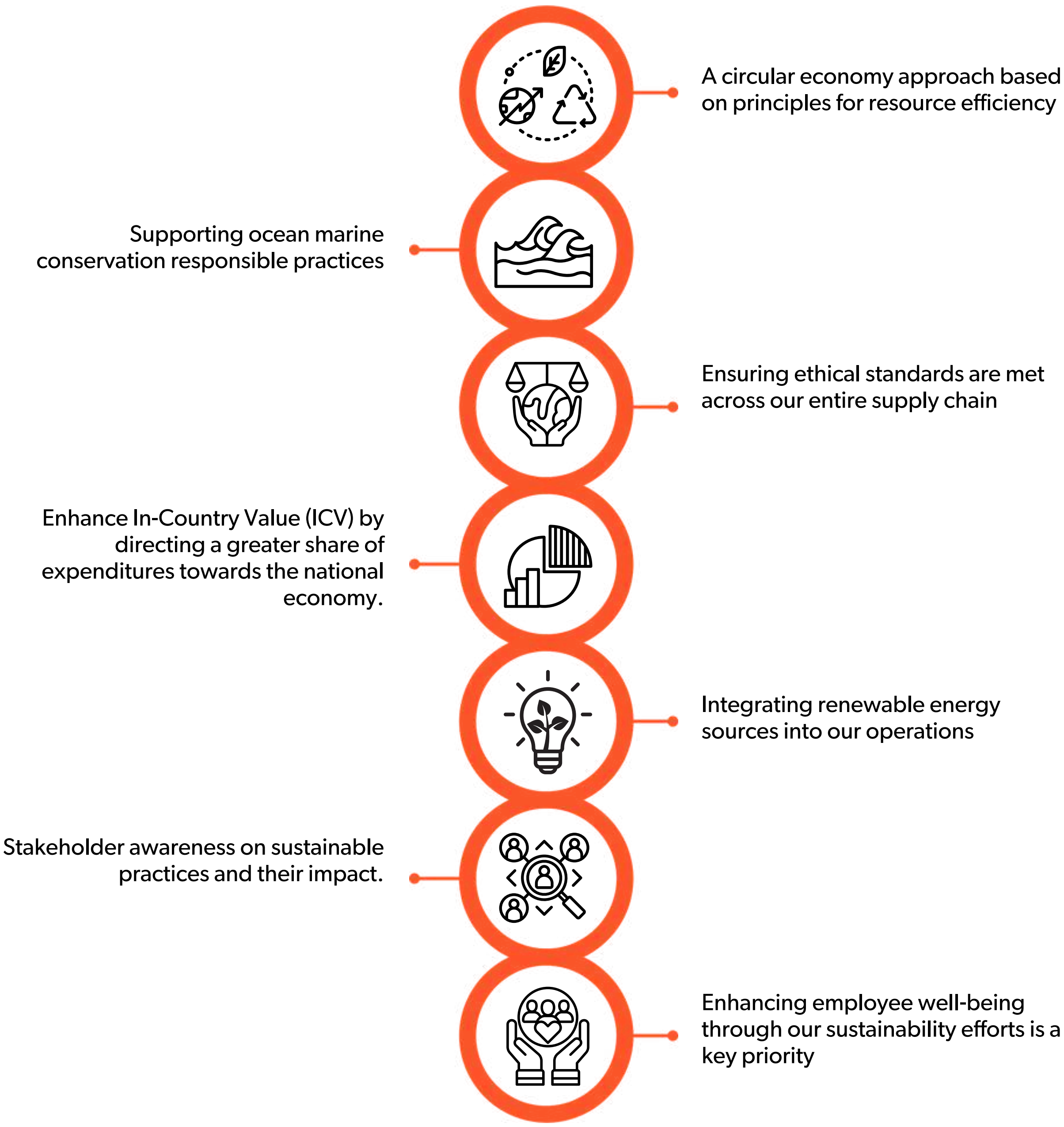
Key Drivers

The OECD highlights that governments, companies, and businesses are operating in an increasingly complex environment, with multiple crises occurring simultaneously. These challenges have stretched financial, human, and other resources. Many of these crises have significant global and transboundary aspects. While immediate crisis management remains a priority, there is a continued focus on ensuring that long-term objectives and international commitments are met (OECD, 2023). Globally, businesses and companies are working towards fulfilling the Sustainable Development Goals (SDGs) and the 2030 Agenda, with less than seven years remaining to achieve these internationally agreed-upon goals.



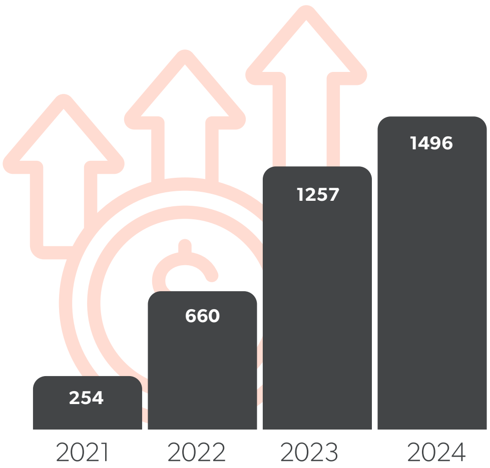
Key ADSB Ambitions

In addition to using a significant amount of energy, the shipbuilding and ship repair industry produces a notable amount of greenhouse gas emissions and air pollution. Studies on lowering carbon emissions, increasing energy efficiency, and integrating a sustainable concept into shipbuilding and ship repair operations are limited as compared to other industries. Few shipyards optimize their energy networks holistically and methodically, considering how each component interacts with the others. For this reason, and as a progressive organization, we prioritize environmental sustainability as a crucial pillar of success for successful outcomes at ADSB. We have below ongoing key ambitions that are consistently monitored to enhance sustainable outcomes through our circular economy approach.

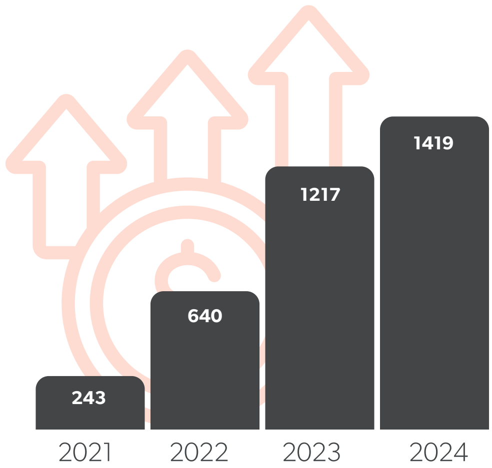


FINANCIAL PERFORMANCE

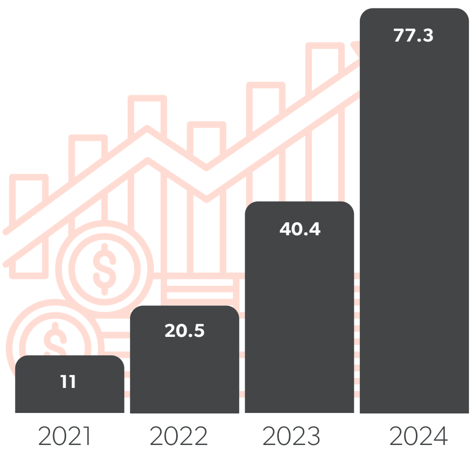
Graph 3: Total Revenues (Mn AED)



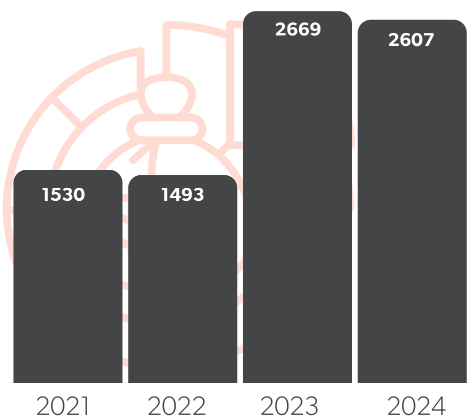
Graph 4: Total Cost Incurred (Mn AED)



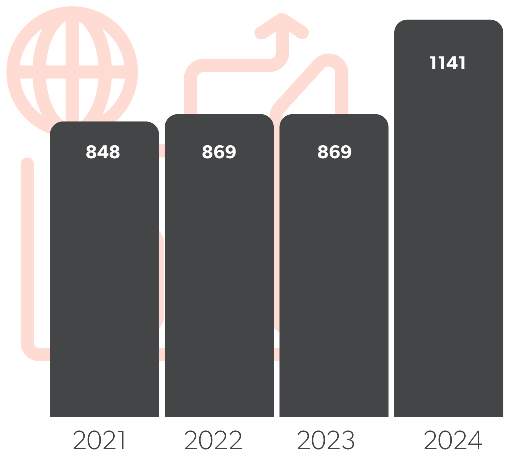
Graph 5: Net Profits (Mn AED)



Graph 6: Total Assets (Mn AED)



Graph7: Market Capitalisation (Mn AED)



KEY MILESTONES 2024

01 ADSB participates at the World Defense Show

02 ADSB participates at the International Search & Rescue Exhibition and Conference

03 ADSB participates in the Abu Dhabi Boat Show

04 ADSB launches new technology office to advance naval innovation in the UAE

05 ADSB celebrates the keel-laying ceremony for the FA-400 vessel

06 ADSB joins forces with OSI Maritime Systems to equip the FA-400 with navigation systems

07 ADSB partners with Dynateq to integrate advanced gun systems on the FA-400

08 ADSB and SIATT to equip the FA-400 with MANSUP surface-to-surface missile launcher

09 ADSB partners with LACROIX to equip the FA-400 with an advanced decoy system

10 Launching of PG Houseboats Launching of Falaj3 First Vessel

11 ADSB signs local contract for 24-A Houseboat

12 Commencement of Construction for Falaj3 Vessel 3 & Vessel 4

13 Delivery of 2 ADNOC Tugs

14 Angola First of Class vessel Hull/Assembly Completion

15 Commencement of Construction of Angola Second of Class and Third of Class vessels

16 Delivery of 5 Sea Troopers

PRESS ROOM

RABDAN FA-400 Vessel

October 24

The keel-laying ceremony for this new vessel marks a key step in ADSB's mission to expand its portfolio of in-house designs.

New technology office launch

November 4

The new technology office will advance in-country value while strengthening partnerships in naval defence.

ADSB Joins Forces with OSI Maritime Systems, Dynateq and LACROIX to Equip RABDAN FA-400 with Navigational System, to integrate advanced gun systems and to equip with advanced decoy system SYLEN

November 8

The partnership represents a major step forward in ADSB's dedication to incorporating state-of the-art tactical navigation system and other technologies into their newly launched vessel.

EDGE Secures Strategic Contract to Enhance Kuwait's Marine Assets

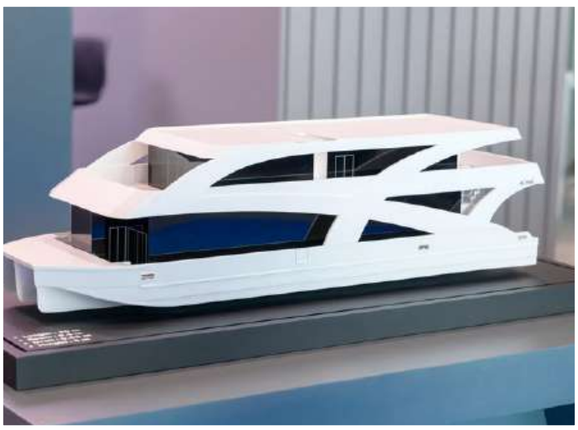
November 6

The contract covers the reconstruction, repair, development, and upgrade of marine vessels, along with training Kuwaiti personnel, with work to be contracted to Abu Dhabi Ship Building (ADSB).

ADSB and SIATT to Equip RABDAN FA-400 with MANSUP Surface-to-Surface Missile Launcher

November 8

EDGE Group's naval arm, Abu Dhabi Ship Building (ADSB), signed the agreement with SIATT on the sidelines of Euronaval 2024 in Paris.



ADSB Signs Local Contract for 24-A Houseboat

November 21

The contract marks a pivotal step in ADSB's continued expansion into customising residential, civilian, and commercial vessels.

CERTIFICATIONS AND RATINGS

ISO 14001:2015 - Environmental Management Systems

ISO 9001:2015 - Quality Management

ISO 45001:2018- Occupational Health and Safety

OSHAD - Occupational Health and Safety

2025 PLANS

We will continue our ongoing target of reducing our environmental footprint in the following ways:

1. Reduce gas consumption by procuring 13 new electric-powered golf carts, which will replace gas-powered vehicles.

2. Enhance energy efficiency by installing solar panels to power outdoor lights.

3. Deploy Phase 2 of our motion-sensor lighting systems across offices and toilets.

4. Implement a Building Management System to optimise water, electricity, and air-conditioning use.

5. Plant more trees and greeneries in the yard to contribute to carbon sequestration.

6. Track and record our waste through regular and vigilant observation, monitoring, and reporting processes.

7. Promote yard safety by creating road markings.

ENVIRONMENTAL STEWARDSHIP

GHG ANALYSIS

At ADSB, we understand how critical it is to protect the planet's natural resources and reduce our environmental impact. Our dedication to environmental stewardship is embedded in the programmes and procedures we have put in place across our business activities, including improving energy efficiency, cutting emissions, minimising waste, and safeguarding biodiversity. As a pioneer company in the shipbuilding and repair industry, we are aware of the importance of addressing the health of the environment through our actions. Reducing the environmental impact of our industry is a major task, and we continue to invest in research and development to ensure we are using cutting-edge strategies and tools that lessen our environmental impact, support the conservation of maritime environments, and meet the International Maritime Organisation (IMO) plan implemented in 2023 to achieve a minimum 50% decrease in greenhouse gas emissions by 2050. This is an ambitious goal requiring a multifaceted approach for all shipbuilders, including the pivotal role in developing and deploying the next generation of sustainable zero-emission vessels.

The International Council on Clean Transportation (ICCT) estimated in 2023 that wind-assisted propulsion technology may reduce CO2 emissions from bulk carriers by up to 10%. This is an excellent illustration of how technological advancements could aid in meeting emission reduction goals. For these technologies to reach their full potential, shipbuilders, technology firms, and policy-makers must collaborate closely. By promoting an environment of innovation and collaboration, the industry can ensure a cleaner future for the maritime sector and accelerate the development and adoption of sustainable solutions.

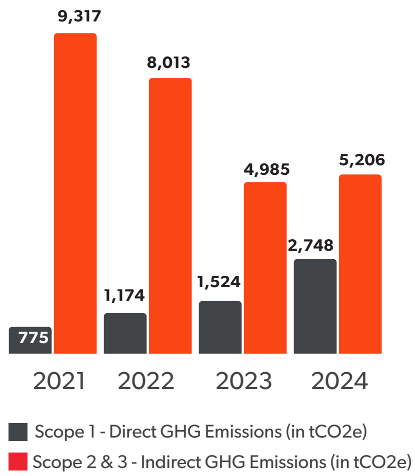
ADSB is dedicated to contributing our share as a leader in the shipbuilding and ship repair industry in the region. In addition to working with technology companies and regulations that encourage the advancement and application of clean technologies, we support sustainable shipbuilding materials, techniques, and emerging technologies. Environmental stewardship is not only our duty at ADSB; it is a fundamental principle that directs our choices and motivates us to keep getting better.

