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شركة الجرافات البحرية الوطنية
NATIONAL MARINE DREDGING COMPANY

التقرير السنوي

15



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شركة الجرافات البحرية الوطنية
NATIONAL MARINE DREDGING COMPANY

ANNUAL REPORT

15







H.H. SHEIKH KHALIFA BIN ZAYED AL NAHYAN
President of the United Arab Emirates



H.H. LT. GENERAL SHEIKH MOHAMMED BIN ZAYED AL NAHYAN
Crown prince of Abu Dhabi & Deputy Supreme Commander of the UAE Armed Force



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Board of Directors

Mr. Mohammed Thani Murshid Al Rumaithi

Chairman

Mr. Mohamed Ahmed Bandouq Al Qamzi

Member

Mr. Khalifa Mohamed Abdul Aziz Rubaya Al Muhairi

V. Chairman

Mr. Abdulla Ali Musieh Jumhour Al Ahabbi

Member

Mr. Rubaya Mohamed Abdul Aziz Rubaya Al Muhairi

Member

Mr. Abdul Ghaffar Abdul Khaleq Al Khouri

Member

Mr. Ahmed Omar Salem Al Kourbi

Member

Mr. Mohamed Rashed Mubarak Al Ketbi

Member

Mr. Ahmed Saeed Al Meraikhi

Member



Chairman's Message

I am pleased to present the Annual Report of National Marine Dredging Company for the year ended 31st December 2015. The report includes a summary of the Group's performance, final accounts and Auditor's Report.

We are glad to extend our best faithfulness and appreciation to the President His Highness Sheikh Khalifa Bin Zayed Al Nahyan and His Highness Sheikh Mohammed Bin Zayed Al Nahyan, Crown Prince of Abu Dhabi, for their infinite support for the National companies in general and your Company in particular.



Overview

Global growth has disappointed again in 2015. As per the World Bank, global growth recorded at a rate of 2.4 percent, and is expected to recover at a slower pace than previously envisioned. Growth is projected to reach 2.9 percent in 2016, as modest recovery in advanced economies continues and activity stabilizes among major commodity exporters. Forecasts are also subject to substantial downside risks.

Except for some signs of improvement in US, year 2015 was a continuation of the trend where year 2014 ended with negative note on account of decline in crude Oil prices and uncertainty in the Euro zone. On one side the crude oil prices kept on declining and reached to its lowest level in a decade, and on the other side to protect its shrinking economy, devaluation of 'Yuan' by China which has erupted a fear of currency war. Decline in oil price has also put pressure on infrastructure investments in economies that are dependent on oil exports.

Despite all these economic challenges, your Group has performed well and is reflected in the financial performance of your Group.

Your Group achieved a turnover of AED 2,288 million (growth of 32%) and achieved a net profit of AED 152 million (growth of 70%) for

the year 2015 as compared to AED 1,737 million and a net profit of AED 89 million respectively in 2014. EPS in 2015 is AED 0.61 as compared to 0.36 in 2014. The net profit margin in 2015 is 6.64% with improvement over 5.15% in 2014.

Your Group has shown a growth from 2011 to 2015 on a cumulative basis, wherein the Equity has grown by 4.73% and Long Term Assets have grown by 4.21%, despite the decline in Revenue by 3.80% owing to efficiency in operation and commitment of your Group to continuously grow in future.

The Company achieved its revenue by delivering its services to major customers like Ministry of Housing in Bahrain and Suez Canal Authority in Egypt, GASCO, Crown Prince Court and The UAE Armed Forces.

We strongly believe that the numbers achieved are encouraging, especially in the context of global turmoil and future challenges that lies ahead in the dredging and marine industry.

Your Group has been playing a key role in the development by participating in and executing key projects in marine infrastructure, and will continuously strive to set precedence.

Major Achievements

Year 2015 is a historic year for NMDC as well as the World, wherein NMDC led a consortium which completed the work on New Suez Canal Project, which has been considered as "Egypt's gift to the world", in 9 months – way ahead of the original 12 months deadline.

The construction of new stretch of waterway – which effectively doubles the canal's capacity, allowing for two-way traffic – initially had three year timeline. This was reduced to just 12 months on the order of the President of Egypt. The work involved creation of a 35-kilometer long parallel canal, which required dredging of over 200 million cubic meters of sand.

This is of strategic importance to NMDC as it has allowed your Group to spread its wings outside the UAE and has given your Group an experience to lead global dredging players in a consortium.

Vision

Under the wise leadership and vision of the President, His Highness Sheikh Khalifa Bin Zayed Al Nahyan and His Highness Sheikh Mohammed Bin Zayed Al Nahyan, Crown Prince of Abu Dhabi, may Allah protect and save them a solid asset to our beloved country and the people of the UAE. As UAE boldly moves forward to chart out its economic destiny, your Company is committed to being a partner in the development. We are hopeful and confident to grow as always by blazing new trails and living up to our promise that WE MAKE IT HAPPEN!

Over the past four decades, our shareholders, our clients, the governments, our partners, our employees and our well wishers have supported our strategies and decisions and have stood by us through thick and thin. At the end of this year and at the beginning of another year, we thank each one of you and look forward to your continued support, belief and trust.

We pledge to work hard to meet the elevated expectations of our stakeholders. But as all of you know, there is no shortcut to success. It comes with hard work, determination and personal sacrifice. We believe in our strategy and are confident that it will lead us to success.

Mohammed Thani Murshed Al Rumaithi
Chairman



Directors' Report

The Directors of National Marine Dredging Company (the Company) and its subsidiaries (together the Group) have pleasure in presenting the 31st annual report along with the audited accounts for the year ended 31st December 2015.

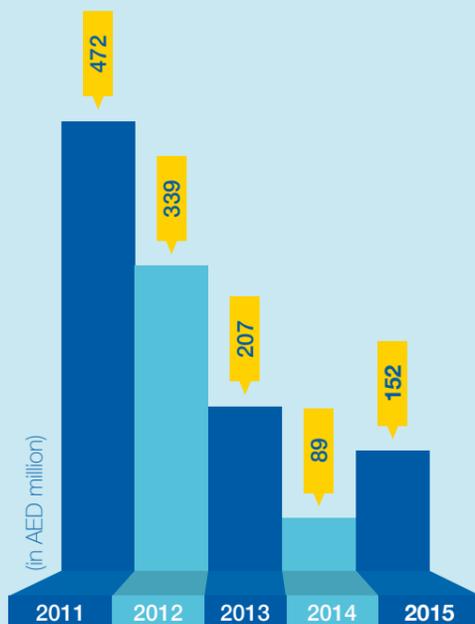
Financial Results

Your Group achieved a turnover of AED 2,288 million (growth of 32%) and achieved a net profit of AED 152 million (growth of 70%) for the year 2015 as compared to AED 1,737 million and a net profit of AED 89 million respectively in 2014. EPS in 2015 is AED 0.61 as compared to 0.36 in 2014.