We believe the shipbuilding and ship repair industry can steer towards a sustainable future and help create a healthy planet by working together, given that certain pollutants are unavoidable to use in the shipbuilding industry. Table 1 details the type of pollutants used. Protective clothing is used by our employees, and risk assessment is undertaken for the use and chemical storage of the following materials:

- NOx
- SOx
- Persistent organic pollutants (POP)
- Volatile organic compounds (VOC)
- Hazardous air pollutants (HAP)
- Particulate matter (PM)

GHG Emissions (Scope 1, 2 and 3)

Graph 8: GHG Emissions (Direct and Indirect)



Graph 9: GHG Emissions Intensity

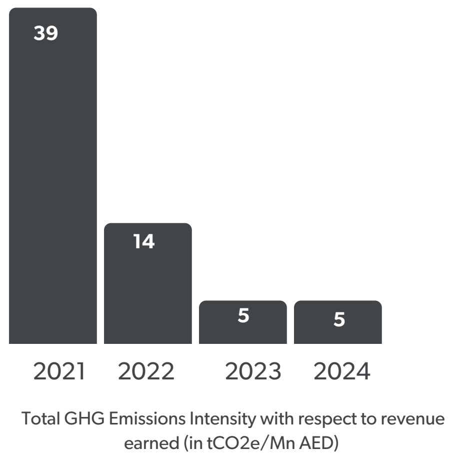


Table 1: Emissions of ozone-depleting substances (ODS)

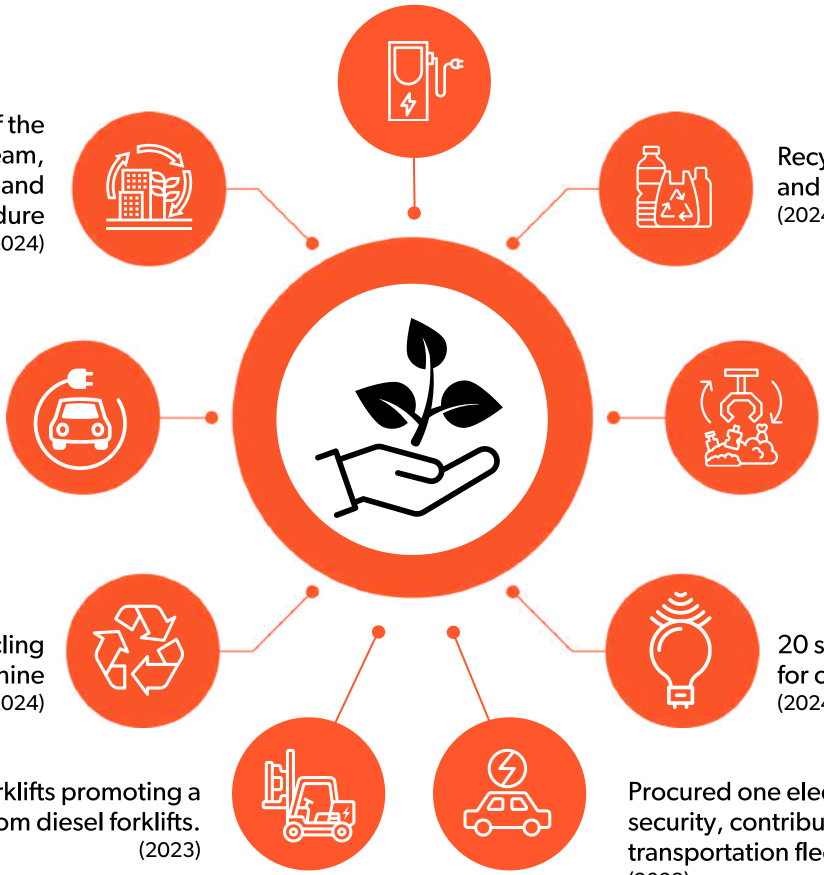
	2021	2022	2023	2024
NOx	20.6ml/m3	466.6ml/m3	14.64ml/m3	40.29ml/ml3
SOx	14.4ml/m3	1ml/m3	1.33ml/m3	2.2ml/ml3
Volatile organic compounds (VOC)	1.6ppm	79.8ppm	6.13ppm	10.66ppm
Particulate matter (PM)	98.35ppm	———	79.38ppm	97.45ppm

ENVIRONMENTAL INITIATIVES TO DATE

Installed three EV charging stations in our yard for employees to freely use, promoting the adoption of electric vehicles among our employees and reducing emissions.
(2023)

Formal creation of the Sustainability Team, sustainability measures and implementation procedure
(2024)

Recycling agreement for paper and plastics with Al Dhafra
(2024)



1× 9-seater electric-powered golf cart
(2024)

Creation of Waste, Scrap Management and Disposal Procedure
(2024)

Installed Tadweer recycling vending machine
(2024)

20 sensors for lights installed for offices & toilets (Phase 1)
(2024)

Procured five electric forklifts promoting a reduction in emissions from diesel forklifts.
(2023)

Procured one electric Polaris vehicle for security, contributing to a cleaner transportation fleet.
(2023)

Plans for 2025

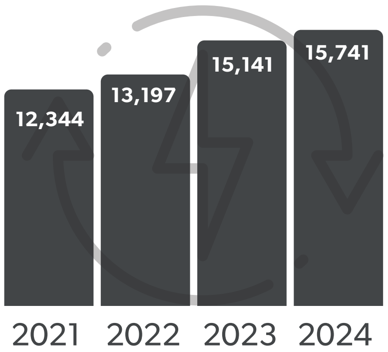
We aim to further reduce our carbon footprint and enhance energy efficiency by procuring 13 new electric-powered golf carts (replacing gas-powered vehicles), installing solar panels to power our outdoor and street lights, and rolling out Phase 2 of our motion-sensor lighting systems across offices and toilets. We will also implement a Building Management System to optimize water, electricity, and air-conditioning use.

In addition to cutting emissions, we plan to create a safer and greener environment by planting more trees and greenery, as well as introducing clear road markings for pedestrians and cyclists. These measures underscore our commitment to promoting sustainability, well-being, and safety throughout our premises.

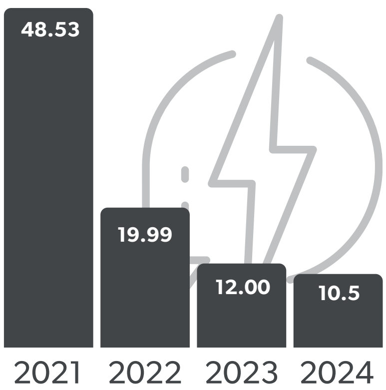
ENERGY MANAGEMENT

Our environmental policies have earned ISO 14001:2015 certification, reflecting that ecological consciousness is a core focus of our work. The below graphs displays a slight increase in usage over four years compared to 2024, which can be attributed to an increase in the scale of business production due to significant progress on two major ship build projects. Our energy mix consists of grid electricity.

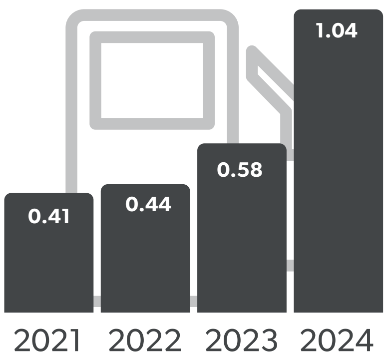
Graph 10:
Electricity Consumption (in MWh)



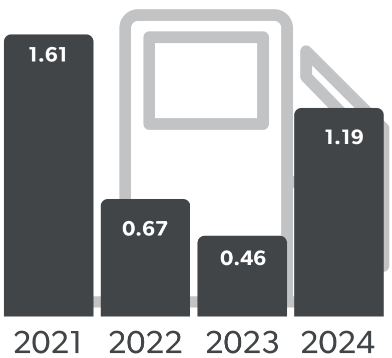
Graph 11:
Electricity Intensity (in MWh/million AED)



Graph 12:
Fuel (Petrol and diesel) consumption in ML



Graph 13:
Fuel Intensity (megalitres/million AED)

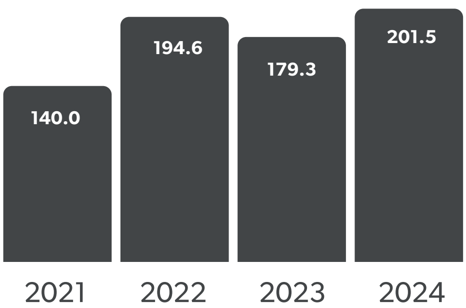


WATER MANAGEMENT

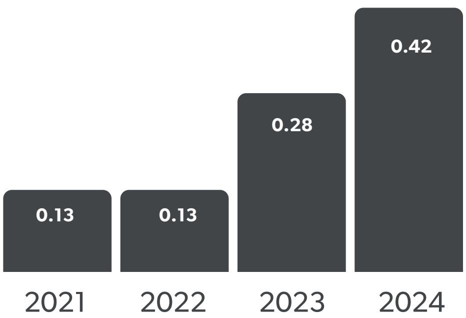
In both our shipbuilding and ship repair operations and the maritime areas in which our vessels operate, water is an essential resource. As a crucial component of our sustainability initiatives, we at ADSB understand the significance of prudent water management. We monitor how much water we use and strive for conservation and pollution control measures throughout our activities.

Water is used by office staff in the administration buildings and the staff accommodation inside the ADSB yard when necessary. It is also used for equipment washing, vessels, and CNC messer machine water jets. Water is discharged to the municipality's treatment network line. In the equipment washing discharge area, we have installed an oil interceptor to maintain the quality of the waste discharge. The below graphs evidences total water withdrawal from all areas in megalitres.

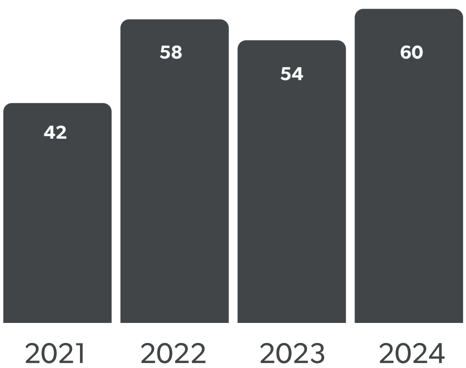
Graph 14:
Water Consumption from ADDC in Megalitres



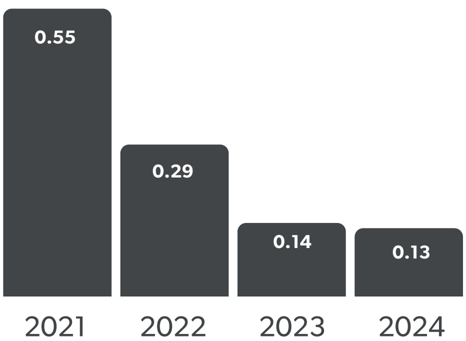
Graph 15:
Drinking Water Consumption in Megalitres



Graph 16:
Water discharged in Megalitres



Graph 17:
Water Intensity (in Megalitres/ Million AED)



WASTE MANAGEMENT

Responsible waste management is crucial for ADSB as a measure of our commitment to adhere to global standards for sustainability, according to the Global Reporting Initiative. We strive to minimise waste through our Waste Management and Reduction Plan to enhance recycling efforts and formally lessen our environmental impact.

Our Waste Reduction Measures

- Comprehensive recycling program
- Train employees on waste minimization
- Collaborate with suppliers to reduce packaging waste
- Implement lean principles to reduce inefficiencies
- Find ways to reuse surplus materials
- Encourage a culture of innovation for waste reduction

ADSB commonly generates the waste in compliance with environmental laws, particularly for copper and slag grit waste from sand blasting activity. We are dedicated to adopting effective waste management strategies that emphasize the conservation of resources and stewardship of our surroundings; therefore ADSB hired Tadweer, an approved subcontractor who specializes in disposal and waste management.

WASTE REDUCTION GOALS

01 Mitigate environmental impact by diverting waste from landfills through robust sorting, recycling, and responsible disposal methods.

02 Continuously evaluate and refine waste management procedures—such as scrap handling and storage—to uncover opportunities for further reduction, reuse, and cost savings.

03 Establish measurable annual targets for recycling and landfill diversion, and track progress through regular audits and reporting.

04 Ensure full compliance with local regulations, international standards, and industry best practices to uphold environmental protection and maintain safe operations.

05 Collaborate with accredited recyclers (like Al Dhafra) and deploy specialised solutions (e.g., Tadweer recycling vending machines) to maximise material recovery and minimise landfill waste.

06 Promote a culture of sustainability by training employees on proper disposal practices, encouraging the responsible use of materials, and integrating waste minimisation into daily operations.

07 Implement a comprehensive waste management and reduction program, underpinned by ongoing improvement initiatives, to continually decrease the organisation's overall environmental footprint.

Graph 18: General waste volume produced over four years

332.58 tons	359.59 tons	516.48 tons	789.0 tons
2021	2022	2023	2024

We continuously strive to adopt a circular economy approach that minimises our generated waste through reuse, followed by waste reduction, recycling, and limited disposal in landfills. Our ongoing target is reducing our environmental footprint and ensuring responsible waste handling. By doing this, we develop an ethically minded mindset as an employer and our employees to ensure an ongoing sustainable future for our company, stakeholders, and communities.

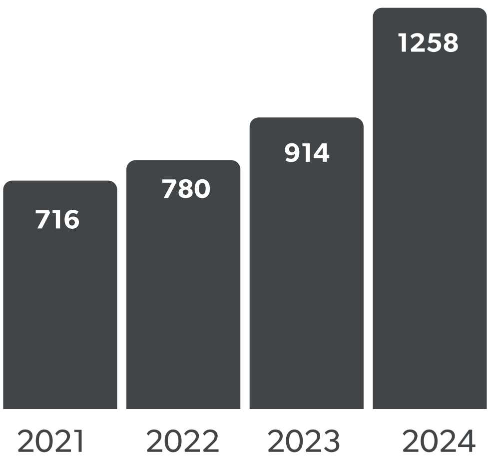
SOCIAL STEWARDSHIP

In line with our vision to be a sustainable and socially responsible entity, we prioritize the well-being, development, and diversity of our employees. Through strategic initiatives and ongoing investments in our workforce, we aim to promote a culture of innovation, inclusion, and excellence. Our efforts are in areas such as talent management, employee engagement, health and safety practices, training and development programs, as well as our commitment to promoting diversity, equity, and inclusion within our organization. As we navigate the dynamic landscape of the shipbuilding industry, our employees remain central to our ability to adapt, grow, and thrive sustainably. Through transparent reporting and accountability, we aim to demonstrate our dedication to upholding the highest standards of ethical conduct, employee well-being, and professional development.

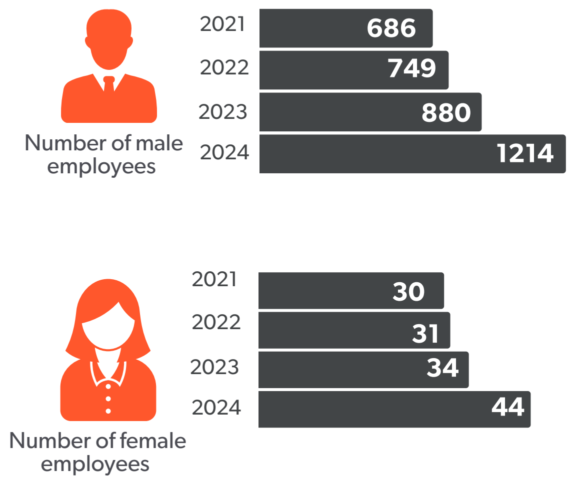
HUMAN CAPITAL

At Abu Dhabi Ship Building (ADSB), we recognize that our greatest strength lies within our people. As a leading shipbuilding and ship repair facility in the region, we understand the pivotal role our workforce plays in achieving our sustainability goals and driving organizational success. We are dedicated to establishing a comprehensive and peaceful workplace, where positivity thrives, and productivity naturally flourishes. Our commitment is to unlock the full potential of our team, ensuring a fulfilling career journey with us. Embracing diversity without any form of discrimination, we prioritize the well-being of our employees. In our pursuit of excellence, we aim to provide professional growth and strive to create an atmosphere that resonates with our team's individual strengths, encouraging a harmonious and collaborative work environment. To ensure adherence to anti-corruption measures, we ensure that all our employees receive regular communication through the webmaster.

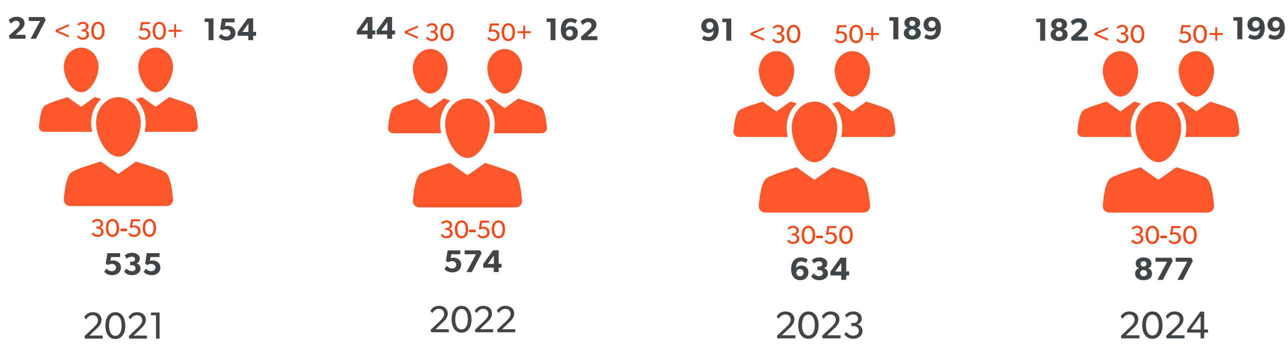
Graph 19: Total number of employees



Graph 20: Employees by gender



Graph 21: Employees by age group

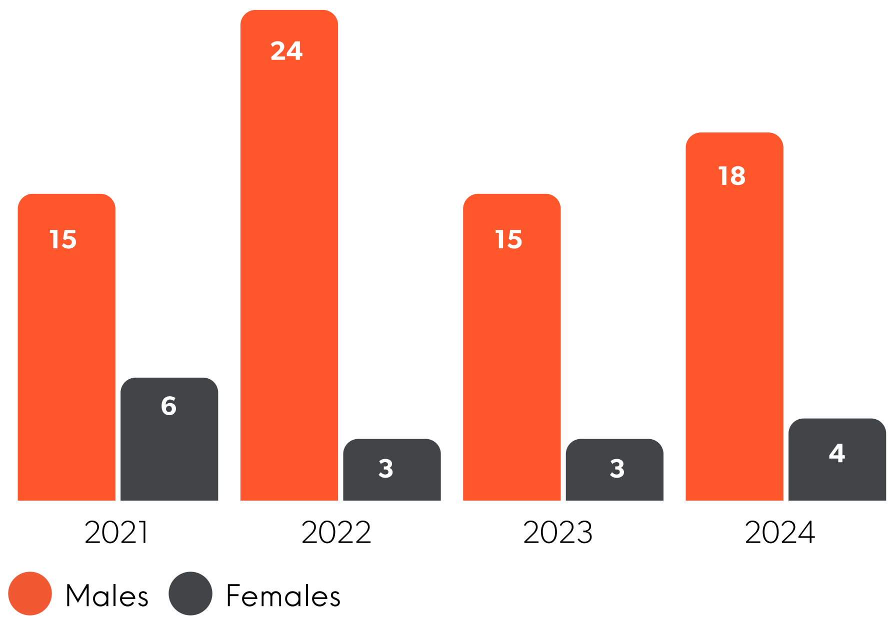


WORK-LIFE BALANCE

We nurture a workplace culture that prioritises employee well-being and happiness as a core value within our organisation. We recognise work-life balance difficulties and remain dedicated to helping our people attain a healthy balance between their professional and personal lives.

Our company is committed to promoting an environment where employees' pleasure and well-being are highly valued. We are fully devoted to helping our employees achieve a healthy balance between work and personal life. To address the various demands of our team members, we provide a range of support mechanisms, including parental leave, and the availability of facilities and resources to support a balanced lifestyle. By prioritizing work-life balance, we hope to promote a productive workplace where our staff members may thrive and realize their full potential.

Graph 22: Employees taking Parental Leave



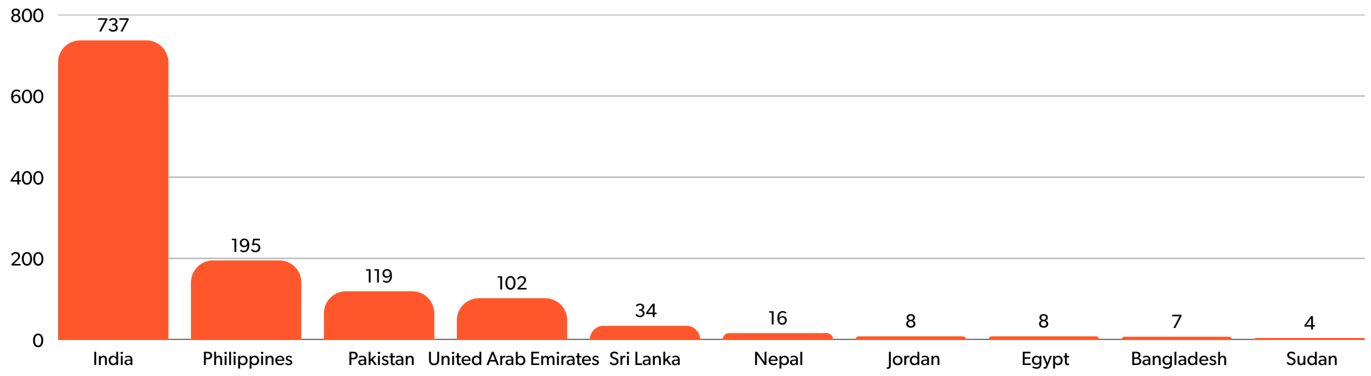
100% Retention Rate of employees who took Parental Leaves in 2023 and 2024

EQUAL OPPORTUNITY AND DIVERSITY

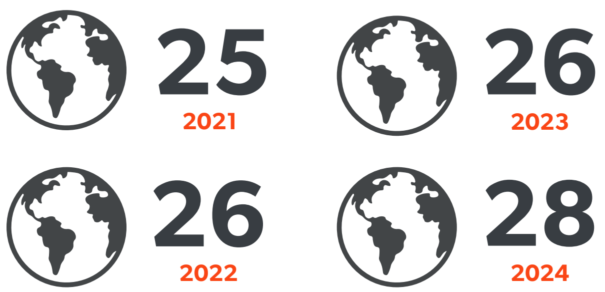
At Abu Dhabi Ship Building, we uphold a work environment based on diversity and equal opportunity. Everyone contributes unique talents and viewpoints to our company, creating a vibrant and creative workplace. Beyond accepting variety, we foster an inclusive environment that embraces and supports individuality. By upholding equal opportunity, we guarantee that every worker, irrespective of background, has an equal opportunity to develop, succeed, and add to our team's success. This commitment to diversity strengthens our business and demonstrates our faith in the potential of a diverse and inclusive workforce. The company also provides a remuneration policy, outlining guidelines for employee compensation, including salaries, bonuses, and benefits, to ensure transparency and fairness in compensation practices.

Graph 22 displays that employee nationalities vary considerably, but the four most dominant in number include India, the Philippines, Pakistan and the United Arab Emirates. This supports our position regarding equal opportunities across diverse cultures.

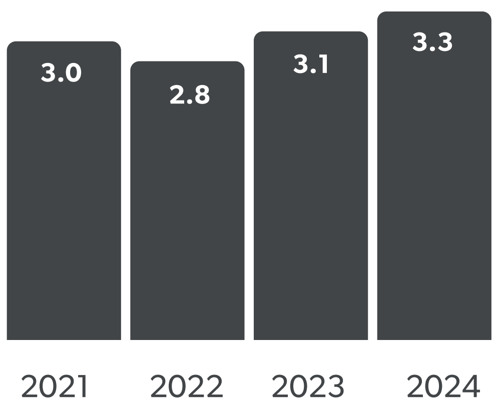
Graph 23: Top 10 Employee nationalities



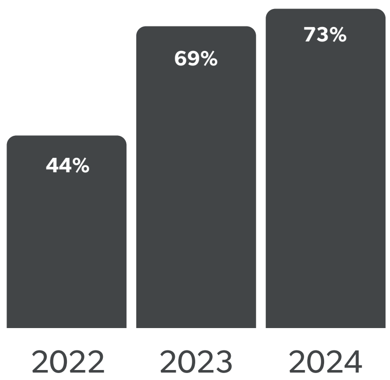
Graph 24: Number of Nationalities



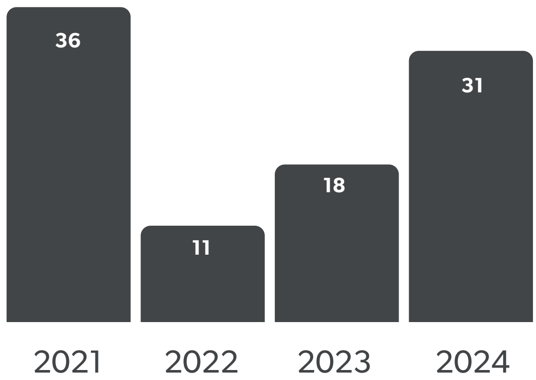
Graph 25: Women to men compensation ratio



Graph 26: Proportion of senior management personnel hired from the local community



Graph 27: Total enterprise headcount held by contractors and/or consultants in specialised skilled jobs specific to projects

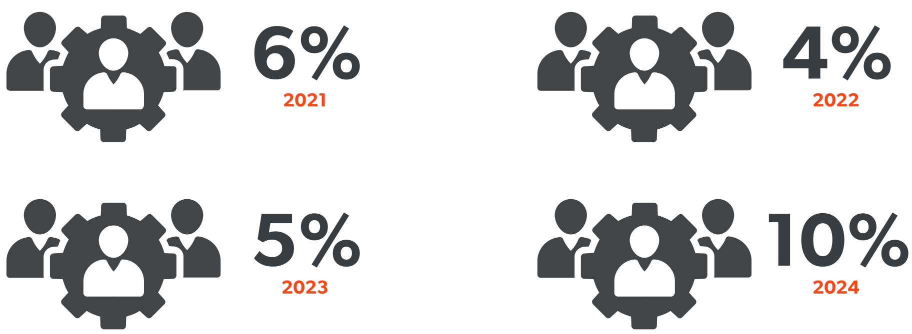


We employ a small yet important proportion of contractors and/or consultants (Graph 27). The ADSB recognizes the value of specialist technological expertise in our line of work; therefore, we hire outside specialists for our projects to maintain the highest standards of quality and efficacy in our operations. Our commitment to quality motivates us to work with these experts on a project-by-project basis, guaranteeing exceptional results that satisfy our customers' and stakeholders' needs.

Outsourcing Skilled Resources

We acknowledge the importance of technical proficiency in our field. To uphold top-notch quality and effectiveness in our operations, we enlist external experts for our projects. Our dedication to excellence drives us to collaborate with these professionals on a project-by project basis, ensuring outstanding outcomes that fulfill the requirements of our clients and stakeholders.

Graph 28: External skilled workforce



HEALTH & SAFETY

At Abu Dhabi Ship Building, the well-being of our employees is paramount, and we are deeply committed to maintaining a safe and healthy workplace environment. Our robust health and safety practices are designed to safeguard the physical, mental, and emotional well-being of everyone within our organization.

We adhere to stringent safety protocols, ensuring compliance with industry regulations and best practices. Through comprehensive training programs and regular risk assessments, we empower our employees to identify and mitigate potential hazards proactively.

We firmly believe that a safe and healthy workforce is essential for achieving sustainable business success and fulfilling our commitment to corporate responsibility.

Providing a healthy environment for our employees through:

Ongoing Training:
Provide continuous safety training to educate employees on accident prevention and injury mitigation

Supervision:
Increase supervision to ensure adherence to safety protocols and address unsafe behaviors promptly

PPE Usage:
Mandate consistent use of Personal Protective Equipment (PPE) to minimize injury risks

Health Monitoring:
Regularly monitor employee health for early identification of safety risks

Material Safety:
Use safe materials to reduce exposure to hazardous substances

Feedback Mechanism:
Establish channels for employees to report safety concerns

Incident Investigation:
Conduct thorough investigations to prevent recurrence

Equipment Know-How:
Ensure proper installation and maintenance knowledge of equipments

Safety Culture:
Promote a culture of safety and reward compliance

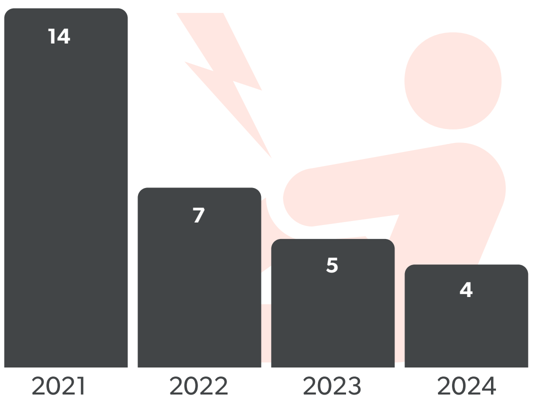
Continuous Improvement:
Review and update safety measures based on feedback and incidents

SOLAS (SAFETY OF LIFE AT SEA)

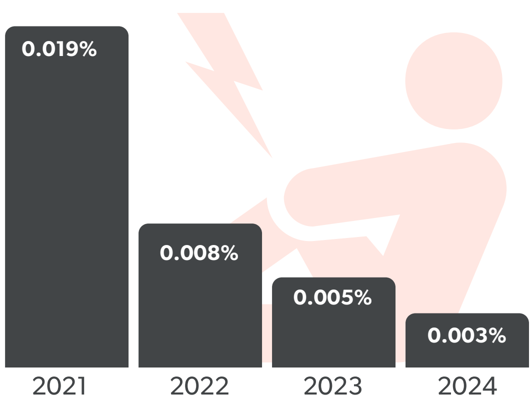
In alignment with the Safety of Life At Sea (SOLAS) convention, which establishes international standards for maritime safety, we construct our vessels in strict adherence to the safety protocols. The recruitment of our security personnel is outsourced, and their performance undergoes rigorous monitoring and evaluation based on key performance indicators (KPIs). It is mandatory for them to follow ADSB's policies, procedures, and Management Information Systems (MIS) to ensure compliance with fundamental human rights related to safety and the environment. We outsourced 23 security personnel in 2024.

We conduct regular training sessions in collaboration with our Fire Fighting and Health, Safety, and Environment (HSE) teams to equip our security personnel with the skills to effectively handle emergency situations. By prioritizing the safety and security of both our employees and assets, we are promoting a positive work environment that instills confidence and peace of mind among our staff.

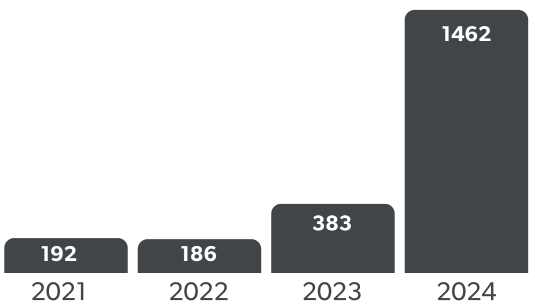
Graph 29: Total number of injuries (SOLAS – Safety of Life at Sea)



Graph 30: Injury rate (%)



Graph 31: Worker training in occupational health and safety (in hours)



TRAINING AND DEVELOPMENT

Our most valuable asset is our talented workforce; therefore, we are proactive in ensuring that our employees are offered continuous growth in their areas of specialisation, including opportunities that aim to nurture and extend evolving needs. Our training and development initiatives are thoughtfully designed to enhance individual skills while addressing the evolving requirements of the shipbuilding industry. We cultivate a culture of continuous learning and innovation capacity building, where diverse professional development opportunities empower our team to excel.

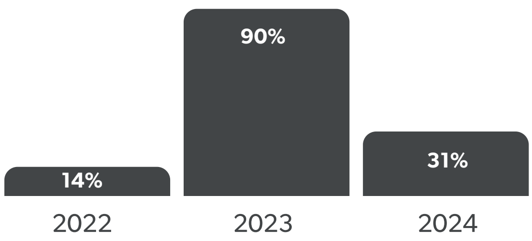
From specialised technical training to leadership programmes, we make substantial investments in equipping our employees with the critical knowledge and skills necessary to navigate the complexities of the shipbuilding sector successfully. Our mentorship programmes and individualised development plans create clear pathways for employees to realise their professional goals within our organisation.

We are committed to promoting a dynamic learning ecosystem that produces a workforce that is agile, innovative, and well-equipped to tackle future challenges. The Learning Innovation Factory (LIF) is a comprehensive training program for employees across the EDGE Group, ensuring their skills are consistently enhanced and updated. In addition, we implement various external training initiatives to solidify our commitment to cultivating a highly skilled workforce.

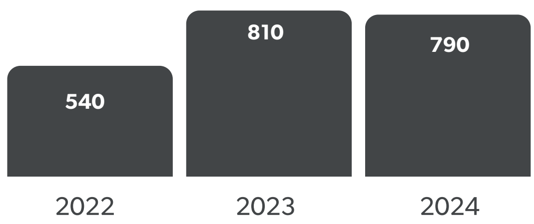
From specialised technical training to leadership programmes, we make substantial investments in equipping our employees with the critical knowledge and skills necessary to navigate the complexities of the shipbuilding sector successfully. Our mentorship programmes and individualised development plans create clear pathways for employees to realise their professional goals within our organisation.

100% of our employees received performance and career reviews during the year 2024.

Graph 32: Percentage of employees trained in human rights policy



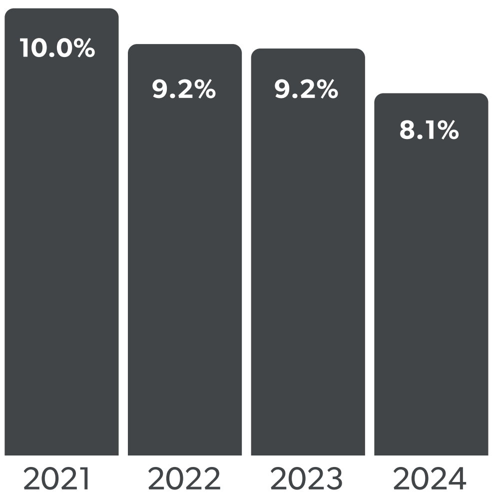
Graph 33: Total hours undertaken for human rights training



EMIRATISATION

A major initiative of the UAE government includes Emiratization, which aims to ensure that local Emirati talent is developed, nurtured, and provided with meaningful career opportunities and growth. Underpinning our philosophy and core values in supporting this initiative and advancing local, national, and global talent, we are employers who reflect the UAE's vibrant cultural heritage and celebrate the ingenuity of cultures, diversity, and inclusion. Emiratization focuses heavily on Emirati contributions at the local, national, and global levels, and as such, there is a need for capacity-building innovation in sustainable development. Furthermore, empowering local talent provides a platform to advance the development of relevant skills, experience, and innovation capacity building for Emirati people to compete with foreign expatriates for specific roles.