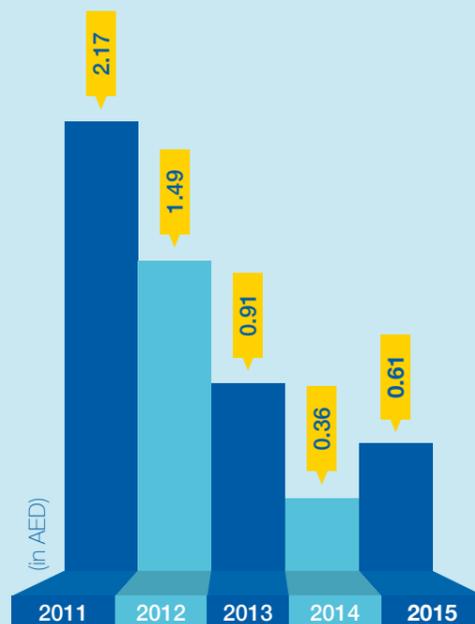
CONTRACT REVENUE



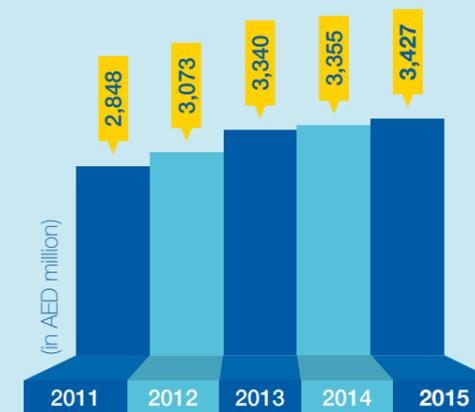
PROFIT FOR THE YEAR



BASIC EPS

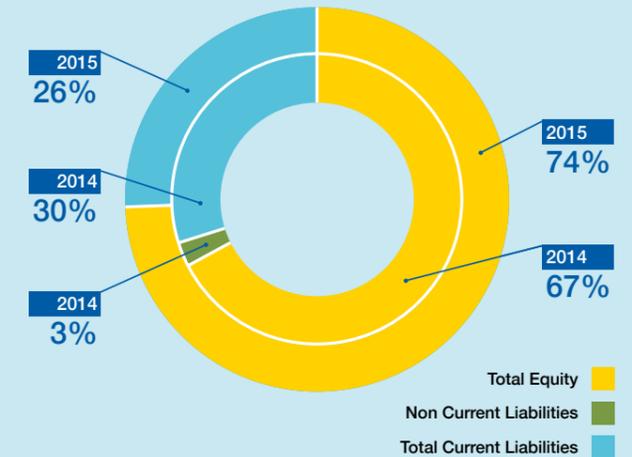


TOTAL EQUITY



Solvency ratio, which represents debt paying capacity of the Group, stood at 74% at end of the year 2015 as against 67% at end of the year 2014. Low level of debt in the capital structure is in line with the strategic decision to keep the composite leverage at an optimal level. Cash & cash equivalent at end of the year 2015 stood at AED 597 million as against AED 177 million in 2014.

SOLVENCY RATIO



Capital Expenditure

In order to deliver our clients with services of the highest standard, we continue to invest into latest technologies, machineries and equipment that would support the future execution of complex projects and improve our margins. Accordingly, we have added property, plant and equipment amounting to AED 169 million in the year 2015 as against AED 77 million in the year 2014.

CAPITAL EXPENDITURE



Financial Position

Your Group has equity of AED 3,427 million at end of the year 2015 which is an increase of 2.15% from AED 3,355 million at end of the year 2014. The total equity reflects compounded annual growth of 4.73% during 2011 to 2015.

Fleet

Your Group currently owns a marine fleet consisting of 17 dredgers, 3 booster stations, an accommodation barge (which can accommodate more than 300 personnel) and 72 other marine equipment such as marine tugs, fuel barge ships, support crafts and 162 earth moving equipment. With continuous investment, your Group has grown its fleet and is currently one of the largest cutter fleet owners in the region.

Information Technology

During the year, your Group has focused on extending technology support across the Group. To ensure the smooth functioning even in the time of catastrophic situation, your Group has established a Disaster Recovery site to ensure seamless data availability and prevent any data loss. For better control over the crew staff, your Group has developed crew management software. To keep the clients satisfied and to ensure the healthy relations with them, your Group has developed Customer Relationship Management solution.





HSE

Challenges

The year 2015 has seen another challenge for QHSE department represented in leading the QHSE of the challenge consortium of the new Suez Canal Project. Our experienced team helped the project to overcome the high potential risks associated with the works and successfully complete the project on time.

Performance

Despite the recent rapid growth and expansion of activities overseas, the results are reasonable. The lost time injury frequency rate (LTIFR) fell from 0.05 in 2014 to 0.03 in 2015 and the total recordable incident rate (TRIR) maintained at 0.21. This was the result of ongoing efforts on improving the preventive measures and enhancing safety awareness, the number of HSE awareness training, group meetings and tool box talk is increasing.

Notwithstanding of all our efforts and safety precautions, a downheartedly fatality happened, we learnt from this fatality that ignoring "Safety First" may lead to a

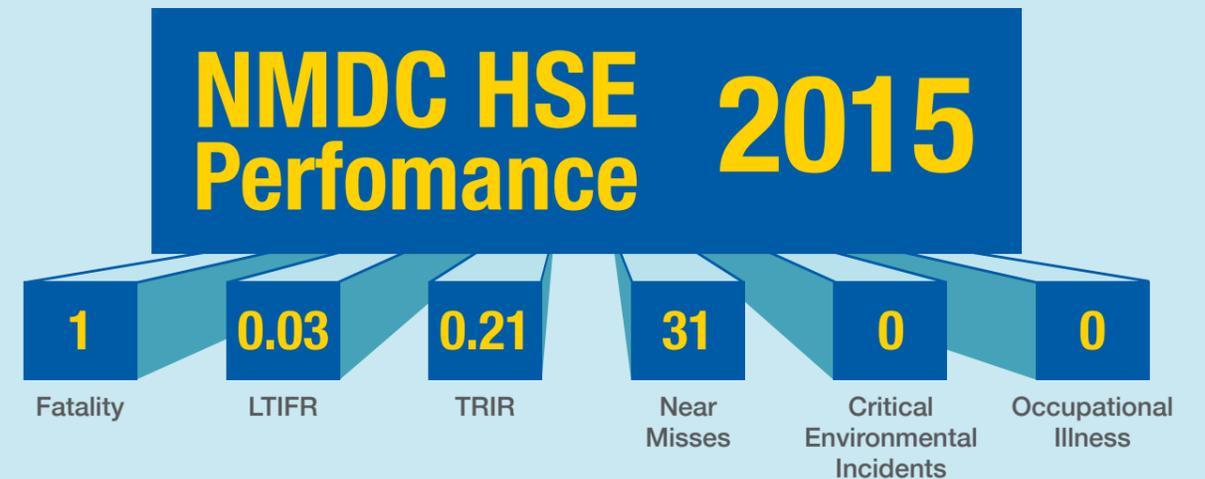
disaster, the lessons learnt and recommendations helped us to find new ways to enhance the safety thinking in all aspects.

Audits

In 2015, we conducted 25 Quality Audits and 8 internal HSE Audits of projects and several departments. We also conducted 18 ISM vessel Audits. The outcome of audits helps your Company to improve its current processes and to maintain its sustainable success.

Quality

In order to encourage the employees' creativity and enhance the employees' contribution in improving the company performance, your Group implemented the Continual Improvement Program "Core" and the Innovation Program "Afaq". Both programs have seen meaningful achievement for Quality Department and are helping your Group to find new ways for improvement. The ongoing efforts to enhance the implementation of the Quality Management System and the international standards are recognized by our clients and resulted in increasing client satisfaction towards QHSE activities from 89% in 2014 to 92% in 2015.