Graph 34: Percentage of national employees within the organisation



Actual Emiraitization in 2024 is

31%

of positions that can be occupied by UAE Nationals

SOCIAL COMMITMENT

Our approach has been essential to developing into a modern and fulfilling shipbuilding business. This strategy emphasises improvements in each worker's general working circumstances inside and outside the yard. We must look after our society's resources, especially our cherished workers. We constantly acknowledge their accomplishments and provide special attention to developing a diverse workforce where everyone has equal opportunity. Through this process, we continue to accomplish the engagement goals through :

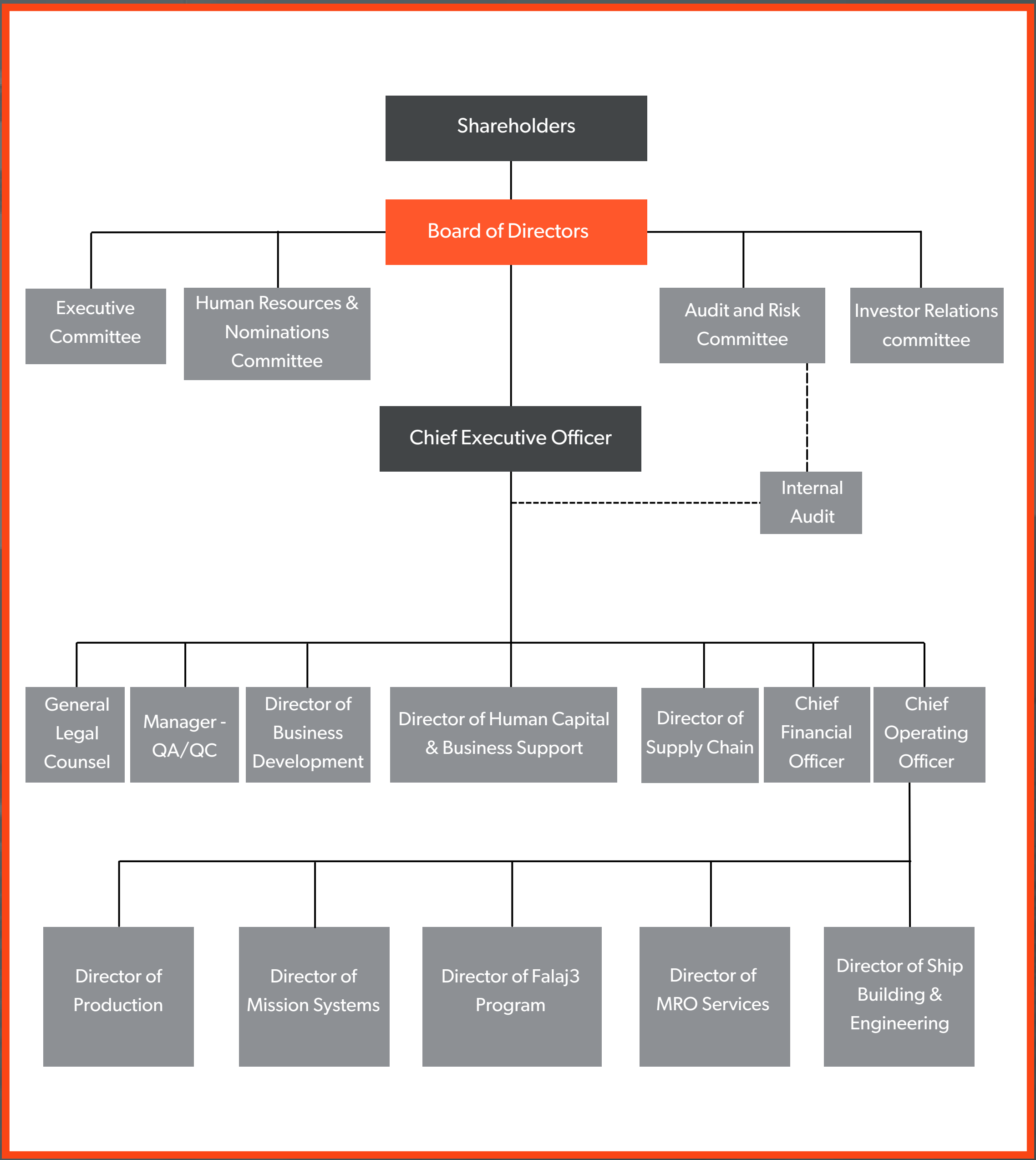
1. Improvement of the workplace
2. Active participation to promote a welcoming experience
3. An upbeat work environment
4. Resolving issues

Our work environment is being addressed and improved based on employee involvement and the valuable feedback we have received.

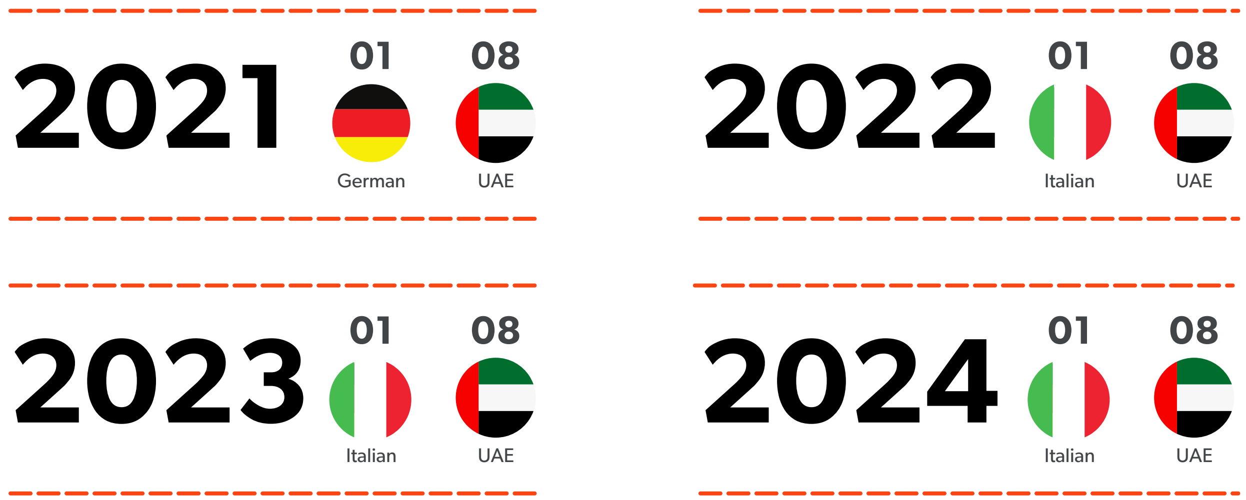
ETHICAL GOVERNANCE

GOVERNANCE STRUCTURE

The governance structure of Abu Dhabi Ship Building Company is overseen by shareholders and a Board of Directors, supported by four established committees. This robust governance framework ensures strong, ethical practices across all levels of the organization. The Board and Committees actively contribute to the strategic direction, with clear action plans and measures in place to maintain high standards of accountability, transparency, and integrity throughout the company.

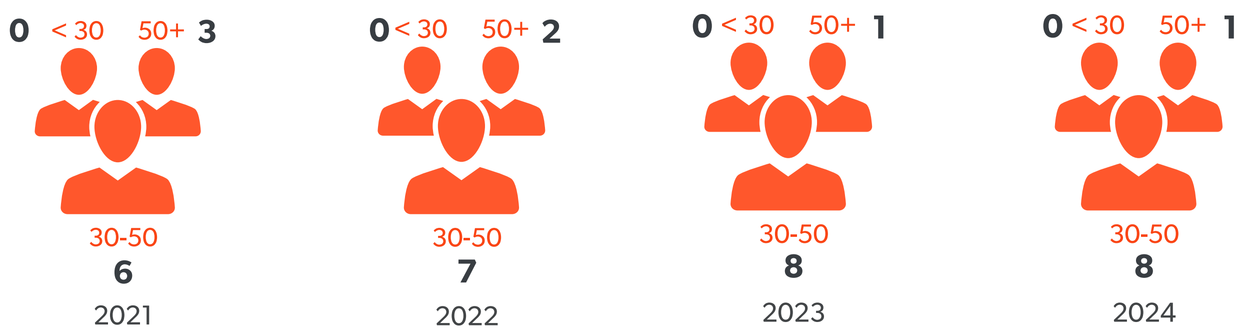


Graph 35: Board members by nationality



Graph 36: Board members by gender

Graph 37: Number of individuals in the governance body/board by age group



67% Percentage of total board seats occupied by independent board members.

RISK MANAGEMENT

Abu Dhabi Ship Building takes a proactive, holistic, and comprehensive risk management approach, including identifying, evaluating, and triaging risks in all our company's operations. We successfully mitigate, monitor, and manage risks by applying strong risk management techniques and processes to protect our interests and guarantee long-term success. Our constant evaluation and improvement of the risk management system, which guarantees its conformity with new threats and difficulties, demonstrates our dedication to excellence and customer satisfaction. To reduce the possibility of potential financial issues, we use prudent financial management techniques, keep sound balance sheets, and have recognized that competition is intensifying. We continually invest in research and development, enhance offerings, and optimize operational efficiency.

DATA PRIVACY

We recognise the critical importance of safeguarding our company's intellectual property, sensitive client and supplier information, and other confidential data to ensure the continuity and security of our operations. Our organisation is committed to enhancing our security protocols, encompassing technical controls across our network, software, and hardware. Additionally, we conduct training sessions to increase employee awareness of cybersecurity best practices. Our data policy involves the following procedures:

- Restricted use of USB drives.
- Mobile device Management to restrict data access from personal mobile devices and manage mobile devices in case of lost or stolen.
- Secure encrypted email communication, internally and externally, is facilitated through SECLORE to safeguard ADSB's communication channels.
- We have instituted security measures to safeguard both data and the IT environment accessed by employees across various fronts.
- Implemented data loss prevention to protect ADSB data, and deployed a classification system for data per its usage and sensitivity. A Non Disclosure Agreement is in place to secure data for those working in IT, including consultants.
- LAN is restricted to ADSB employees, and network drive access is based on responsibility.
- Advanced VPN enables and secures remote work and supports work-from-home policies.

SUSTAINABILITY AT ADSB

LISTENING TO OUR STAKEHOLDERS

We owe our esteemed industry position to our stakeholders' unwavering support because we listen to them and value their feedback. Through continuous engagement, we gain vital insights into their perspectives, empowering us to proactively identify and address environmental, social, and governance (ESG) risks while capitalising on emerging opportunities. Our dedication to meaningful engagement fosters trust and cultivates strong, lasting relationships crucial for sustainable growth through:

IDENTIFICATION

Proactively recognising stakeholders through dynamic discussions and deliberations within our corporate sustainability committee.

PRIORITISATION

Strategically prioritising stakeholders based on their significant influence in decision-making processes and key activities.

ENGAGEMENT

Creating robust channels of connection that allow us to engage with stakeholders and uncover essential material topics.

MANAGING EXPECTATIONS

Effectively addressing stakeholder concerns and expectations strengthens our relationships and drives mutual success.

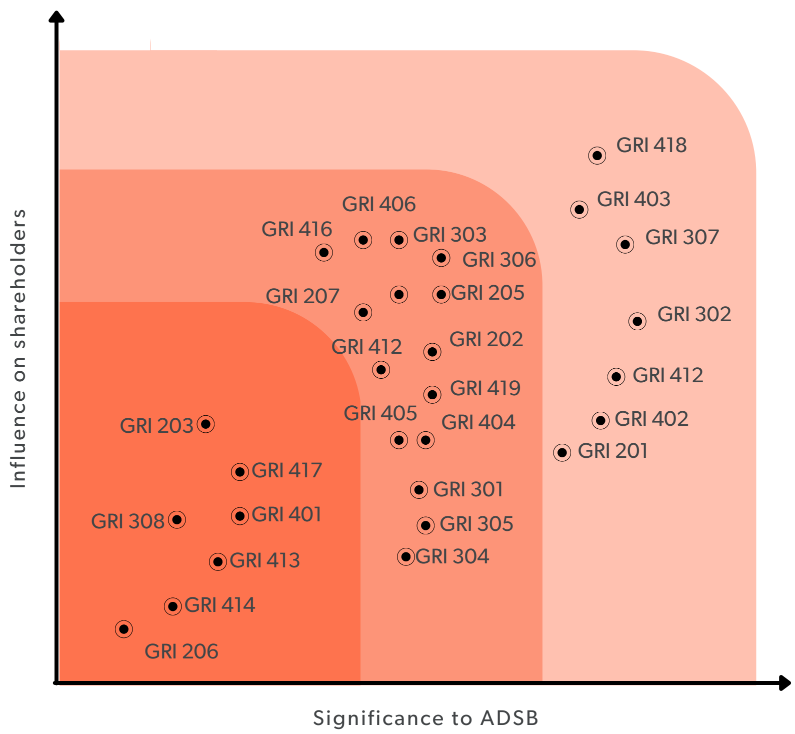
MATERIALITY ANALYSIS

A materiality analysis is crucial for our company to pinpoint key focus areas, prioritise them, and grasp their significance for our stakeholders. This analysis also allows us to understand the processes that may influence our business model. Furthermore, this analysis also aids in aligning sustainability strategies with stakeholder expectations, as recommended by the GRI. This company's sustainability report encompasses the organisation's significant economic, environmental, and social impacts and any ESG-related information significantly affecting stakeholder assessments and decisions.

Impact refers to a company's influence on the

1. Environment 2. Social 3. Governance

Whether positive or negative, impact could be deemed relevant and potentially material based on the above three areas. Integrating materiality analysis into our operations brings numerous benefits that enhance our company's performance and sustainability. These benefits include risk mitigation through identifying ESG risks most relevant to our company, enabling the avoidance of costly legal, reputational, and operational issues. Effective risk management also promotes increased trust.



OUR CONTRIBUTION TO THE UNSDGS

Defence shipbuilding capabilities form a crucial pillar for every country, and they have become even more vital for nations such as the United Arab Emirates (UAE) that hold strategic shipbuilding interests. Protecting territorial waters alongside critical infrastructure demands these capabilities. Abu Dhabi Ship Building leads the shipbuilding sector with its ability to build advanced vessels designed for military and commercial operations. ADSB delivers expert advice and service for all vessel sizes through specialised knowledge, particularly in littoral warfare defence patrol missions and exclusive economic zone protection.

ADSB demonstrates our dedication to the UN Sustainable Development Goals by tailoring our projects to promote economic innovation and sustainability for future generations. This aligns with our increasing emphasis on sustainability in the shipbuilding and ship repair industry. Our commitment extends to sustainable methods that guide us toward our ambitious zero-waste and emission-free ship production targets. These activities demonstrate our commitment to environmental protection while advancing eco-friendly practices within the shipbuilding industry. Our targets also translate into the workplace, where we minimize waste through our Waste Management Reduction Plan to enhance recycling efforts to lessen our environmental impact, including an action plan to increase efficient lighting systems.

The UAE's COP28 in 2023 brought forth meaningful agreements and discussions that have made climate change action an urgent priority. The growing awareness of climate change's detrimental impact on ecosystems, economic systems, and human health drives the need for effective measures. Climate Change is a worldwide issue, and our dedication focuses on speeding up our efforts to reduce greenhouse gas emissions while encouraging sustainable methods and strengthening resistance against unavoidable climate change effects. Moving towards a low-carbon and climate-resilient future demands immediate collective action to protect both present and future generations.

Table 2: Contribution goals and relevant SDGs

Action	Relevant SDG
Tailoring our projects to promote economic innovation and sustainability for future generations	8 DECENT WORK AND ECONOMIC GROWTH
Sustainability in the shipbuilding and ship repair industry on a global scale	12 RESPONSIBLE CONSUMPTION AND PRODUCTION; 13 CLIMATE ACTION
Sustainable methods that guide us toward our ambitious zero-waste	12 RESPONSIBLE CONSUMPTION AND PRODUCTION; 13 CLIMATE ACTION
Emission-free ship production targets	9 INDUSTRY, INNOVATION AND INFRASTRUCTURE; 12 RESPONSIBLE CONSUMPTION AND PRODUCTION
Speeding up our efforts to reduce greenhouse gas emissions	11 SUSTAINABLE CITIES AND COMMUNITIES; 13 CLIMATE ACTION
Encouraging sustainable methods	12 RESPONSIBLE CONSUMPTION AND PRODUCTION
Strengthening resistance against unavoidable climate change effects	13 CLIMATE ACTION
Reduce greenhouse gas emissions	12 RESPONSIBLE CONSUMPTION AND PRODUCTION; 13 CLIMATE ACTION
Waste Management Reduction Plan	12 RESPONSIBLE CONSUMPTION AND PRODUCTION; 15 LIFE ON LAND
Increase efficient lighting systems	3 GOOD HEALTH AND WELL-BEING; 11 SUSTAINABLE CITIES AND COMMUNITIES

ADX ESG INDEX

ADX ESG INDEX

	METRIC	CALCULATION	CORRESPONDING GRI STANDARD	RELEVANT SDGs	PAGE NO.
Environmental	E1. GHG Emissions	E1.1) Total amount, in CO2 equivalents, for Scope 1 E1.2) Total amount, in CO2 equivalents, for Scope 2 (if applicable) E1.3) Total amount, in CO2 equivalents, for Scope 3 (if applicable)	GRI 305: Emissions 2016	13 CLIMATE ACTION	Page 30
	E2. Emissions Intensity	E2.1) Total GHG emissions per output scaling factor E2.2) Total non-GHG emissions per output scaling factor	GRI 305: Emissions 2016	13 CLIMATE ACTION	Page 30
	E3. Energy Usage	E3.1) Total amount of energy directly consumed E3.2) Total amount of energy indirectly consumed	GRI 302: Energy 2016	12 RESPONSIBLE CONSUMPTION AND PRODUCTION	Page 32
	E4. Energy Intensity	Total direct energy usage per output scaling factor	GRI 302: Energy 2016	12 RESPONSIBLE CONSUMPTION AND PRODUCTION	Page 32

	METRIC	CALCULATION	CORRESPONDING GRI STANDARD	RELEVANT SDGs	PAGE NO.
Environmental	E5. Energy Mix	Percentage: Energy usage by generation type	GRI 302: Energy 2016	7 AFFORDABLE AND CLEAN ENERGY	Page 32
	E6. Water Usage	E6.1) Total amount of water consumed E6.2) Total amount of water reclaimed	GRI 303: Water and Effluents 2018	6 CLEAN WATER AND SANITATION	Page 33
	E7. Environmental Operations	E7.1) Does your company follow a formal Environmental Policy? Yes, No E7.2) Does your company follow specific waste, water, energy, and/or recycling polices? Yes/No E7.3) Does your company use a recognized energy management system? Yes/No	GRI 103: Management Approach 2016*	13 CLIMATE ACTION	Yes Page 26 Page 26
	E8. Environmental Oversight	Does your Board/Management Team oversee and/or manage climate-related risks? Yes/No	GRI 102: General Disclosures 2016		No, we are working towards this avenue, to be disclosed in further reports.

	METRIC	CALCULATION	CORRESPONDING GRI STANDARD	RELEVANT SDGs	PAGE NO.
	E9. Environmental Oversight	Does your Board/Management Team oversee and/or manage other sustainability issues? Yes/No			Yes
	E10. Climate Risk Mitigation	Total amount invested, annually, in climate-related infrastructure, resilience, and product development?		13 CLIMATE ACTION	No, we are working towards this avenue, to be disclosed in further reports.
Social	S1. CEO Pay Ratio	S1.1) Ratio: CEO total compensation to median FTE total compensation S1.2) Does your company report this metric in regulatory filings? Yes/No	GRI 102: General Disclosures 2016	10 REDUCED INEQUALITIES	20.91:1 in 2024 Yes
Social	S2. Gender Pay Ratio	Ratio: Average male compensation to average female compensation	GRI 405: Diversity and Equal Opportunity 2016	5 GENDER EQUALITY	Page 40
Social	S.3 Employee Turnover	S3.1) Percentage: Year-overyear change for full-time employees	GRI 401: Employment 2016		Page 38

	METRIC	CALCULATION	CORRESPONDING GRI STANDARD	RELEVANT SDGs	PAGE NO.
Social		S3.2) Percentage: Year-overyear change for part-time employees S3.3) Percentage: Year-overyear change for contractors and/or consultants			No part-time employees Page 41
	S.4 Gender Diversity	S4.1) Percentage: Total enterprise headcount held by men and women S4.2) Percentage: Entry- and mid-level positions held by men and women S4.3) Percentage: Senior- and executive-level positions held by men and women	GRI 102: General Disclosures 2016 GRI 405: Diversity and Equal Opportunity 2016 GRI 405: Diversity and Equal Opportunity 2016	5 GENDER EQUALITY	Page 38
	S.5 Temporary Worker Ratio	S5.1) Percentage: Total enterprise headcount held by part-time employees S5.2) Percentage: Total enterprise headcount held by contractors and/or consultants	GRI 102: General Disclosures 2016		No part-time employees. Page 41

	METRIC	CALCULATION	CORRESPONDING GRI STANDARD	RELEVANT SDGs	PAGE NO.
Social	S6. Non-Discrimination	Does your company follow a sexual harassment and/or nondiscrimination policy? Yes/No	GRI 103: Management Approach 2016*	10 REDUCED INEQUALITIES	Yes
	S7. Injury Rate	Percentage: Frequency of injury events relative to total workforce time	GRI 403: Occupational Health and Safety 2018	3 GOOD HEALTH AND WELL-BEING	Page 44
	S8. Global Health & Safety	Does your company follow an occupational health and/or global health & safety policy? Yes/No	GRI 403: Occupational Health and Safety 2018	3 GOOD HEALTH AND WELL-BEING	Yes
	S9. Child & Forced Labor	S9.1) Does your company follow a child and/or forced labor policy? Yes/No S9.2) If yes, does your child and/or forced labor policy also cover suppliers and vendors? Yes/No	GRI 103: Management Approach 2016*	8 DECENT WORK AND ECONOMIC GROWTH	Yes, we adhere to UAE laws.
	S10. Human Rights	S10.1) Does your company follow a human rights policy? Yes/No	GRI 103: Management Approach 2016*	10 REDUCED INEQUALITIES	Yes

	METRIC	CALCULATION	CORRESPONDING GRI STANDARD	RELEVANT SDGs	PAGE NO.
Social		S10.2) If yes, does your human rights policy also cover suppliers and vendors? Yes/No			Yes
Social	S11. Nationalization	S11.1) Percentage of national employees S11.2) Direct and indirect local job creation		8 DECENT WORK AND ECONOMIC GROWTH	Page 46
Social	S12. Community Investment	S12.1) Amount invested in the community, as a percentage of company revenues		8 DECENT WORK AND ECONOMIC GROWTH	Page 47
Governance	G1. Board Diversity	G1.1) Percentage: Total board seats occupied by men and women G1.2) Percentage: Committee chairs occupied by men and women	GRI 405: Diversity and Equal Opportunity 2016	10 REDUCED INEQUALITIES	Page 50 0
Governance	G2. Board Independence	G2.1) Does company prohibit CEO from serving as board chair? Yes/No	GRI 102: General Disclosures 2016		Yes

	METRIC	CALCULATION	CORRESPONDING GRI STANDARD	RELEVANT SDGs	PAGE NO.
Governance		G2.2) Percentage: Total board seats occupied by independents			Page 50
	G3. Incentivized Pay	Are executives formally incentivized to perform on sustainability? Yes/No	GRI 102: General Disclosures 2016		Yes
	G4. Collective Bargaining	Percentage: Total enterprise headcount covered by collective bargaining agreement(s) *Applicable to companies operating in countries in which collective bargaining is applicable by law	GRI 102: General Disclosures 2016	10 REDUCED INEQUALITIES	NA
	G5. Supplier Code of Conduct	G5.1) Are your vendors or suppliers required to follow a Code of Conduct? Yes/ No G5.2) If yes, what percentage of your suppliers have formally certified their compliance with the code?	GRI 102: General Disclosures 2016 GRI 103: Management Approach 2016*	12 RESPONSIBLE CONSUMPTION AND PRODUCTION	Yes

	METRIC	CALCULATION	CORRESPONDING GRI STANDARD	RELEVANT SDGs	PAGE NO.
Governance	G6. Ethics & Anti-Corruption	G6.1) Does your company follow an Ethics and/or Anti-Corruption policy? Yes/No G6.2) If yes, what percentage of your workforce has formally certified its compliance with the policy?	GRI 102: General Disclosures 2016 GRI 103: Management Approach 2016*	16 PEACE, JUSTICE AND STRONG INSTITUTIONS	Yes 100%
Governance	G7. Data Privacy	G7.1) Does your company follow a Data Privacy policy? Yes/No G7.2) Has your company taken steps to comply with GDPR rules? Yes/No	GRI 103: Management Approach 2016*		Page 52 No
Governance	G8. Sustainability Reporting	G8.1) Does your company publish a sustainability report? Yes/No G8.2) Is sustainability data included in your regulatory filings? Yes/No			Yes, this is our fourth sustainability report. Yes
Governance	G9. Disclosure Practices	G9.1) Does your company provide data to sustainability reporting frameworks?			No, we will be considering in future for necessary disclosures.

METRIC	CALCULATION	CORRESPONDING GRI STANDARD	RELEVANT SDGs	PAGE NO.
Governance				
	G9.2) Does your company focus on specific UN Sustainable Development Goals (SDGs)? Yes/No G9.3) Does your company set targets and report progress on the UN SDGs? Yes/No			Yes No, ADSB will be considering in further reports for necessary disclosures.
G10. External Assurance	Are your sustainability disclosures assured or validated by a third party? Yes/No	GRI 102: General Disclosures 2016 * GRI 103: Management Approach 2016 is to be used in combination with the topic specific Standards		No, we chose to have internal assurance.

Our responsibility extends beyond building ships—it’s about shaping a future where industry and environment coexist. True progress lies not just in advancing technology but in redefining how we harness resources, minimize impact, and safeguard the oceans and the environment at large that sustain us and the environment at large.

ADSB
Mussafah Industrial Area
PO Box 8922
Abu Dhabi, UAE

adsb.ae

Developed with assistance of our Sustainability Partner - THE ONE PERCENT

Abu Dhabi Ship Building PJSC

Consolidated Financial Statements
For the year ended 31 December 2024

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Independent Auditor's Report
To the Shareholders of Abu Dhabi Ship Building PJSC

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Abu Dhabi Ship Building PJSC (the "Company") and its subsidiaries (together the "Group"), which comprise the consolidated statement of financial position as at 31 December 2024, and the consolidated statement of 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 31 December 2024, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IASB).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the applicable requirements of Abu Dhabi Accountability Authority ("ADAA") Chairman Resolution No. 88 of 2021 Regarding Financial Statements Audit Standards for the Subject Entities. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants* (IESBA Code) together with the other ethical requirements that are relevant to our audit of the Group's consolidated financial statements in the United Arab Emirates, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Grant Thornton

Independent Auditor's Report
To the Shareholders of Abu Dhabi Ship Building PJSC (continued)

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

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 of the Group for the current year. 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 area of focus
Recognition of revenue from ship building and repair services contracts A significant portion of the Group's revenues is derived from ship building and repair services contracts and revenue on such contracts is recognised over time as performance obligations are fulfilled over time. As disclosed in note 18 to the consolidated financial statements, during the year 2024, the Group has earned AED 1,496,254 thousand (2023: AED 1,257,547 thousand) revenue from ship building and repair services contracts. This area was important to our audit due to significant estimates involved in the determination of stage of completion and measurement of progress towards the satisfaction of performance obligations and estimating costs to complete on each contract.	We have assessed the appropriateness of the revenue recognition accounting policies adopted by the Group and its compliance with IFRS Accounting Standards; We obtained an understanding and walked through of the Group's controls over the revenue and cost recognition process to assess the design of the key controls in place. Our substantive audit procedures included the following, amongst others: • on a sample basis, reviewed the contracts and service orders to evaluate management's assessment of performance obligations in accordance with IFRS 15; • obtained an understanding of the performance and status of the contracts through discussions with project teams (management's specialists) and the finance team; • on a sample basis, obtained cost estimation schedules approved by project teams and verifying the costs to complete by agreeing to evidence of committed spend, budgeted rates or actual costs incurred to date; • evaluated Group's positions through examination of customer and subcontractor correspondences, contract amendments, variation orders and milestone acceptances; and • review of correspondence from legal advisors and minutes of the key meetings to corroborate management's assessment of claims and penalties recorded.

Grant Thornton

Independent Auditor's Report
To the Shareholders of Abu Dhabi Ship Building PJSC (continued)

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

Key Audit Matters (continued)

Key audit matter	*How our audit addressed the area of focus*
Recoverability of contract assets and trade receivables As at 31 December 2024, the Group has significant balances of contract assets and trade receivables, and the recoverability thereof has been assessed as a key audit matter. As disclosed in notes 8 and 9, an amount of AED 4,783 thousand (2023: AED 4,670 thousand) and AED 24,267 thousand (2023: AED 43,429 thousand) has been recognised as an allowance for Expected Credit Loss ("ECL") against contract assets and trade receivables respectively in accordance with IFRS 9. This area was important to our audit due to significant estimates involved in the recoverability assessment of long outstanding trade receivables and contract assets. Significant estimates made by management include, amongst others, probability of customers' default, loss given default, exposure at default, expected dates of collection and discount rates.	Our audit procedures included the following, amongst others: • obtained an understanding of the Group's process for estimating ECL and assessing the appropriateness of the ECL methodology against the requirements of IFRS 9; • assessed the reasonableness of management's key assumptions and judgements made in determining the ECL including the segmenting of trade receivables and contract assets, selection of ECL model and macroeconomic factors; • tested key inputs into the model and comparing these to historical data; • assessed reasonableness of forward-looking factors used by the Group by corroborating with publicly available information; and • verified billings post year end and ensuring that these were in line with contractual terms where applicable as they related to unbilled work in progress at the reporting date. Refer notes 4, 8 and 9 to the consolidated financial statements which disclose the significant judgements made by the management in relation to recoverability of these balances along with the required disclosures.

Other Information

Management is responsible for the other information. Other information consists of the information included in the Sustainability report, the Corporate Governance report, the Message from the Chairman and the Management Discussion and Analysis but does not include the consolidated financial statements and our auditor's report thereon. We obtained the Message from the Chairman and the Management Discussion and Analysis prior to the date of our auditor's report, and we expect to obtain the remaining sections of the Group's 2024 Sustainability report and Corporate Governance report after the date of our auditor's report.

Our opinion on the consolidated financial statements does not cover the other information and 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 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 obtained prior to the date of the 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.

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

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

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with IFRS Accounting Standards and in compliance with the applicable provisions of the Company's Articles of Association and the UAE Federal Law No. (32) of 2021, 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.

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

Our objective is to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatements, 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 and the applicable requirements of Abu Dhabi Accountability Authority ("ADAA") Chairman Resolution No. 88 of 2021 Regarding Financial Statements Audit Standards for the Subject Entities, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those 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.

Independent Auditor's Report
To the Shareholders of Abu Dhabi Ship Building PJSC (continued)

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

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

- 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.

- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the Group's consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law 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 for the year ended 31 December 2024:

i) we have obtained all the information and explanations 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 Articles of Association of the Company and the UAE Federal Law No. (32) of 2021;

iii) the Group has maintained proper books of account;

iv) the financial information included in the *Message from the Chairman and the Management Discussion and Analysis* is consistent with the books of account and records of the Group;

Independent Auditor's Report
To the Shareholders of Abu Dhabi Ship Building PJSC (continued)

Report on Other Legal and Regulatory Requirements (continued)

v) based on the information that has been made available to us, the Group has not purchased or invested in any shares or stocks during the year ended 31 December 2024;

vi) note 24 reflects the material related party transactions and the terms under which they were conducted;

vii) note 1 to the consolidated financial statements discloses that the Group is currently in the process of amending the statutory documents, to reflect the changes required due to the application of the UAE Federal law No. (32) of 2021; and

viii) based on the information that has been made available to us, except for item (vii) mentioned above, nothing has come to our attention which causes us to believe that the Group has contravened, during the financial year ended 31 December 2024, any of the applicable provisions of its Articles of Association or of the UAE Federal Law No. (32) of 2021, which would have a material impact on its activities or its consolidated financial position as at 31 December 2024; and

ix) there were no social contributions made during the year.

Further, as required by the ADAA Chairman Resolution No. 88 of 2021 regarding financial statements Audit Standards for the Subject Entities, we report, in connection with our audit of the consolidated financial statements for the year ended 31 December 2024, that nothing has come to our attention that causes us to believe that the Group has not complied, in all material respects, with any of the provisions of laws, regulations and circulars as applicable, which would materially affect its activities or the consolidated financial statements as at 31 December 2024.

Grant Thornton

GRANT THORNTON

Dr. Osama R. El-Bakry
Registration No: 935
Abu Dhabi, United Arab Emirates
25 March 2025

Consolidated statement of financial position
As at 31 December 2024

	Notes	31 December 2024 AED '000	31 December 2023 AED '000
Assets			
Non-current assets			
Property, plant and equipment	5	**148,012**	144,324
Intangible assets	6	**2,330**	484
Right-of-use assets	22	**5,322**	7,481
Advances to suppliers	9	**291,174**	375,223
Total non-current assets		**446,838**	527,512
Current assets			
Inventories	7	**33,238**	25,182
Contract assets	8	**404,487**	328,342
Trade and other receivables	9	**1,037,646**	1,042,787
Cash and cash equivalents	10	**685,614**	745,267
Total current assets		**2,160,985**	2,141,578
Total assets		**2,607,823**	2,669,090
Equity and liabilities			
Equity			
Share capital	11	**211,992**	211,992
Statutory reserve	12	**22,215**	14,483
Retained earnings		**96,113**	47,721
Equity attributable to owners of the parent		**330,320**	274,196
Non-controlling interests		**(138)**	(138)
Total equity		**330,182**	274,058
Liabilities			
Non-current liabilities			
Employees' end of service benefits	13	**31,232**	26,682
Advances from customers	14	**581,795**	863,064
Lease liabilities	22	**3,714**	5,917
Total non-current liabilities		**616,741**	895,663
Current liabilities			
Trade and other payables	15	**1,156,648**	1,117,122
Advances from customers	14	**344,837**	380,085
Lease liabilities	22	**2,214**	2,162
Bank overdrafts	16	**157,201**	-
Total current liabilities		**1,660,900**	1,499,369
Total liabilities		**2,277,641**	2,395,032
Total equity and liabilities		**2,607,823**	2,669,090

Khaled Ahmed Ali Mohamed Al Zaabi Chairman of the Board	David Massey Chief Executive Officer	Mariam Al Moosawi Chief Financial Officer

The accompanying notes from 1 to 31 form an integral part of these consolidated financial statements.