Management Discussion and Analysis

MANAGEMENT'S EXPLANATION ON QUALIFICATION IN AUDITOR'S REPORT

With reference to the Auditors' Report – "Qualified Opinion" & "Emphasis of Matter" – Management would like to highlight that the Group is executing strategic projects for the Government and/or Government related entities. The Group is involved in the projects from concept design to final construction and due to the nature of these projects, they require some time from completion to finalization with the clients.

During the year, your Group has progressively received portion of the amounts outstanding from these clients and the Group is following up with the clients to settle the balance amounts. Regarding the claims, the management is confident and pleased to inform that we are in advanced stage of discussion with the client and confident to settle the outstanding amount during the year 2016.

OUR COMPETITIVE STRENGTHS

We believe that we are well positioned to maintain and enhance our leadership position in the Dredging & Marine Construction market, on account of our competitive strengths, which are:

Government backed dredging company in the UAE

NMDC is one of the leading companies providing dredging, reclamation, and marine construction work in the Middle East. Our fleet mainly operates within the Middle East, however, our technical capabilities can be extended to any part of the globe. We operate from a modern well-equipped premise, which includes multi-discipline workshops, slip ways and fully supported administration and technical departments.

Largest Portfolio of Dredging Assets in the UAE

Your Group owns a marine fleet consisting of 17 dredgers with capacity ranging from 1,795 KW to 20,725 KW. Our dredgers are supported by our modern marine equipment such as tugs and multicat crafts, and ably assisted by A-Frame barges wherever necessary. It is our endeavor to keep reviewing and expanding our fleet to meet the exacting demands of our clients.



Strong relationships with Clients

Dredging and Marine Construction are our mainstream business positioning us at the top as one of the largest dredging players in the region. Today our dredging operation capability in a highly sophisticated business, and with the help of the latest modern technology helps our clients not only meet their demands but to exceed their expectations.

OUR STRATEGIES

As a Group, we are committed to high quality growth while becoming a largest independent turnkey solution provider in the region.

Making foray into foreign market

Apart from consolidating the presence in the UAE market, we have established branches in Egypt, Bahrain, Qatar, Saudi Arabia and India, and in progress to create our presence in Oman as a part of strategy to foray into global market to reduce geography risk. This strategy has started to show results whereby NMDC has executed couple of projects in Oman and have also been awarded with project in Bahrain and Egypt. The Suez Canal project in Egypt is one of the largest and prestigious project for dredging and reclamation. NMDC played a key role as the leader of the consortium (formed along with three major players of Dredging industry) executing the project.

Reducing Operational Cost

During the year Company has adopted demand and supply model to support operations whereby focus is to reduce fixed cost and optimize utilization of internal resources. Cost reduction drive has been initiated with the intention to reduce cost without compromising the quality of services, which has resulted in improvisation of system and reduction of substantial amount of cost.

While creating & developing good business relation with banks, your Company has given special attention to reduce the financing cost, which has resulted in your Company being able to secure cheaper funding & non-funding facilities.

Looking at the uncertainty prevailing in the Euro Zone and our exposure to EURO, your company has been striving to keep itself hedged against the volatility of EURO through suitable Foreign Exchange Products, and your Company has taken an initiative to hedge the EURO exposure by entering into Forward Contract.

Inorganic Growth

Company has decided to strive upon the acquisition of entities on backward or forward stage of value chain as well as willing to enter into strategic alliance or acquisition to diversify the business into civil or infrastructural development.

Enhancement of the fleet capability

In continuance of an effort to get strategic edge in the market and to expand its scope of work, your Company has acquired naval vessel “HSV-2 Swift” (HSV stands for High Speed Vessel) which is a hybrid catamaran. It can be used for mine countermeasures, sea basing test platform and fleet support.

Further, Board has approved to acquire the strategic equipment ‘Hopper Dredger’, for which your Group is in verge of signing the contract. Your Company is confident that the acquisition will not only provide an edge but also widen up capability and the scope of work for your Group.

In addition, your Company has entered into an agreement to upgrade some of the existing equipment with latest technology, which is expected to enhance the performance and lead to improvement in overall performance and enhancement of their economic life.

Optimization of capacity utilization

Company is committed to continue to optimize its capacity utilization by continuous project monitoring and review, reducing equipment downtime through preventive maintenance and working with repair yards to accelerate dry dock repair periods and through a renewed focus on training.



INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

The Company has reasonable system of delegation at proper levels and an adequate system of internal control commensurate with its size and nature of its business. The Company has its own independent internal audit department for conducting extensive audit of various important operational and financial matters.

To develop the culture towards zero tolerance to fraud, during the Group has set up Ethics & Compliance Function which directly report to the Audit Committee. Further, to increase awareness, the Company arranged multiple training sessions and workshop on Fraud Awareness.

EMIRATIZATION

The Company has devised a plan to implement Emiratization in order to provide more opportunities to UAE Nationals to work in NMDC. The Company has been coordinating with government bodies like Tawteen Council to support in this initiative. The Company provides training and resources while getting them on board on full time basis.

ACKNOWLEDGEMENT

On behalf of the Board, I wish to express our appreciation for the support and cooperation of the financial institutions, suppliers, subcontractors, business associates and government authorities and expect the same in future for sustaining the Company's growth rate. The Board would like to place on record its appreciation to the hard work, commitment and unstinting efforts put in by your Company's employees at all levels.

Mohammed Thani Murshed Al Rumaithi
Chairman



Company Profile

Establishment of the company

The National Marine Dredging Company was incepted in 1976 as a sector of Abu Dhabi National Oil Company. It was then established as a shareholding independent Company in accordance with to the Emiri Law No. (10) of the year 1979 issued by the President His Highness Sheikh Khalifa Bin Zayed Al Nahyan and modified by the Laws No. (3) and No. (9) of the year 1985. National Marine Dredging Company is a public shareholding Company of independent stature and it is entitled to full competence to achieve its objectives.

The headquarters and registered office of the Company is in the city of Abu Dhabi, United Arab Emirates. The period limited to this Company is fifty (50) calendar years starting from the day of inception.

This period is renewable unless a decision is made to dissolve the Company before the end of its legal term.

The objectives for which the Company was established are conducting, digging the seashore beds, dredging the soil thereof, cutting, expanding and filling up seashores with soil extracted from the deep seas.

Share capital information

The share capital of the Company is AED 250,000,000 divided into 250,000,000 numbers of shares of AED 1 per share. The Government of Abu Dhabi owns 32% of the Company, 20% is owned by Abu Dhabi United Group For development and Investment, Al Khazna Insurance Co owns 7.11% and the remaining 40.89% owned by UAE citizens and companies (5% by foreign nationals).

Major Share Holders as at 31 Dec 2015	No of Shares	Percentage of Holding
Abu Dhabi Government- Dept. Of Finance	79,999,999	32%
Abu Dhabi United Group For development and Investment	50,000,000	20%
Al Khazna Insurance Co	17,787,316	7.11%
Other Shareholders	102,212,685	40.89%

Vision, Mission & Values

Our Vision

The perfect choice where we serve

Our Mission

- We act in the best interest of our shareholders with the aim of sustaining superior performance for the long term (Shareholders);
- We aim to create a dynamic environment for our employees, emphasising their development as the path to organizational success (People);
- We continuously expand in line with industry best standards while aiming to achieve competitive and sustainable returns on investment (Quality);

- We play an active role and we are a responsible and ethical contributor to our society (Society);
- We provide high quality services to our clients and maintain excellence, respect and integrity in all aspects of our operations and our professional business conduct (Clients); and
- We are committed to health, safety and the environment and aim to create a healthy, clean and safe place to work and live in (Health, Safety & Environment).