Consolidated statement of comprehensive income
For the year ended 31 December 2024

	Notes	2024 AED '000	2023 AED '000
Contract revenues	18	**1,496,254**	1,257,547
Contract costs	19	**(1,330,484)**	(1,133,485)
Gross profit		**165,770**	124,062
General and administrative expenses	20	**(85,702)**	(70,014)
Reversal of / (allowance for) expected credit losses	8,9	**17,548**	(19,006)
Depreciation and amortization	5,6,22	**(7,876)**	(5,334)
Finance costs		**(2,553)**	(3,510)
Other income (net)	21	**(1,726)**	14,181
Profit for the year before tax		**85,461**	40,379
Income tax expense	17	**(8,138)**	-
Profit for the year after tax		**77,323**	40,379
Other comprehensive income		**-**	-
Profit for the year and total comprehensive income after tax		**77,323**	40,379
Attributable to:			
Equity holders of the parent		**77,323**	40,379
Non-controlling interest		**-**	-
Basic and diluted earnings per share (AED)	23	**0.36**	0.19

The accompanying notes from 1 to 31 form an integral part of these consolidated financial statements.

Consolidated statement of changes in equity
For the year ended 31 December 2024

	Share capital AED'000	Statutory reserve AED'000	Retained earnings AED'000	Equity attributable to owners of the parent AED'000	Non-controlling interests AED'000	Total equity AED
Balance as at 1 January 2024	**211,992**	**14,483**	**47,721**	**274,196**	**(138)**	**274,058**
Total comprehensive income for the year	**-**	**-**	**77,323**	**77,323**	**-**	**77,323**
Transfer to statutory reserve	**-**	**7,732**	**(7,732)**	**-**	**-**	**-**
Payment of dividend (Note 29)	**-**	**-**	**(21,199)**	**(21,199)**	**-**	**(21,199)**
Balance as at 31 December 2024	**211,992**	**22,215**	**96,113**	**330,320**	**(138)**	**330,182**
Balance as at 1 January 2023	211,992	10,445	24,100	246,537	(138)	246,399
Total comprehensive income for the year	-	-	40,379	40,379	-	40,379
Transfer to statutory reserve	-	4,038	(4,038)	-	-	-
Payment of dividend (Note 29)	-	-	(12,720)	(12,720)	-	(12,720)
Balance as at 31 December 2023	211,992	14,483	47,721	274,196	(138)	274,058

The accompanying notes from 1 to 31 form an integral part of these consolidated financial statements.

Consolidated statement of cash flows
For the year ended 31 December 2024

	Notes	2024 AED'000	2023 AED'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit for the year before tax		**85,461**	40,379
Adjustments for:			
Depreciation and amortization	5,6,22	**22,552**	17,523
Provision for employees' end of service benefits	13	**6,252**	5,150
Allowance for expected credit losses on contract assets	8	**113**	283
(Reversal of) / allowance for expected credit losses on trade receivables, net	9	**(17,661)**	18,723
Reversal of provision of slow-moving inventories	7	**-**	(134)
Gain on disposal of property, plant and equipment		**(145)**	(93)
Finance income	21	**(5,759)**	(12,583)
Finance costs		**2,881**	3,966
Operating profit before working capital changes:		**93,694**	73,214
Changes in working capital:			
Change in inventories		**(8,056)**	806
Change in contract assets		**(76,258)**	35,254
Change in trade and other receivables and advances to suppliers		**106,314**	(788,153)
Change in trade and other payables		**31,531**	854,772
Change in advances from customers		**(316,517)**	335,725
Cash (used in) / generated from operations		**(169,292)**	511,618
Payment of employees' end of service benefits	13	**(1,702)**	(1,904)
Net cash (used in) / generated from operating activities		**(170,994)**	509,714
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment	5	**(23,741)**	(23,929)
Purchase of intangible assets	6	**(2,186)**	(587)
Proceeds from disposal of property, plant and equipment		**145**	93
Finance income received		**6,296**	12,553
Net cash used in investing activities		**(19,486)**	(11,870)
CASH FLOW FROM FINANCING ACTIVITIES			
Repayment of term loans		**-**	(22,442)
Finance costs paid		**(2,510)**	(3,445)
Dividends paid	29	**(21,199)**	(19,846)
Payments of lease liabilities		**(2,665)**	(2,689)
Net cash used in financing activities		**(26,374)**	(48,422)
Net (decrease) / increase in cash and cash equivalents		**(216,854)**	449,422
Cash and cash equivalents, beginning of year		**745,267**	295,845
Cash and cash equivalents, end of year	10	**528,413**	745,267

The accompanying notes from 1 to 31 form an integral part of these consolidated financial statements.

1 Activities

Abu Dhabi Ship Building PJSC (the "Company") was established by Emiri Decree No. 5 of 1995 on 12 July 1995. The Company's registered office address is P.O. Box 8922, Abu Dhabi, United Arab Emirates.

The Company was initially registered in compliance with relevant UAE Federal Law No. (2) of 2015, as amended. As of 2 January 2022, the Company is subject to compliance with UAE Federal Law No. (32) of 2021, which replaces UAE Federal Law No. (2) of 2015, as amended. The consolidated financial statements have been prepared in accordance with the requirements of the applicable laws and regulations, including UAE Federal Law No. (32) of 2021. The Company's management is currently in the process of amending the statutory documents, to reflect the changes required due to application of the UAE Federal law No. (32) of 2021.

The Company's ordinary shares are listed on the Abu Dhabi Securities Exchange.

The Company and its subsidiaries (together referred to as the "Group") are engaged primarily in the construction, maintenance, repair and overhaul of commercial and military ships and vessels.

The principal activities, country of incorporation and operation, and ownership interest of the Company in the subsidiaries are set out below:

	Interest (%)			
Name of subsidiary	***31 December 2024***	*31 December 2023*	*Country of Incorporation*	*Principal activity*
Abu Dhabi Systems Integration LLC ("ADSI")	**100%**	100%	UAE	Import and commissioning of integrated electronic systems and computer programs
Gulf Logistics and Naval Support LLC ("GLNS")	**100%**	100%	UAE	Provision of naval support services
Safwa Marine L.L.C.	**100%**	100%	UAE	Trading of ships and boats
ADSB Investments Limited	**100%**	100%	UAE	Holding of investments
Frontiers Industrial Investment LLC	**99%**	99%	UAE	System integration and technology development and implementation
High Speed Craft Company LLC	**100%**	100%	UAE	Marine machine and equipment repairing and maintenance

2 Fundamental accounting concepts

The consolidated financial statements of the Group are prepared on the going concern basis.

2 Fundamental accounting concepts (continued)

2.1 Basis of preparation

Statement of compliance

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

The consolidated financial statements of the Group have been prepared on an accrual basis and under historical cost convention.

The consolidated financial statements have been presented in United Arab Emirates Dirhams ("AED"), which is the functional and presentation currency of the Group, all values have been rounded to the nearest thousand (AED '000) except when otherwise indicated.

Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at 31 December each year. Control is achieved when the Group 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 Group controls an investee if and only if the Group 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.

The Group 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 statement of financial position and consolidated statement of comprehensive income from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into 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.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- Derecognizes the assets (including goodwill) and liabilities of the subsidiary
- Derecognizes the carrying amount of any non-controlling interest
- Derecognizes the cumulative translation differences, recorded in equity
- Recognizes the fair value of the consideration received
- Recognizes the fair value of any investment retained
- Recognizes any surplus or deficit in profit or loss
- Reclassifies the parent's share of components previously recognized in other comprehensive income to profit or loss or retained earnings, as appropriate as would be required if the Group had directly disposed of the related assets or liabilities.

The consolidated financial statements of the Group represent the financial statements of the Company, and its subsidiaries mentioned in note 1.

2 Fundamental accounting concepts (continued)

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

Standards, interpretations and amendments to existing standards that are effective in 2024

The following new and revised IFRSs, which became effective for annual periods beginning on or after 1 January 2024, have been applied in these consolidated financial statements:

- Classification of Liabilities as Current or Non-Current (Amendments to IAS 1)
- Lease Liability in a Sale and Leaseback (Amendments to IFRS 16)
- Non-current Liabilities with Covenants (Amendments to IAS 1)
- Supplier Finance Arrangements (Amendments to IAS 7 and IFRS 7)
- IFRS S1: General Requirements for Disclosure of Sustainability-related Financial Information; and
- IFRS S2: Climate-related Disclosures

The application of these revised IFRS Accounting Standards has no material impact on the amounts reported for the current and prior years but may affect the accounting for future transactions or arrangements.

Standards and interpretations in issue but not yet effective and has not been adopted early by the Group

The Group has not yet early applied the following new standards, amendments and interpretations that have been issued but are not yet effective:

New and revised IFRSs	Effective for annual periods beginning on or afte
Lack of Exchangeability (Amendments to IAS 21) The amendments contain guidance to specify when a currency is exchangeable and how to determine the exchange rate when it is not.	1 January 2025
Amendments to the SASB standards to enhance their international applicability. The amendments remove and replace jurisdiction-specific references and definitions in the SASB standards, without substantially altering industries, topics or metrics.	1 January 2025
IFRS 18 Presentation and Disclosures in Financial Statements: IFRS 18 includes requirements for all entities applying IFRS for the presentation and disclosure of information in financial statements.	1 January 2027
IFRS 19 Subsidiaries without Public Accountability: Disclosures: IFRS 19 specifies reduced disclosure requirements that an eligible entity is permitted to apply instead of the disclosure requirements in other IFRS Accounting Standards.	1 January 2027

Management anticipates that these amendments will be adopted in the financial information in the initial period when they become mandatorily effective. The impact of these standards and amendments is currently being assessed by the management.

3 Material accounting policy information

Revenue from contracts with customers

Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes and duty. The Group assesses its revenue arrangements against specific criteria to determine if it is acting as principal or agent.

Revenue is recognized to the extent it is probable that the economic benefits will flow to the Group and the revenue and costs, if applicable, can be measured reliably.

Construction contracts

Management assesses construction contracts and considers IFRS 15 guidance on contract combinations, contract modifications arising from variation orders, variable consideration, and the assessment of whether there is a significant financing component in the contracts, particularly taking into account the reason for the difference in timing between the transfer of control of goods and services to the customer and the timing of the related payments.

The Group primarily has two types of construction contracts: (1) naval ship building and (2) commercial and small boats construction.

Revenue from the naval ship building construction contracts is recognised over time based on the criteria that the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance obligation completed to date. The Group becomes entitled to invoice customers for construction contracts based on achieving a series of performance-related milestones. When a particular milestone is reached the customer is sent a relevant statement of work and an invoice for the related milestone payment. The Group will recognise a 'contract asset' for any work performed.

The Group uses the input method to measure the progress towards complete satisfaction of these performance obligations under IFRS 15. The complete satisfaction of the performance obligation is determined based on the proportion of contract costs incurred for work performed up to the end of the reporting period relative to the estimated total contract costs. The contract costs recognised at the end of the reporting period is equal to the actual costs incurred to date with the corresponding revenue and margin recognised in proportion to the work completed.

For certain commercial and small boat construction contracts, when the Group does not have an enforceable right to receive payment for work done as construction progresses, revenue is recognized when control of the goods has been transferred to the customer, being the point in time of delivery.

Contract modifications are accounted as a separate contract when the scope of the contract increases because of the additions of promised goods or services that are distinct and the price of the contract increases by an amount of consideration that reflects the Group's stand-alone selling process of the additional promised goods or services and any appropriate adjustments to that price to reflect the circumstances of the particular contract.

Contract liabilities represents the obligation to transfer goods or services to a customer for which consideration has been received from the customer. Contract assets represents the right to consideration in exchange for goods or services that have been transferred to a customer.

An asset is recognised for the costs incurred to fulfil a contract only if those costs are directly related to a contract, the costs generate or enhance resources of the Group that will be used in satisfying a performance obligation in the future and the costs are expected to be recovered. Any amount previously recognised as a contract asset is reclassified to trade receivables at the point at which it is invoiced to the customer. The Group assesses contract assets for impairment in accordance with IFRS 9 *Financial Instruments*.

3 Material accounting policy information (continued)

Revenue from contracts with customers (continued)

Repairs and services
Revenue from fixed price contracts for the repair of ships and vessels is recognised based on the percentage of completion on the basis of total costs incurred to date to estimated total costs.

Revenue from cost plus contracts for the repair of commercial and military ships and vessels is recognised by applying the margin allowed per the respective contracts to the cost incurred to date.

Services
Revenues from services are considered as distinct on the basis of below:

- The customer benefits from the service on its own or together with other resources that are readily available to the customer; and
- The Group's promise to transfer the services to the customer is separately identifiable.

Revenue from contracts relating to services is recognised over time since the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs. The Group considers the best measure of progress towards complete satisfaction of the performance obligation over time is a cost-based input method and it recognises revenue on this basis. In case of variable efforts or inputs, the performance obligation is measured at the cost-plus margin.

Property, plant and equipment

Property, plant and equipment is stated at cost less accumulated depreciation and any impairment in value.

Depreciation is calculated on a straight-line basis over the estimated useful lives of assets as follows:

Buildings and structures	
- Concrete	30 - 40 years
- Steel	20 - 30 years
- Prefabricated and other structures	10 years
- Other small structures	5 years
Production and other equipment	2-25 years

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets are written down to their recoverable amount being the higher of their fair value less costs to sell and their value in use.

Expenditure incurred to replace a component of an item of property, plant and equipment that is accounted for separately is capitalised and the carrying amount of the component that is replaced is written off. Other subsequent expenditure is capitalised only when it increases future economic benefits of the related item of property, plant and equipment. All other expenditure is recognized in the consolidated statement of comprehensive income as the expense is incurred.

The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the net disposal proceeds and the carrying amount of the asset and is included in the consolidated statement of comprehensive income when the asset is derecognized.

3 Material accounting policy information (continued)

Property, plant and equipment (continued)

Assets under construction are recorded at cost and represents costs based on contractual payments for the design, development, construction and commissioning of the Group and those other costs incurred during the development stage directly attributable to the construction of the Group. Assets under construction are transferred to the appropriate asset category and depreciated in accordance with the Group's policies when construction of the asset is completed and commissioned.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognized in consolidated statement of comprehensive income in the period in which they are incurred.

Impairment of non-financial assets

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

In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded subsidiaries or other available fair value indicators.

Impairment losses of continuing operations are recognised in the consolidated statement of comprehensive income in those expense categories consistent with the function of the impaired asset.

3 Material accounting policy information (continued)

Impairment of non-financial assets (continued)

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the assets' or cash-generating units' recoverable amount. A previously recognized 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 recognized. 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 recognized for the asset in prior years. Such reversal is recognized in the consolidated statement of comprehensive income.

Financial instrument

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition as financial assets at fair value through profit or loss, fair value through OCI or amortized cost. All financial assets are recognized initially at fair value plus in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset.

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.

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. 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.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

a) Financial assets at amortised cost;
b) Financial assets at fair value through OCI with recycling of cumulative gains and losses;
c) Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition; and
d) Financial assets at fair value through profit or loss.

The Group does not have any assets which are classified in categories b, c and d.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, cash at banks net of bank overdrafts.

3 Material accounting policy information (continued)

Financial instrument (continued)

Financial assets (continued)

Financial assets at amortised cost

This category is the most relevant to the Group. The Group measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognized in the consolidated statement of comprehensive income when the asset is derecognized, modified or impaired. Financial assets at amortised cost include bank balances, trade and other receivables, advances to suppliers and contract assets.

Impairment of financial assets

The Group recognises a loss allowance for expected credit losses on financial assets measured at amortised cost. The amount of expected credit losses is updated at the end of each reporting period to reflect changes in credit risk since initial recognition of the respective financial instrument.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables and contract assets, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Group considers a financial asset in default when contractual payments are 30 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.

3 Material accounting policy information (continued)

Financial instrument (continued)

Financial assets (continued)

Derecognition of financial assets

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

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognized 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 consist of trade and other payables, bank overdrafts and lease liabilities.

Subsequent measurement

The measurement of financial liabilities depends on their classification. The category of financial liabilities most relevant to the Group is loans and borrowings.

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in IFRS 9 are satisfied. The Group has not designated any financial liability as at fair value through profit or loss.

Loans and borrowings

After initial recognition, loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the consolidated statement of comprehensive income.

3 Material accounting policy information (continued)

Financial instrument (continued)

Financial liabilities (continued)

Derecognition of financial liabilities

A financial liability is derecognized 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 recognized in the consolidated statement of comprehensive income.

Offsetting

Financial assets and financial liabilities are only offset and the net amount reported in the consolidated statement of financial position when there is a legally enforceable right to set off the recognised amounts and the Group intends to either settle on a net basis, or to realise the asset and settle the liability simultaneously.

Inventories

Inventories are stated at the lower of cost and net realisable value. Costs are those expenses incurred in bringing each product to its present location and condition, and are determined on weighted average basis. Net realisable value is based on estimated selling price less any further costs expected to be incurred on completion and disposal.

Foreign currencies

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the reporting date. All differences are taken to the consolidated statement of comprehensive income.

Provisions

Provisions are recognised when the Group has a legal or constructive obligation as a result of a past event, it is probable that an outflow of resources will be required to settle the obligation, and the amount can be reliably estimated.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation at the end of the reporting period, using a rate that reflects current market assessments of the time value of money and the risks specific to the obligation.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of receivable can be measured reliably.