Our Values

Commitment: We know what we want to achieve, develop a plan to do it, follow through with actions.

Integrity: We test every proposed action or solution to check whether it is correct and reflects standards we can be proud of.

Excellence: We aim for the highest standards in everything that we do.

Teamwork: Every individual comes together and functions as one solid unit. We pull together various talents and skills that each team member contributes and combine them into one successful effort.

Ownership: We ensure that we take full responsibility for everything we do. Whatever the task, it is our responsibility to see it through from start to finish.



Independent Auditor's Report

To the shareholders of National Marine Dredging Company, Abu Dhabi, UAE

Report on the consolidated financial statements

We have audited the accompanying consolidated financial statements of National Marine Dredging Company ("the Company") and its subsidiaries (together referred to as "the Group"), which comprise the consolidated statement of financial position as at 31 December 2015, the consolidated statement

of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.



Management's responsibility for the consolidated financial statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards and their preparation in compliance with the applicable provisions of the UAE Federal Law No. (2) of 2015, 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.

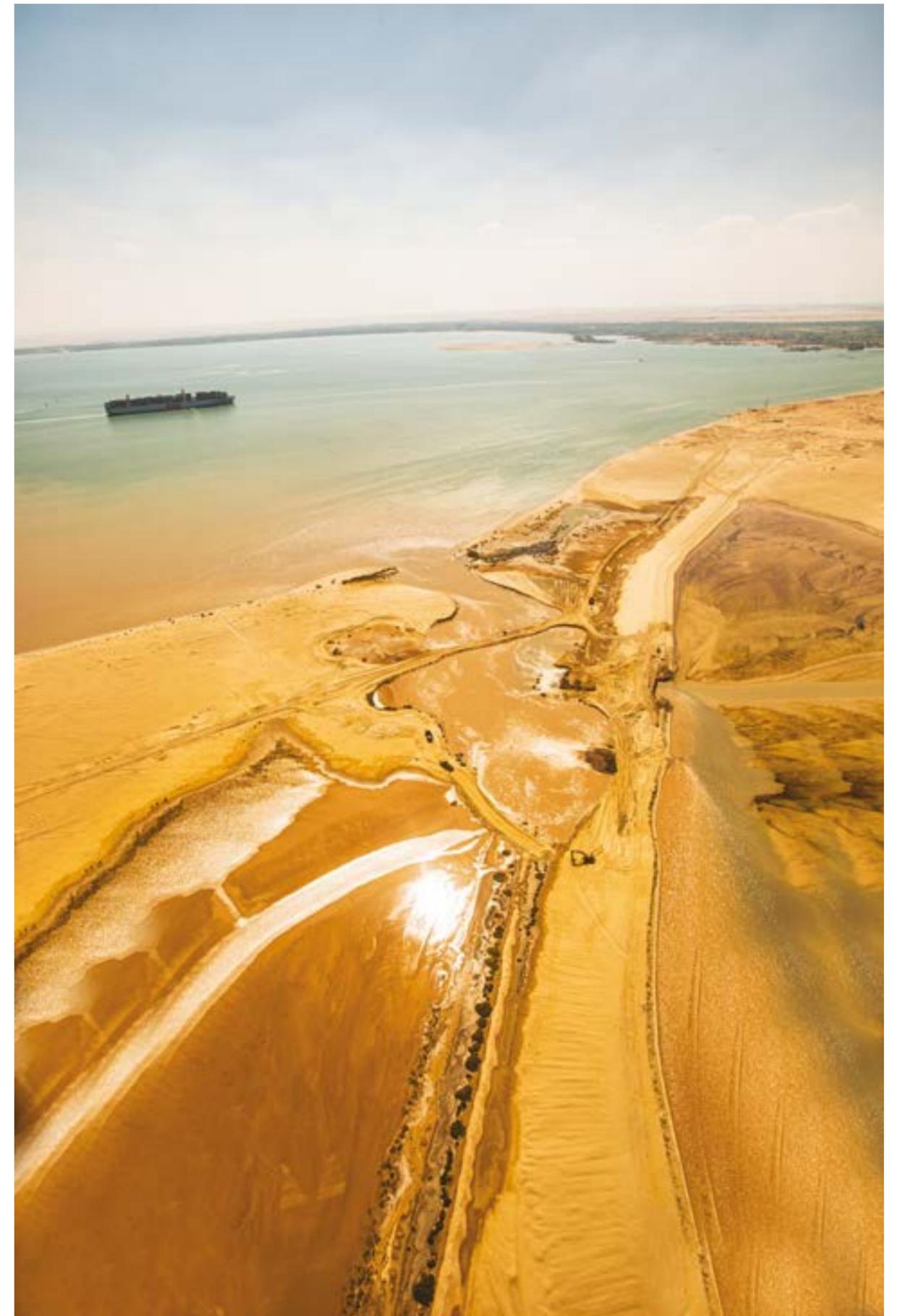
Auditor's responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable

assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.



Bases for qualified opinion

Management has recognised revenue and unbilled receivables on projects wherein formal agreements have not been signed for significant periods of time. In addition, various projects with formal agreements have long outstanding receivables which are still unbilled. As at 31 December 2015, unbilled receivables relating to unsigned contracts and signed contracts, net of allowances, amounts subsequently invoiced or collected, and amounts recognised on claims under negotiation as described in the emphasis of matter paragraph below, amounted to AED 506,139 thousand and AED 64,798 thousand, respectively. These amounts relate to transactions with the Government of Abu Dhabi, its departments, or other related parties. While we have noted progress in the negotiations with the concerned customers, the absence of signed contracts and the significant delays in billing and collection cast doubts on the recoverability of these amounts.

Qualified Opinion

In our opinion, except for the effects of the matters as described in the bases of qualified opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Group as at 31 December 2015, and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards.

Emphasis of matters

As stated in note 8 to the consolidated financial statements, unbilled receivables include an amount of AED 600,000 thousand recognised on the basis of claims submitted in prior periods. While the customer has acknowledged receiving the claims, the amount of the claims is still under negotiation. The finalisation of such negotiations could have a significant impact on the amount of receivables recognised.

We draw attention to Note 31 to the consolidated financial statements which describes that certain balances in the comparative consolidated financial statements have been restated to conform to the current year's presentation and to account for the Group's share in the joint operations as at and for the year ended 31 December 2014.

Our opinion is not qualified in respect of these matters.

Other matter

The Group's consolidated financial statements as at 31 December 2014 were audited by another auditor whose report dated 14 April 2015 expressed a qualified audit opinion thereon in relation with the matter described in the basis for qualified opinion paragraph above.