Leases

The Group as a lessee

The Group makes the use of leasing arrangements principally for plot of land and other leases. The rental contracts for land are typically negotiated for terms of between 3 and 8 years. The Group does not enter into sale and leaseback arrangements.

The Group assesses whether a contract is or contains a lease at inception of the contract. A lease conveys the right to direct the use and obtain substantially all of the economic benefits of an identified asset for a period of time in exchange for consideration.

3 Material accounting policy information (continued)

Leases (continued)

<u>The Group as a lessee (continued)</u>

Measurement and recognition of leases as a lessee

At lease commencement date, the Group recognises a right-of-use asset and a lease liability in its consolidated statement of financial position. The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Group, an estimate of any costs to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net of any incentives received).

The Group depreciates the right-of-use asset on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The Group also assesses the right-of-use asset for impairment when such indicators exist.

At the commencement date, the Group measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the Group's incremental borrowing rate because as the lease contracts are negotiated with third parties it is not possible to determine the interest rate that is implicit in the lease. The incremental borrowing rate is the estimated rate that the Group would have to pay to borrow the same amount over a similar term, and with similar security to obtain an asset of equivalent value. This rate is adjusted should the lessee entity have a different risk profile to that of the Group.

Lease payments included in the measurement of the lease liability are made up of fixed payments (including in substance fixed), variable payments based on an index or rate, amounts expected to be payable under a residual value guarantee and payments arising from options reasonably certain to be exercised.

Subsequent to initial measurement, the liability will be reduced by lease payments that are allocated between repayments of principal and finance costs. The finance cost is the amount that produces a constant periodic rate of interest on the remaining balance of the lease liability.

The lease liability is reassessed when there is a change in the lease payments. Changes in lease payments arising from a change in the lease term or a change in the assessment of an option to purchase a leased asset. The revised lease payments are discounted using the Group's incremental borrowing rate at the date of reassessment when the rate implicit in the lease cannot be readily determined. The amount of the remeasurement of the lease liability is reflected as an adjustment to the carrying amount of the right-of-use asset. The exception being when the carrying amount of the right-of-use asset has been reduced to zero then any excess is recognised in consolidated statement of comprehensive income.

Payments under leases can also change when there is either a change in the amounts expected to be paid under residual value guarantees or when future payments change through an index or a rate used to determine those payments, including changes in market rental rates following a market rent review. The lease liability is remeasured only when the adjustment to lease payments takes effect and the revised contractual payments for the remainder of the lease term are discounted using an unchanged discount rate. Except for where the change in lease payments results from a change in floating interest rates, in which case the discount rate is amended to reflect the change in interest rates.

The remeasurement of the lease liability is dealt with by a reduction in the carrying amount of the right-of-use asset to reflect the full or partial termination of the lease for lease modifications that reduce the scope of the lease. Any gain or loss relating to the partial or full termination of the lease is recognised in consolidated statement of comprehensive income. The right-of-use asset is adjusted for all other lease modifications.

3 Material accounting policy information (continued)

Leases (continued)

The Group as a lessee (continued)

Measurement and recognition of leases as a lessee (continued)

The Group has elected to account for short-term leases and leases of low-value assets using the practical expedients. Instead of recognising a right-of-use asset and lease liability, the payments in relation to these are recognised as an expense in consolidated statement of comprehensive income on a straight-line basis over the lease term.

Intangible assets

Intangible assets acquired separately are reported at cost less accumulated amortisation and impairment losses, if any. Amortisation is charged on a straight-line basis over the assets' estimated useful lives. The estimated useful lives are reviewed at the end of each annual reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets include computer software with an estimated useful life of 4 years.

Employees' end of service benefits

The Group provides for end of service benefits of its non-UAE national employees in accordance with UAE labour law. The entitlement to these benefits is based upon the employees' length of service and completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment.

Pension and national insurance contributions for UAE citizens are made by the Group in accordance with Federal Law No. (2) of 2000.

Current versus non-current classification

The Group presents assets and liabilities in the consolidated statement of financial position based on current/non-current classification. An asset as current when it is:

- Expected to be realized or intended to be sold or consumed in normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realized 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 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.

3 Material accounting policy information (continued)

Corporate Income Tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in profit or loss because it excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period. A provision is recognised for those matters for which the tax determination is uncertain but it is considered probable that there will be a future outflow of funds to a tax authority. The provisions are measured at the best estimate of the amount expected to become payable. The assessment is based on the judgement of tax professionals within the Group supported by previous experience in respect of such activities and in certain cases based on specialist independent tax advice.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

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 profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised based on tax laws and rates that have been enacted or substantively enacted at the reporting date.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

There are no temporary differences in the current year, hence no deferred tax assets and liabilities to be carried forward to the next year.

4 Significant management judgement in applying accounting policy information and estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

While applying the accounting policies as stated in note 3, management of the Group has made certain judgments, estimates and assumptions that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revision to accounting estimates are recognised in the period of the revision in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Significant management judgements

In the process of applying the Group's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the consolidated financial statements:

Determining the lease term of contracts with renewal and termination options – Group as lessee

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Group applies judgement in evaluating whether it is reasonably certain to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise the renewal or termination. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise (or not to exercise) the option to renew or to terminate (e.g., a change in business strategy).

Key sources of estimation of uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Useful lives of property, plant and equipment

The management determines the estimated useful lives of its property, plant and equipment for calculating depreciation. This estimate is determined after considering the expected usage of the asset or physical wear and tear. Management reviews the residual value and useful lives annually and the future depreciation charge would be adjusted where management believes that the useful lives differ from previous estimates.

Leases - estimating the incremental borrowing rate

The Group cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group 'would have to pay', which requires estimation when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease. The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates.

4 Significant management judgement in applying accounting policy information and estimation uncertainty (continued)

Key sources of estimation of uncertainty (continued)

Allowance for obsolete inventories

Inventories are held at the lower of cost and net realisable value. When inventories become old or obsolete, an estimate is made of their net realisable value. For individually significant amounts this estimation is performed on an individual basis. Amounts which are not individually significant, but which are old or obsolete, are assessed collectively and a provision applied according to the inventory type and the degree of ageing or obsolescence, based on historical selling prices.

At the reporting date, gross inventories were AED 36,456 thousand (2023: AED 28,400 thousand), with an allowance for old and obsolete inventories of AED 3,218 thousand (2023: AED 3,218 thousand). Any difference between the amounts actually realised in future periods and the amounts expected to be realised will be recognized in the consolidated statement of comprehensive income.

Allowance for Expected Credit Losses (ECL)

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

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above.

At the reporting date, gross trade receivables, were AED 784,304 thousand (2023: AED 807,642 thousand) with an allowance for expected credit losses amounting to AED 24,267 thousand (2023: AED43,429 thousand). Any difference between the amounts actually collected in future periods and the amounts expected will be recognized in the consolidated statement of comprehensive income.

At the reporting date, gross contract assets, were AED 409,270 thousand (2023: AED 333,012 thousand) with an allowance for expected credit losses amounting to AED 4,783 thousand (2023: AED 4,670 thousand). Any difference between the amounts actually collected in future periods and the amounts expected will be recognized in the consolidated statement of comprehensive income.

The Group has determined the expected credit loss on bank balances to be insignificant considering that the counterparty banks are investment grade category and has a low probability of default and loss at given default.

The Group has determined the expected credit loss on due from related party balances to be immaterial considering the fact that these have low probability of default and loss at given default is minimal.

4 Significant management judgement in applying accounting policy information and estimation uncertainty (continued)

Key sources of estimation of uncertainty (continued)

Estimation of total costs of construction contracts

At the reporting date, the Group is required to estimate the costs to complete on its construction contracts. This requires the Group to make estimates of future costs to be incurred, based on work to be performed beyond the reporting date. These estimates also include potential claims by subcontractors and cost of meeting other contractual obligations to the customers. Effects of any revision to these estimates are reflected in the period in which the estimates are revised. When the expected contract costs exceed the total anticipated contract revenue, the total expected loss is recognised immediately, as soon as foreseen, whether or not work has commenced on these contracts. The Group uses its projects and commercial team to estimate the cost to complete of these contracts. Factors such as delays in expected completion date, changes in the scope of work, changes in material prices, labour costs and other costs are included in the construction cost estimates based on best estimates updated on regular basis.

5 Property, plant and equipment

	Buildings and structures AED'000	Production and other equipment AED'000	Assets under construction AED'000	Total AED'000
Cost:				
At 1 January 2023	325,354	147,832	2,510	475,696
Additions	-	-	23,929	23,929
Transfers	9,603	14,491	(24,094)	-
Disposals	-	(2,659)	-	(2,659)
At 31 December 2023	**334,957**	**159,664**	**2,345**	**496,966**
Additions	**-**	**-**	**23,741**	**23,741**
Transfers	**3,768**	**18,425**	**(22,193)**	**-**
Disposals	**-**	**(3,683)**	**-**	**(3,683)**
At 31 December 2024	**338,725**	**174,406**	**3,893**	**517,024**
Accumulated depreciation:				
At 1 January 2023	210,209	129,834	-	340,043
Charge for the year	10,265	4,993	-	15,258
Related to Disposals	-	(2,659)	-	(2,659)
At 31 December 2023	**220,474**	**132,168**	**-**	**352,642**
Charge for the year	**11,480**	**8,573**	**-**	**20,053**
Related to disposals	**-**	**(3,683)**	**-**	**(3,683)**
At 31 December 2024	**231,954**	**137,058**	**-**	**369,012**
Net carrying amount:				
As at 31 December 2024	**106,771**	**37,348**	**3,893**	**148,012**
As at 31 December 2023	114,483	27,496	2,345	144,324

The depreciation charge has been allocated in the consolidated statement of comprehensive income as follows:

	2024 AED'000	2023 AED'000
Contract costs (note 19)	**12,855**	10,368
General and administrative expenses (note 20)	**7,198**	4,890
	20,053	15,258

6 Intangible assets

	2024 Computer software AED'000	2023 Computer Software AED'000
Cost:		
Balance at 1 January	**16,840**	16,253
Additions during the year	**2,186**	587
Balance at 31 December	**19,026**	16,840
Accumulated amortization:		
Balance at 1 January	**16,356**	16,250
Amortization for the year	**340**	106
Balance at 31 December	**16,696**	16,356
Net carrying amount	**2,330**	484

7 Inventories

	2024 AED'000	2023 AED'000
Goods available for sale	**3,876**	11,403
Work in progress	**17,321**	208
Raw materials and consumables	**15,259**	16,789
	36,456	28,400
Less: Provision for obsolete and slow-moving items	**(3,218)**	(3,218)
	33,238	25,182

The movements of the provision for obsolete and slow-moving items were as follows:

	2024 AED'000	2023 AED'000
At 1 January	**3,218**	13,989
Recoveries	**-**	(134)
Write-offs	**-**	(10,637)
At 31 December	**3,218**	3,218

8 Contract assets

	2024 AED'000	2023 AED'000
Value of work executed	**13,041,718**	11,545,464
Progress billings received and receivable	**(12,859,498)**	(11,496,727)
	182,220	48,737

The contract work in progress is presented as follows:

	2024 AED'000	2023 AED'000
Contracts assets, net of ECL	**404,487**	328,342
Contracts liabilities (note 15)	**(222,267)**	(279,605)
	182,220	48,737

Contracts assets as at 31 December 2024 are stated net of allowance for expected credit losses of AED 4,783 thousand (2023: AED 4,670 thousand). The movements on the allowance are as follows:

	2024 AED'000	2023 AED'000
At 1 January	**4,670**	5,849
Charged during the year	**113**	607
Reversals	**-**	(324)
Write-offs	**-**	(1,462)
At 31 December	**4,783**	4,670

Amounts relating to contract assets are balances due from customers under construction contracts that arise when the Group becomes entitled to receive payments from customers in line with a series of performance related milestones. The Group will recognise a contract asset for any work performed. Any amount previously recognised as a contract asset is reclassified to trade receivables at the point at which it is invoiced to the customer.

The management of the Group always measures the loss allowance on amounts due from customers at an amount equal to lifetime ECL, taking into account the historical default experience and the future prospects of the construction industry. Refer note 4 to the consolidated financial statements where significant estimate and judgement relating to ECLs, and future recovery dates have been disclosed.

9 Trade and other receivables

	2024 AED'000	2023 AED'000
Trade receivables, gross	**784,304**	807,642
Less: Allowance for expected credit losses	**(24,267)**	(43,429)
Trade receivables, net	**760,037**	764,213
Advances paid to suppliers*	**254,852**	263,767
Prepayments and other receivables	**22,757**	14,807
	1,037,646	1,042,787

*Advances paid to suppliers were classified in the consolidated statement of financial position as follows:

	2024 AED'000	2023 AED'000
Current (included within trade and other receivables)	**254,852**	263,767
Non-current	**291,174**	375,223
Total	**546,026**	638,990

Allowance for expected credit losses

The Group establishes an allowance for impairment that represents its estimate of expected credit losses in respect of trade receivables which is a product of probability of default and loss given default on the carrying amount of trade and other receivables.

At 31 December 2024, the analysis of trade receivables is as follows:

		Past due			
31 December 2024	**Total AED'000**	**0-30 days AED'000**	**31-90 days AED'000**	**91-180 days AED'000**	**>180 days AED'000**
Trade receivables	**784,304**	**383,636**	**9,727**	**83,320**	**307,621**
Lifetime ECL	**(24,267)**	**(9,057)**	**(587)**	**(874)**	**(13,749)**
Trade receivables, net	**760,037**	**374,579**	**9,140**	**82,446**	**293,872**

		Past due			
31 December 2023	Total AED'000	0-30 days AED'000	31-90 days AED'000	91-180 days AED'000	>180 days AED'000
Trade receivables	807,642	37,516	605,377	10,424	154,325
Lifetime ECL	(43,429)	(1,625)	(21,526)	(288)	(19,990)
Trade receivables, net	764,213	35,891	583,851	10,136	134,335

9 Trade and other receivables (continued)

Allowance for expected credit losses (continued)

The movement in the allowance for expected credit losses during the year was as follows:

	2024	2023
	AED'000	AED'000
At the beginning of the year	**43,429**	27,587
Charged during the year	**-**	22,199
Recoveries*	**(17,661)**	(3,476)
Write-offs	**(1,501)**	(2,881)
At the end of the year	**24,267**	43,429

* Recoveries mainly pertains to collections during the year including reversal of provisions.

Refer note 4 to the consolidated financial statements where significant estimate and judgement relating to ECLs, and future recovery dates have been disclosed.

10 Cash and cash equivalents

For the purpose of the consolidated statement of cash flows, cash and cash equivalents are comprised for the following:

	2024	2023
	AED'000	AED'000
Cash on hand	**-**	-
Bank balances	**685,614**	745,267
Cash and bank balances	**685,614**	745,267
Less: Bank overdrafts (note 16)	**(157,201)**	-
Cash and cash equivalents	**528,413**	745,267

There were no restrictions on bank balances at the time of approval of these consolidated financial statements.

11 Share capital

	2024	2023
	AED'000	AED'000
Authorised, issued and fully paid	**211,992**	211,992

EDGE Defence Platforms & Systems is the major shareholder of the Group which owns 49.96% of the share capital.

12 Statutory reserve

In accordance with the UAE Federal Law number (32) of 2021, concerning Commercial Companies and the Company's Articles of Association, 10% of the profit for each year has been transferred to a non-distributable legal 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. Such reserve is not available for distribution as dividends to the Shareholders. An amount of AED 7,732 thousand has been transferred to this reserve during the year (2023: AED 4,038 thousand).

13 Employees' end of service benefits

The movements on the provision for employees' end of service benefits are as follows:

	2024	2023
	AED'000	AED'000
At 1 January	**26,682**	23,436
Charged for the year	**6,252**	5,150
Paid during the year	**(1,702)**	(1,904)
At 31 December	**31,232**	26,682

14 Advances from customers

Advances from customers mainly represent advances received for projects and are applied against billings when raised. Advances from customers are analysed in the consolidated statement of financial position as follows:

	2024	2023
	AED'000	AED'000
Current	**344,837**	380,085
Non-current	**581,795**	863,064
Total	**926,632**	1,243,149

15 Trade and other payables

	2024 AED'000	2023 AED'000
Trade payables	**91,527**	212,360
Project accruals	**783,080**	585,772
Contract liabilities (note 8)	**222,267**	279,605
Other liabilities	**49,841**	33,903
Income tax payable (note 17)	**8,138**	-
Other payables	**1,795**	5,482
	1,156,648	1,117,122

All amounts are short term. The carrying value of the trade and other payables is considered to be reasonable approximation of fair value.

The average credit period on purchases of goods and services is 60 days (2023: 60 days). No interest is charged on the trade payables. The Group has financial risk management policies in place to ensure that all payables are paid within the credit timeframe.

16 Bank overdrafts

	2024 AED'000	2023 AED'000
Bank overdrafts from commercial banks	**157,201**	-

The overdraft facilities are short-term, unsecured and bear market rate of interest.

As at 31 December 2024, the Group has AED 217,799 thousand (31 December 2023: AED 275,000 thousand) as available undrawn overdraft facilities.