Report on other legal and regulatory requirements

Further, as required by the UAE Federal Law No. (2) of 2015, we report that:

- i. we have obtained all the information we considered necessary for the purposes of our audit;
- ii. the consolidated financial statements have been prepared and comply, in all material respects, with the applicable provisions of the UAE Federal Law No. (2) of 2015;
- iii. the Group has maintained proper books of account;
- iv. the financial information included in the report of the Directors is consistent with the books of account of the Group;
- v. the Company has not purchased or invested in any shares during the financial year ended 31 December 2015;
- vi. note 27 to the consolidated financial statements discloses material related party transactions and balances, and the terms under which they were conducted;
- vii. based on the information that has been made available to us, nothing has come to our attention which causes us to believe that the Group has contravened during the financial year ended 31 December 2015 any of the applicable provisions of the UAE Federal Law No. (2) of 2015 or of its Articles of Association of which would materially affect its activities or its financial position as at 31 December 2015; and
- viii. note 24 to the consolidated financial statements discloses the social contributions made during the financial year ended 31 December 2015.

Deloitte & Touche (M.E.)

Rama Padmanabha Acharya

Registration Number 701

Consolidated statement of financial position at 31 December 2015

	Notes	2015 AED'000	2014 AED'000 (Restated)	2013 AED'000 (Restated)
ASSETS				
Non-current assets				
Property, plant and equipment	5	1,264,089	1,295,453	1,404,958
Goodwill and other intangible assets	6	52,193	52,989	53,785
Retention receivables		30,014	-	-
Total non-current assets		1,346,296	1,348,442	1,458,743
Current assets				
Inventories	7	226,816	248,570	249,008
Trade and other receivables	8	2,411,123	3,163,265	3,131,741
Available-for-sale financial assets	10	7,987	7,992	9,305
Financial assets at fair value through profit or loss	11	25,616	26,817	38,282
Cash and bank balances	12	597,491	177,021	212,275
Total current assets		3,269,033	3,623,665	3,640,611
Total assets		4,615,329	4,972,107	5,099,354
EQUITY AND LIABILITIES				
Capital and reserves				
Share capital	13	250,000	250,000	227,849
Share premium	14	341,500	341,500	190,205
Additional share capital		-	-	173,446
Reserves	15	741,922	746,763	735,696
Retained earnings		1,968,461	2,016,607	1,938,213
Proposed dividend	21	125,000	-	75,000
Total equity		3,426,883	3,354,870	3,340,409
Non-current liabilities				
Bank borrowings	16	-	135,768	410,865
Provision for employees' end of service benefits	17	85,630	75,672	77,549
Total non-current liabilities		85,630	211,440	488,414
Current liabilities				
Bank borrowings	16	-	405,115	422,612
Advances from customers	18	81,308	202,925	48,514
Provisions	19	145,768	-	-
Trade and other payables	20	841,428	765,765	768,793
Dividends payable	21	34,312	31,992	30,612
Total current liabilities		1,102,816	1,405,797	1,270,531
Total liabilities		1,188,446	1,617,237	1,758,945
Total equity and liabilities		4,615,329	4,972,107	5,099,354

Mohamed Thani Murshed Al Rumaithi
Chairman

Yasser Nasr Zaghloul
Chief Executive Officer

Gautam V. Pradhan
Chief Financial Officer

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

Consolidated statement of profit or loss and other comprehensive income

for the year ended 31 December 2015

	Notes	2015 AED'000	2014 AED'000 (Restated)
Contract revenue		2,288,328	1,736,604
Contract costs	22	(1,941,551)	(1,526,618)
Gross operating profit		346,777	209,986
Other income	23	22,554	52,904
General and administrative expenses	24	(106,428)	(93,835)
Provision for impairment of financial assets		(40,790)	(31,315)
Allowance for slow moving and obsolete inventories		(4,500)	(4,771)
Provision for liquidated damages		(30,054)	-
Provision for future losses		(14,170)	-
Provision for warranty and project discounts		(13,379)	-
Provision for liquidation of bank guarantees		-	(13,264)
Provision for impairment of investment		-	(2,500)
Profit from operating activities		160,010	117,205
Net finance expense	25	(8,156)	(27,735)
Profit for the year		151,854	89,470
Other comprehensive income			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Fair value gain on interest rate swap		143	84
Fair value loss on available-for-sale financial assets		(5)	(63)
Fair value loss on foreign currency exchange hedge		(863)	-
Cumulative translation adjustment		(4,116)	(30)
Total comprehensive income for the year		147,013	89,461
Earnings per share			
Basic and diluted earnings per share (AED)	26	0.61	0.36

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

Consolidated statement of changes in equity for the year ended 31 December 2015

	Share capital AED '000	Share premium AED '000	Additional share capital AED '000	Reserves AED '000	Retained earnings AED '000	Proposed dividend AED '000	Total AED '000
Balance at 1 January 2014	227,849	190,205	173,446	735,696	1,938,213	75,000	3,340,409
Profit for the year	-	-	-	-	89,470	-	89,470
Transfer to legal reserve	-	-	-	11,076	(11,076)	-	-
<i>Other comprehensive income</i>							
Fair value gain on available-for-sale financial assets (net)	-	-	-	(63)	-	-	(63)
Fair value loss on interest rate swap	-	-	-	84	-	-	84
Cumulative translation adjustment	-	-	-	(30)	-	-	(30)
Total comprehensive income for the year	-	-	-	11,067	78,394	-	89,461
Additional share capital	22,151	151,295	(173,446)	-	-	-	-
Dividend	-	-	-	-	-	(75,000)	(75,000)
Balance at 1 January 2015	250,000	341,500	-	746,763	2,016,607	-	3,354,870
Profit for the year	-	-	-	-	151,854	-	151,854
<i>Other comprehensive (loss)/income</i>							
Release on interest rate swap	-	-	-	143	-	-	143
Fair value gains on available-for-sale financial assets (net)	-	-	-	(5)	-	-	(5)
Fair value loss on foreign currency exchange hedge	-	-	-	(863)	-	-	(863)
Cumulative translation adjustment	-	-	-	(4,116)	-	-	(4,146)
Total comprehensive income for the period	-	-	-	(4,841)	151,854	-	147,013
Dividends	-	-	-	-	(75,000)	-	(75,000)
Proposed dividend	-	-	-	-	(125,000)	125,000	-
Balance at 31 December 2015	250,000	341,500	-	741,922	1,968,461	125,000	3,426,883

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

Consolidated statement of cash flows for the year ended 31 December 2015

	Notes	2015 AED'000	2014 AED'000 (Restated)
Cash flows from operating activities			
Profit for the year		151,854	89,470
Adjustments for:			
Depreciation of property, plant and equipment	5	189,168	182,067
Amortisation of intangibles	6	796	796
Fair value loss on derivative financial instruments	11	1,201	11,465
Loss/(gain) on disposal of property, plant and equipment	23	1,764	(7,450)
Dividend income	25	(1,722)	(1,254)
Interest expense	25	8,677	18,774
Provision for employees' end of service benefits	17	16,635	11,874
Provision for impairment of financial assets	8	40,790	31,315
Provision for liquidated damages	19	30,054	-
Provision for future losses	19	14,170	-
Provision for impairment of inventory	7	4,500	4,771
Provision for warranty and project discounts	19	13,379	-
Other provisions	19	88,165	-
		559,431	341,828
Employees' end of service benefit paid	17	(6,677)	(13,751)
		552,754	328,077
Net movement in working capital:			
Decrease/(increase) in inventories		17,254	(4,333)
Decrease/(increase) in trade and other receivables		681,338	(62,839)
Increase/(decrease) in trade and other payables		74,944	(1,694)
(Decrease)/increase in advances from customers		(121,618)	154,411
		1,204,672	413,622
Net cash generated from operating activities			
Cash flows from investing activities			
Purchase of property, plant and equipment	5	(168,550)	(77,374)
Proceeds from disposal of property, plant and equipment		8,982	12,262
Dividend received	25	1,722	1,254
		(157,846)	(63,858)
Net cash used in investing activities			
Cash flows from financing activities			
Dividends paid	21	(72,680)	(73,620)
Repayment of bank borrowings	16	(540,883)	(292,594)
Interest paid	25	(8,677)	(18,774)
		(622,240)	(384,988)
Net cash used in financial activities			
Net increase/(decrease) in cash and cash equivalents			
Cash and cash equivalents at the beginning of the year		177,021	212,275
Cumulative translation adjustment		(4,116)	(30)
		597,491	177,021
Cash and cash equivalents at the end of the year			

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

Notes to the consolidated financial statements for the year ended 31 December 2015**1 General information**

National Marine Dredging Company ("the Company") is a public shareholding company incorporated in the Emirates of Abu Dhabi. The Company was incorporated by Law No. (10) of 1979, as amended by Decree No. (3) and (9) of 1985 issued by His Highness Sheikh Khalifa Bin Zayed Al Nahyan, who was then the Deputy Ruler of the Emirate of Abu Dhabi. The registered address of the Company is P.O. Box 3649, Abu Dhabi, United Arab Emirates.

The Company is primarily engaged in the execution of dredging contracts and associated land reclamation works in the territorial waters of the UAE, principally under the directives of the Government of Abu Dhabi ("the Government"), a major shareholder. The Group also operates in Qatar, Bahrain, Egypt, Saudi Arabia and India through its subsidiaries, branches and joint operation.

The UAE Federal Law No. 2 of 2015 ("Companies Law") has come into force on 1 July 2015. The Group has twelve months from the effective date of the Companies Law to comply with its provisions ("the transitional provisions") and the Group has availed of these transitional provisions.

These consolidated financial statements include the financial performance and position of the Company and its below mentioned subsidiaries (together referred to as "the Group").

Name	Country of incorporation	Share of equity		Principal activities
		2015	2014	
Emarat Europe Fast Building Technology System Factory L.L.C. (Emarat Europe)	UAE	100%	100%	Manufacturing and supply of precast concrete
National Marine Dredging Company (Industrial)	UAE	100%	100%	Manufacturing of steel pipes and steel pipe fittings and holding 1% investment in the Group's subsidiaries to comply with the local regulations
ADEC Engineering Consultancy L.L.C.	UAE	100%	100%	Consultancy services in the fields of civil, architectural, drilling and marine engineering along with related laboratory services
National Marine Dredging Co S.P.C.	Qatar	100%	100%	Dredging and associated land reclamation works, drilling & deepening of waterways and ports & marine installation works
Abu Dhabi Marine Dredging Co S.P.C.	Bahrain	100%	100%	Offshore reclamation contracts, services for fixing water installation for marine facilities and excavation contracts
National Marine and Infrastructure India Private Limited	India	100%	100%	Dredging and associated land reclamation works, civil engineering, port contracting and marine construction
National Marine Dredging Company (NMDC) Br.	Saudi Arabia	100%	-	Perform drilling operation within the bottom of coastal seas, dredging and withdrawing the soil or extracting out
National Marine Dredging Company Branch	Egypt	100%	-	Implement contract on Suez Canal project

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

2.1 New and revised IFRSs applied with no material effect on the consolidated financial statements

The following new and revised IFRSs, which became effective for annual periods beginning on or after 1 January 2015, have been adopted in these consolidated financial statements. The application of these revised IFRSs has not had any material impact on the amounts reported for the current and prior years but may affect the accounting for future transactions or arrangements.

- Annual Improvements to IFRSs 2010 - 2012 Cycle that includes amendments to IFRS 2, IFRS 3, IFRS 8, IFRS 13, IAS 16, IAS 24 and IAS 38.
- Annual Improvements to IFRSs 2011 - 2013 Cycle that includes amendments to IFRS 1, IFRS 3, IFRS 13 and IAS 40.
- Amendments to IAS 19 *Employee Benefits* to clarify the requirements that relate to how contributions from employees or third parties that are linked to service should be attributed to periods of service.

2.2 New and revised IFRS in issue but not yet effective

The Group has not yet applied the following new and revised IFRSs that have been issued but are not yet effective:

New and revised IFRSs	Effective for annual periods beginning on or after
IFRS 14 <i>Regulatory Deferral Accounts</i>	1 January 2016
Amendments to IAS 1 <i>Presentation of Financial Statements</i> relating to Disclosure initiative	1 January 2016
Amendments to IFRS 11 <i>Joint arrangements</i> relating to accounting for acquisitions of interests in joint operations	1 January 2016
Amendments to IAS 16 <i>Property, Plant and Equipment</i> and IAS 38 <i>Intangible Assets</i> relating to clarification of acceptable methods of depreciation and amortisation	1 January 2016
Amendments to IAS 16 <i>Property, Plant and Equipment</i> and IAS 41 <i>Agriculture</i> relating to bearer plants	1 January 2016
Amendments to IAS 27 <i>Separate Financial Statements</i> relating to accounting investments in subsidiaries, joint ventures and associates to be optionally accounted for using the equity method in separate financial statements	1 January 2016
Amendments to IFRS 10 <i>Consolidated Financial Statements</i> , IFRS 12 <i>Disclosure of Interests in Other Entities</i> and IAS 28 <i>Investment in Associates and Joint Ventures</i> relating to applying the consolidation exception for investment entities	1 January 2016
Annual Improvements to IFRSs 2012 - 2014 Cycle covering amendments to IFRS 5, IFRS 7, IAS 19 and IAS 34	1 January 2016

New and revised IFRSs

IFRS 9 *Financial Instruments* (revised versions in 2009, 2010, 2013 and 2014)

IFRS 9 issued in November 2009 introduced new requirements for the classification and measurement of financial assets. IFRS 9 was subsequently amended in October 2010 to include requirements for the classification and measurement of financial liabilities and for derecognition, and in November 2013 to include the new requirements for general hedge accounting. Another revised version of IFRS 9 was issued in July 2014 mainly to include a) impairment requirements for financial assets and b) limited amendments to the classification and measurement requirements by introducing a 'fair value through other comprehensive income' (FVTOCI) measurement category for certain simple debt instruments.

A finalised version of IFRS 9 which contains accounting requirements for financial instruments, replacing IAS 39 *Financial Instruments: Recognition and Measurement*. The standard contains requirements in the following areas:

- **Classification and measurement:** Financial assets are classified by reference to the business model within which they are held and their contractual cash flow characteristics. The 2014 version of IFRS 9 introduces a 'fair value through other comprehensive income' category for certain debt instruments. Financial liabilities are classified in a similar manner to under IAS 39, however there are differences in the requirements applying to the measurement of an entity's own credit risk.
- **Impairment:** The 2014 version of IFRS 9 introduces an 'expected credit loss' model for the measurement of the impairment of financial assets, so it is no longer necessary for a credit event to have occurred before a credit loss is recognised.
- **Hedge accounting:** Introduces a new hedge accounting model that is designed to be more closely aligned with how entities undertake risk management activities when hedging financial and non-financial risk exposures.
- **Derecognition:** The requirements for the derecognition of financial assets and liabilities are carried forward from IAS 39.