17 Income tax expense

The charge for the year is calculated based upon the adjusted net profit for the year at rates of tax applicable. The charge to the consolidated statement of comprehensive income for the year is as follows:

	2024	2023
	AED'000	AED'000
Charge for the year	**8,138**	-

Reconciliation of Company's tax on profit based on accounting and profit as per the tax laws is as follows:

	2024	2023
	AED'000	AED'000
Profit before taxation	**85,461**	-
Effect of tax rates		
- Basic exemption limit	**(375)**	-
- Expenses not deductible for tax purposes	**5,336**	-
Income tax using the domestic corporate tax rate @ 9%	**8,138**	-

18 Contract revenues

The Group derives its revenue from contracts with customers for the transfer of goods and services over time and at a point in time in the following major revenue streams. This is consistent with the revenue information that is disclosed for each reportable segment (note 26) under IFRS 8 *Operating Segments*.

	2024	2023
	AED'000	AED'000
Revenue from construction contracts	**1,321,454**	1,016,544
Revenue from rendering of services	**174,800**	241,003
	1,496,254	1,257,547

18.1 Timing of revenue recognition

	2024	2023
	AED'000	AED'000
Recognized at a point in time	**20,775**	40,266
Recognized over time	**1,475,479**	1,217,281
	1,496,254	1,257,547

18 Contract revenues (continued)

18.2 Geographical markets

	2024	2023
	AED'000	AED'000
Inside United Arab Emirates	**806,494**	802,506
Outside United Arab Emirates	**689,760**	455,041
	1,496,254	1,257,547

19 Contract costs

	2024	2023
	AED'000	AED'000
Material and subcontract costs	**1,120,048**	979,722
Staff and manpower contract costs	**155,820**	121,173
Overheads*	**15,520**	12,743
Depreciation of property, plant and equipment (note 5)	**12,855**	10,368
Insurance costs	**9,957**	3,764
Depreciation of right-of-use assets	**1,821**	1,821
Other direct costs	**14,463**	3,894
	1,330,484	1,133,485

* This includes finance costs in the amount of AED 327 thousand (2023: AED 455 thousand).

20 General and administrative expenses

	2024	2023
	AED'000	AED'000
Staff costs	**47,361**	35,706
IT licences support and maintenance	**13,588**	12,196
Depreciation of property, plant and equipment (note 5)	**7,198**	4,890
Professional and consultancy fees	**5,030**	3,820
Repairs and maintenance	**4,045**	3,509
Marketing and advertisement	**1,346**	6,803
Material	**558**	501
Others	**6,576**	2,589
	85,702	70,014

21 Other income (net)

This mainly includes interest on short-term fixed deposits, the recovery of allowance of trade receivables and contract assets and foreign exchange gains and losses.

	2024 AED'000	2023 AED'000
Finance income	**5,759**	12,583
Other income (net)	**(7,485)**	1,598
	(1,726)	14,181

22 Leases

Right-of-use assets

	Land	
	2024 **AED'000**	2023 AED'000
Cost:		
Balance at 1 January	**17,835**	17,835
Additions	**-**	-
Balance at 31 December	**17,835**	17,835
Accumulated amortization:		
Balance at 1 January	**10,354**	8,195
Charge for the year	**2,159**	2,159
Balance at 31 December	**12,513**	10,354
Net carrying amount	**5,322**	7,481

Lease liabilities

Lease liabilities are presented in the consolidated statement of financial position as follows:

	2024 AED'000	2023 AED'000
Current	**2,214**	2,162
Non-Current	**3,714**	5,917
	5,928	8,079

Future minimum lease payments at 31 December 2024 are as follows:

31 December 2024	**Within one year** **AED'000**	**Two to five years** **AED'000**	**Total** **AED'000**
Lease payments	2,578	4,060	6,638
Finance charges	(364)	(346)	(710)
Net present values	**2,214**	**3,714**	**5,928**

22 Leases (continued)

Lease liabilities (continued)

Future minimum lease payments at 31 December 2023 are as follows:

31 December 2023	Within one year	Two to five years	Total
	AED'000	AED'000	AED'000
Lease payments	2,676	6,625	9,301
Finance charges	(514)	(708)	(1,222)
Net present values	2,162	5,917	8,079

The consolidated statement of comprehensive income shows the following amounts relating to leases for the year ended 31 December:

	2024	2023
	AED'000	AED'000
Depreciation	**(2,159)**	(2,159)
Finance costs	**(371)**	(521)

23 Basic and diluted earnings per share

Basic earnings per share is calculated by dividing the earnings for the year attributable to the owners of the parent by the weighted average number of shares outstanding during the year as follows:

The calculation of earnings per share is as follows:

	2024	2023
	AED'000	AED'000
Profit for the year attributable to the owners of the parent (AED '000)	**77,323**	40,379
Weighted average number of ordinary issued throughout the period ('000)	**211,992**	211,992
Basic and diluted earnings per share (AED)	**0.36**	0.19

During the year, the Group has not issued any instruments that have an impact on earnings per share when exercised (2023: nil).

24 Related party transactions and balances

Related parties include the Group's major shareholders, Directors and key management personnel, and businesses controlled by them and their families or over which they exercise a significant influence in financial and operating decisions. Transactions between the Company and its subsidiaries have been eliminated on consolidation and are not disclosed in this note. Pricing policies and terms of these transactions are approved by the Group's management.

The remuneration of directors and other members of key management during the year was as follows:

	2024	2023
	AED'000	AED'000
Key management compensation:		
Salaries, bonuses and other benefits	**14,254**	13,099
Post-employment benefits	**1,396**	1,230
	15,650	14,329
Directors' remuneration	**2,850**	4,100
Board Committee fees	**775**	575

Related party balances:

	2024	2023
Due from a related party (included in trade and other receivables)	**5,019**	5,050
Due to a related party (included in trade and other payables)	**47,741**	11,137

These balances resulted from unsettled balances from previous secondment agreement of certain employees from both parties, back charges, as well as revenues or costs.

25 Contingencies and capital commitments

The Group's bankers have issued, in the normal course of business, letters of guarantee, performance bond and letters of credit in the amount of AED 1,834,463 thousand (31 December 2023: AED 2,389,608 thousand) in respect of contract performance and advances in connection with the contracts for shipbuilding and overhaul in progress at the year end.

Commitments

The capital expenditure contracted at the end of the reporting period but not provided for is AED 10,799 thousand (31 December 2023: AED 7,625 thousand).

26 Segment information

The Group has internal management reporting and budgeting based on five reportable segments, as described below, which are the Group's strategic business units. For each of the strategic business units, the management reviews internal reports on at least a quarterly basis.

The following summary describes the operations in each of the Group's reportable segments:

- New Build and Engineering encompasses the design, engineering, research and development, construction, commissioning, test and trials, ILS, upgrades, conversions and consultancy services for military, commercial and leisure vessels in any construction material
- Small Boats, includes in-house design development, research and development, construction of moulds, prototypes and boats with LOA up to 24 meters with capability of large scale production line for military, commercial and luxury boats, commissioning, services and repairs of composite and special material boats.
- Military repairs and maintenance, includes upgrades, maintenance, repairs, and overhaul (MRO) of military vessels, and integrated support services
- Commercial repairs and maintenance include upgrades, maintenance, repairs and overhaul (MRO) of commercial vessels.
- Mission systems which includes import and commissioning of integrated systems and computer programs

Information regarding the results of each reportable segment is included below. Performance is measured on segment profit as included in the internal management reports that are reviewed by the Board of Directors.

26 Segment information (continued)

	New Build and Engineering AED'000	Small Boats AED'000	Military Repairs and Maintenance AED'000	Commercial Repairs and Maintenance AED'000	Mission Systems AED'000	Unallocated AED'000	Eliminations AED'000	Group AED'000
Year end 31 December 2024								
Contract revenues	1,248,088	53,761	148,770	22,564	23,071	-	-	1,496,254
Contract costs	(1,111,586)	(48,833)	(124,830)	(21,736)	(23,499)	-	-	(1,330,484)
Gross profit/(loss)	136,502	4,928	23,940	828	(428)	-	-	165,770
General and administrative expenses	(31,590)	(3,116)	(11,568)	(3,013)	(1,399)	(35,016)	-	(85,702)
Reversal of / (Allowance for) expected credit losses	7,373	(189)	287	2,138	7,818	121	-	17,548
Depreciation and amortization	(3,150)	(788)	(1,182)	(591)	(197)	(1,968)	-	(7,876)
Finance costs	-	-	-	-	-	(2,553)	-	(2,553)
Other income / (expense)	5,674	7	-	-	-	(7,407)	-	(1,726)
Income tax expense	-	-	-	-	-	(8,138)	-	(8,138)
Segment profit/(loss)	114,809	842	11,477	(638)	5,794	(54,961)	-	77,323

26 Segment information (continued)

	New Build and Engineering AED'000	Small Boats AED'000	Military Repairs and Maintenance AED'000	Commercial Repairs and Maintenance AED'000	Mission Systems AED'000	Unallocated AED'000	Eliminations AED'000	Group AED'000
Year ended 31 December 2023								
Contract revenues	970,392	29,462	193,691	46,764	17,238	-	-	1,257,547
Contract costs	(885,614)	(28,158)	(158,434)	(42,885)	(18,394)	-	-	(1,133,485)
Gross profit/(loss)	84,778	1,304	35,257	3,879	(1,156)	-	-	124,062
General and administrative expenses	(15,501)	(3,195)	(14,589)	(6,621)	(1,359)	(28,749)	-	(70,014)
(Allowance for) / reversal of expected credit losses	(19,563)	(406)	1,124	2,035	(2,261)	65	-	(19,006)
Depreciation and amortization	(1,600)	(267)	(934)	(667)	-	(1,866)	-	(5,334)
Finance costs	-	-	-	-	-	(3,510)	-	(3,510)
Other income	13,761	-	-	-	165	255	-	14,181
Segment profit / (loss)	61,875	(2,564)	20,858	(1,374)	(4,611)	(33,805)	-	40,379

	New Build and Engineering AED'000	Small Boats AED'000	Military Repairs and Maintenance AED'000	Commercial Repairs and Maintenance AED'000	Mission Systems AED'000	Unallocated AED'000	Eliminations AED'000	Group AED'000
As at 31 December 2024								
Assets	**2,216,898**	**89,424**	**209,592**	**32,133**	**17,056**	**52,853**	**(10,133)**	**2,607,823**
Liabilities	**1,922,024**	**52,803**	**50,269**	**8,553**	**32,701**	**211,291**	**-**	**2,277,641**
Capital Expenditure	**16,204**	**2,333**	**3,890**	**1,296**	**-**	**2,204**	**-**	**25,927**
As at 31 December 2023								
Assets	2,234,870	64,265	196,707	48,891	88,758	59,768	(24,169)	2,669,090
Liabilities	2,171,384	51,484	52,886	13,328	30,543	90,690	(15,283)	2,395,032
Capital Expenditure	14,097	2,206	3,678	1,716	-	2,819	-	24,516

27 Financial instruments

Material accounting policy information
Details of the material accounting policy information and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in note 3 to the consolidated financial statements.

Capital risk management
The Group manages its capital to ensure it will be able to continue as a going concern while maximising the return on equity. The Group monitors capital using a gearing ratio, which is net debt divided by total equity (excluding non-controlling interests) plus net debt. The calculation of the Group's gearing ratio as follows:

	2024 AED'000	2023 AED'000
Trade and other payable	**1,156,648**	1,117,122
Bank overdraft	**157,201**	-
Lease liabilities	**5,928**	8,079
Total debt	**1,319,777**	1,125,201
Total equity attributable to owners of the parent	**330,320**	274,196
Total equity and debt	**1,650,097**	1,399,397
Gearing ratio	**80%**	80%

Financial risk management

The Group's finance department monitors and manages the financial risks relating to the operations of the Group. These risks include foreign currency risk, interest rate risk, credit risk and liquidity risk. The Group does not enter into or trade in derivative financial instruments for speculative or risk management purposes.

(a) Foreign currency risk management

The Group's major contracts with customers as well as with some of the major suppliers and subcontractors are denominated in currencies other than AED and therefore, the Group has foreign exchange transaction exposure.

As the AED is pegged to the USD, balances in USD are not considered to represent significant currency risk. Management is therefore of the opinion that the Group's exposure to the currency risk is limited to Euro.

27 Financial instruments (continued)

(a) Foreign currency risk management (continued)

Foreign currency sensitivity analysis

The carrying amounts of the Group's foreign currency denominated monetary assets and liabilities at the end of the reporting period are as follows:

	Liabilities		Assets	
	2024	2023	**2024**	2023
	AED'000	AED'000	**AED'000**	AED'000
Euro	**1,279,256**	1,407,343	**1,388,219**	1,509,091
US Dollar	**98,551**	181,284	**137,139**	224,948
Others	**495**	653	**370**	452
	1,378,302	1,589,280	**1,525,728**	1,734,491

At 31 December 2024, if the exchange rate of the currencies other than the USD had increased/decreased by 10% against the AED, with all other variables held constant, the Group's profit for the year would have been higher/lower by AED 10,884 thousand (2023: higher/lower by AED 10,155 thousand) mainly as a result of foreign exchange gain or loss on translation of Euro.

(b) Interest rate risk management

The Group is exposed to cash flow interest rate risk on its bank borrowings which are subject to floating interest rates.

The following table demonstrates the sensitivity of the Group's loss for the year to a reasonably possible change in interest rates, with all other variables held constant.

	Effect on profit AED'000
2024	
+50 increase in basis point	**(786)**
-50 decrease in basis point	**786**
2023	
+50 increase in basis point	-
-50 decrease in basis point	-

(c) Credit risk management

Credit risk in relation to the Group refers to the risk that a counter party will default on its contractual obligations resulting in financial loss to the Group, and arises principally from the Group's trade and other receivables, contract assets and bank balances.

The Group controls credit risk by monitoring credit exposures, limiting transactions with specific counterparties and assessing creditworthiness of counterparties on a routine and regular basis. The Group seeks to limit its credit risk with respect to customers by setting credit limits for individual customers and monitoring outstanding receivables.

27 Financial instruments (continued)

(c) Credit risk management (continued)

Concentration of credit risk

Concentration of credit risk arises when a number of counterparties are engaged in similar business activities, or activities in the same geographic region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentration of credit risk indicates the relative sensitivity of the Group's performance to developments affecting a particular industry or geographic location.

The Group executes contracts mainly for a key customer and as at 31 December 2024, contract assets, trade receivables, excess billings and advances received from this key customer amounted to a net payable position of AED 84,308 thousand (2023: AED 237,760 thousand net payable). Management believes that the concentration of credit risk is mitigated by the high credit worthiness and financial stability of its customers.

The credit risk on liquid funds is limited because the counterparties are reputable local banks closely monitored by the regulatory body. The carrying amount reflected in these consolidated financial statements represents the Group's maximum exposure to credit risk for such receivables.

Trade and other receivables and balances with banks are not secured by any collateral. The amount that best represents maximum credit risk exposure on financial assets at the end of the reporting period, in the event counter parties fail to perform their obligations generally approximates their carrying value.

(d) Liquidity risk

Ultimate responsibility for liquidity risk management rests with the management of the Group, which has built an appropriate liquidity risk management framework for the management of the Group's short, medium and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves, banking facilities and committed borrowing facilities by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

The below tables summarise the Group's remaining contractual maturity for its financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The table includes principal cash flows only as interest cash flows were insignificant. Maturity profile of financial liabilities at the end of the reporting period is as follows:

	Total AED'000	Within one year AED'000	2-5 years AED'000	After 5 years AED'000
31 December 2024				
Trade and other payables	**1,156,648**	**1,156,648**	**-**	**-**
Bank overdrafts*	**157,201**	**157,201**	**-**	**-**
Lease liabilities*	**5,928**	**2,214**	**3,714**	**-**
	1,319,777	**1,316,063**	**3,714**	**-**
31 December 2023				
Trade and other payables	1,117,122	1,117,122	-	-
Lease liabilities*	8,079	2,162	5,917	-
	1,125,201	1,119,284	5,917	-

* The Group's borrowings and lease liabilities are interest bearing financial liabilities.

28 Fair value of financial instruments

Financial instruments comprise of financial assets and financial liabilities.

Financial assets consist of cash and cash equivalents, trade and other receivables and contract assets. Financial liabilities consist of trade and other payables, bank overdrafts, term loans and lease liabilities.

The fair values of financial instruments are not materially different from their carrying value.

29 Dividends

On 25 April 2024, the Shareholders of the Group approved during the Group's Annual General Meeting the distribution of 10% of its share capital as cash dividends amounting to AED 21,199 thousand. On 26 May 2024 the Group has distributed the approved dividends to the Shareholders.

On 28 April 2023, the Shareholders of the Group approved during the Group's Annual General Meeting the distribution of 6% of its share capital as cash dividends amounting to AED 12,720 thousand. On 27 May 2023 the Group has distributed the approved dividends to the Shareholders.

30 Comparative figures

Certain comparative figures for the previous year have been reclassified as necessary to align with the presentation in the current year's consolidated financial statements. This reclassification has no impact on the assets, liabilities, equity, or net profit for the prior year.

31 Approval of consolidated financial statements

The consolidated financial statements of the Group for the year ended 31 December 2024 were authorized for issuance in accordance with a resolution of the Board of Directors on 21 March 2025.

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