Amendments to IFRS 7 *Financial Instruments: Disclosures* relating to disclosures about the initial application of IFRS 9

IFRS 7 *Financial Instruments: Disclosures* relating to the additional hedge accounting disclosures (and consequential amendments) resulting from the introduction of the hedge accounting chapter in IFRS 9

IFRS 15 *Revenue from Contracts with Customers*

In May 2014, IFRS 15 was issued which established a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. IFRS 15 will supersede the current revenue recognition guidance including IAS 18 *Revenue*, IAS 11 *Construction Contracts* and the related interpretations when it becomes effective.

Effective for annual periods beginning on or after

1 January 2018

1 January 2018

When IFRS 9 is first applied

When IFRS 9 is first applied

1 January 2018



New and revised IFRSs	Effective for annual periods beginning on or after
<p>The core principle of IFRS 15 is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the standard introduces a 5-step approach to revenue recognition:</p> <ul style="list-style-type: none"> • Step 1: Identify the contract(s) with a customer. • Step 2: Identify the performance obligations in the contract. • Step 3: Determine the transaction price. • Step 4: Allocate the transaction price to the performance obligations in the contract. • Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation. <p>Under IFRS 15, an entity recognises when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in IFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by IFRS 15.</p>	
<p>IFRS 16 <i>Leases</i></p> <p>IFRS 16 specifies how an IFRS reporter will recognise, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognise assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with IFRS 16's approach to lessor accounting substantially unchanged from its predecessor, IAS 17.</p> <p>Amendments to IFRS 10 <i>Consolidated Financial Statements</i> and IAS 28 <i>Investments in Associates and Joint Ventures</i> (2011) relating to the treatment of the sale or contribution of assets from and investor to its associate or joint venture 2.3</p>	<p>1 January 2019</p> <p>Effective date deferred indefinitely</p>
<p>Management anticipates that these new and revised standards, interpretations and amendments will be adopted in the Group's consolidated financial statements for the year beginning 1 January 2016 or as and when they are applicable and adoption of these new standards, interpretations and amendments, except for IFRS 9 and IFRS 15, may have no material impact on the consolidated financial statements of the Group in the period of initial application.</p> <p>Management anticipates that IFRS 15 and IFRS 9 will be adopted in the Group's consolidated financial statements for the annual year beginning 1 January 2018. The application of IFRS 15 and IFRS 9 may have significant impact on amounts reported and disclosures made in the Group's consolidated financial statements in respect of revenue from contracts with customers and the Group's financial assets and financial liabilities. However, it is not practicable to provide a reasonable estimate of effects of the application of these standards until the Group performs a detailed review.</p>	

3 Basis of preparation

(a) Statement of compliance

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) and comply where appropriate, with the Articles of Association of the Company and the requirements of the UAE Federal Law No. (2) of 2015.

(b) Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis, except for financial assets at fair value through statement of profit or loss, available-for-sale financial assets and derivative financial instruments that are measured at fair value.

(c) Functional and presentation currency

These consolidated financial statements are presented in UAE Dirhams ("AED"), which is the Group's functional and reporting currency. All financial information presented in AED is rounded to the nearest thousands, except when otherwise indicated.

(d) Use of estimates and judgements

The preparation of the consolidated financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

In particular, information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the consolidated financial statements are discussed below:

(d.1) Classification of a joint arrangement

The Company entered into a joint arrangement with other parties ("the Consortium") for the performance of the marine dredging works related to a certain project in Egypt, under a Consortium Agreement dated 15 October 2014. Management performed an assessment whether its interest on the joint arrangement should be classified as joint operation or joint venture. Management considered the detailed criteria as prescribed in IFRS 11 *Joint Arrangements* with respect to its rights to assets and obligations to liabilities and with reference to the Consortium Agreement.

The rights to assets and obligation for liabilities must both be satisfied in order for the arrangement to be classified as a joint operation. Based on a detailed assessment, the joint arrangement was classified by management as a joint operation. The comparative figures has been restated as a result of this classification, as detailed in note 31.

(d.2) Contract revenue

Revenue from construction contracts is recognised in statement of profit or loss when the outcome of the contract can be reliably estimated. The measurement of contract revenue is affected by a variety of uncertainties (including cost estimation and surveys of work performed) that depend on the outcome of future events.

As stated in note 4(c) to the consolidated financial statements, revenue is recognised in the statement of comprehensive on the basis of stage of completion of the contracts. The stage of completion can be measured by various methods. The management uses one of the following methods that measures reliably the actual work performed on the contract, depending on the nature of the contract:

- surveys of work performed; or
- the proportion that costs incurred to date bear to the estimated total costs of the contract.



Furthermore, revenue on certain projects (those for which signed contracts are not in place) is recognised by applying minimum recoverable rates expected to the actual quantities dredged or the related works performed. These rates are derived based on the management's best estimates of the amounts expected to be recovered upon final customer approval.

The above estimates often need to be revised as events occur and uncertainties are resolved. Therefore, the amount of contract revenue recognised may increase or decrease from period to period.

(d.3) Impairment losses on receivables

The Group reviews its receivables to assess impairment at least on an annual basis. The Group's credit risk is primarily attributable to its trade receivables. In determining whether an impairment loss should be recorded in statement of profit or loss, the Group makes judgments as to whether there is any observable data indicating that there is a measurable decrease in the estimated future cash flows. Accordingly, an allowance for impairment is made where there is an identified loss event or condition which, based on previous experience, is evidence of a reduction in the recoverability of the cash flows. Allowance for impairment losses on trade receivables is AED 51,002 thousand (2014: AED 41,347 thousand).

Unbilled receivables represent amounts relating to work performed which is yet to be billed to customers. Unbilled receivables are measured by applying the minimum recoverable rates expected, to the actual quantities dredged or the related works performed. Management believes that all unbilled receivables are collectible within twelve months from the reporting date and accordingly the balance is classified under current assets. Significant judgments are involved in management's assessment of the amounts of revenue and unbilled receivables recognised and the recoverability of these amounts.

(d.4) Unbilled receivables

These judgements may need to be revisited as events occur and accordingly any changes thereon will have a significant impact on the amount of revenue recognised and unbilled receivables in these consolidated financial statements. The Group receives lump sum payments from certain clients in settlement of outstanding invoices and as advance for several ongoing projects. The allocation of proceeds against invoices and unbilled receivables is determined based on management's judgment.

Allowance for impairment losses on unbilled receivables is AED 61,178 thousand (2014: AED 26,642 thousand).

(d.5) Depreciation on property, plant and equipment

Management assigns useful lives and residual values to the items of property, plant and equipment based on the intended use of the assets and the expected economic lives of those assets. Subsequent changes in circumstances such as technological advances or prospective utilisation of the assets concerned could result in the actual useful lives or residual values differing from the initial estimates. Management has reviewed the residual values and useful lives of the major items of property, plant and equipment and have determined that no adjustment is necessary.

The Group specifically tests annually whether the useful life of dredgers is reasonable. The revision is based on the technical assessment carried by the Group's engineers. Management determined that the current year expectations do not differ from previous year estimates based on its review.

(d.6) Impairment in respect of available for sale financial assets

An impairment loss in respect of an available-for-sale financial asset is calculated by reference to its fair value. In assessing whether the decrease in the fair value of available for sale financial assets require impairment losses to be recorded in statement of profit or loss, the Group makes judgment as to whether the decline in fair value is significant or prolonged. The Group estimates, that generally under normal conditions, any decline in fair value in excess of a threshold of 20 percent will be considered as significant.

(d.7) Allowance for slow moving and obsolete inventory

The Group tests annually whether the provision for slow moving and obsolete inventories is adequate. If deemed necessary, the provision is revised based on an annual technical study carried out by the Group's engineers and approved by Management. Allowance for slow-moving and obsolete inventories at 31 December 2015 is AED 34,597 thousand (2014: AED 30,097 thousand).

(d.8) Impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the value-in-use of the cash-generating unit to which the goodwill has been allocated. The value-in-use calculation for goodwill requires the Group to calculate the net present value of the future cash flows for which certain assumptions are required, including management's expectations of:

- long term growth rates in cash flows;
- timing and quantum of future capital expenditure; and
- the selection of discount rates to reflect the risks involved.

The key assumptions used and sensitivities are detailed on Note 6 of the consolidated financial statements. A change in the key assumptions or forecasts might result in an impairment of goodwill.

(d.9) Impairment of other intangible assets

The Group assesses for indicators of impairment of other intangible assets at each reporting period. In determining whether impairment losses should be recorded, the Group makes judgments as to whether there is any observable data indicating that there is a measurable decrease in the estimated future cash flows. Accordingly, an allowance for impairment is made where there is an identified loss event or condition which, based on previous experience, is evidence of a reduction in the recoverability of the cash flows.

(d.10) Wear and tear claim

The Group has entered into a dredging contract overseas where the Group will be compensated for the wear and tear of the pipelines used. During the year, the Group has estimated that the amount to be received is AED 8,269 thousand, based on Management's best estimate.

4 Summary of significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements, and have been applied consistently by the Group entities.

(a) Basis of consolidation

IFRS 10 governs the basis for consolidation where it establishes a single control model that applies to all entities including special purpose entities or structured entities.

The definition of control is such that an investor controls an investee when it 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. To meet the definition of control in IFRS 10, all three criteria must be met, including:

- (a) the investor has power over an investee;
- (b) the investor has exposure to, or rights, to variable returns from its involvement with the investee; and
- (c) the investor has the ability to use its power over the investee to affect the amount of the investor's returns.



Subsidiaries

Subsidiaries are investees that are controlled by the Group. The Group controls the investee if it meets the control criteria. The Group reassesses whether it has control if, there are changes to one or more of the elements of control. This includes circumstances in which protective rights held become substantive and lead to the Group having power over an investee. The financial statements of subsidiaries are included in these consolidated financial statements from the date that control commences until the date that control ceases.

Adjustments are made to the figures reported by subsidiaries, when necessary, to align them with the policies adopted by the Group.

Loss of control

When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related non-controlling interest ("NCI") and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions are eliminated in preparing the consolidated financial statements. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

Business combination

The acquisition method of accounting is used to account for the acquisition of subsidiaries by the Group. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, together with the fair value of any contingent consideration payable.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If this is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the consolidated statement of profit or loss.

(b) Interests in joint operation

A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

When a group entity undertakes its activities under joint operations, the Group as a joint operator recognises in relation to the interest in joint operation:

- its assets including its share of any assets held jointly;
- its liabilities including its share of any liabilities held jointly;
- its revenue from the sale of its share and output arising from joint operation;
- its share of the revenue from the sale of the output by the joint operation; and
- its expenses, including any share of any expenses incurred jointly.

The Group accounts for the assets, liabilities, revenue and expenses relating to interest in joint operation in accordance with the IFRS applicable to the particular assets, liabilities, revenue and expenses.

When a group entity transacts with a joint operation in which the group entity is a joint operator (such a sale or contribution of assets), the Group is considered to be conducting the transaction with the other parties to the joint operation, and gains and losses resulting from the transaction are recognised in the Group's consolidated financial statements only to the extent of other parties' interests in the joint operation.

When a group entity transacts with a joint operation in which the group entity is a joint operator (such as purchase of assets), the Group does not recognise its share of the gains and losses until it resells to a third party.

(c) Revenue

Contract revenue

Contract revenue comprises revenue from execution of contracts relating to dredging activities and associated land reclamation works. Contract revenue includes the initial amount agreed in the contract plus any variations in contract work, and incentive payments, to the extent that it is probable that they will result in revenue, they can be measured reliably and will be approved by the customers. Claims are recognised when negotiations have reached an advanced stage such that it is probable that the customer will accept the claim and the amount can be measured reliably. Contract revenue also includes revenue from securing the award of significant projects for dredging and reclamation works. These amounts are recognised when all significant service obligations arising from the related services have been discharged.

If the outcome of a construction contract can be estimated reliably, contract revenue is recognised in statement of profit or loss in proportion to the stage of completion of the contract. Based on the method that most reliably measures the actual work performed on each contract, the stage of completion is determined either on the basis of surveys of work performed or in the proportion of the contract costs incurred for work performed to date as compared to the estimated total contract costs. Losses on contracts are assessed on an individual contract basis and a provision is recorded for the full amount of any anticipated losses, including losses relating to future work on a contract, in the period in which the loss is first foreseen.

In case of contracts, where revenue is recognised on the basis of surveys of work performed, revenue is measured by applying contractual rates, or the minimum recoverable rates expected, to the actual quantities dredged or the related works performed. Revenue is adjusted subsequently based on final customer approval if rates approved are different from those originally used.

(d) Foreign currencies

Transactions in foreign currencies are translated to AED at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to AED at the exchange rate at that date.

The foreign currency gain or loss on monetary items is the difference between the amortised cost in AED at the beginning of the year, adjusted for effective interest and payments during the period and the amortised cost in foreign currency translated at the exchange rate at the end of the year.

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are retranslated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to AED at the exchange rate at the date that the fair value was determined. Foreign currency differences arising on translation are recognised in statement of profit or loss, except for the exchange differences arising on the retranslation of available for sale equity instruments and qualifying cash flow hedges to the extent the hedge is effective, which are recognised in other comprehensive income.



(e) Finance income and expenses**Finance income**

Finance income comprises interest income on funds invested, dividend income and changes in the fair value of financial assets at fair value through profit or loss. Interest income is recognised as it accrues in statement of profit or loss. Dividend income is recognised in statement of profit or loss on the date that the Group's right to receive payment is established, which in the case of quoted securities is the ex-dividend date.

Finance expenses

Finance costs comprise interest expense on borrowings and changes in fair value of financial assets at fair value through profit or loss.

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in statement of profit or loss using the effective interest method.

Foreign currency gains and losses on financial assets and financial liabilities are reported on a net basis as either finance income or finance cost depending on whether foreign currency movements are in a net gain or net loss position.

(f) Property, plant and equipment**Recognition and measurement**

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses, if any.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets include the cost of materials and direct labour, any other costs directly attributable to bringing the asset to a working condition for its intended use, capitalised borrowing costs and when the Group has obligation to remove the asset, an estimate of the costs of dismantling and removing the items and restoring the site on which they are located. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment is determined by comparing the proceeds from disposal with the carrying amount of that item and is recognised in statement of profit or loss.

Subsequent costs

The cost of replacing a part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. Vessel overhaul and dry-docking costs are capitalised as a separate component of dredgers when incurred. The costs of day to day servicing of property, plant and equipment are recognised in statement of profit or loss as incurred.

Depreciation

Depreciation is recognised in statement of profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. Vessel overhaul and dry docking costs are depreciated over the period up to next dry docking, which is generally four years. The estimated useful lives for other items of property plant and equipment for the current and comparative years are as follows:

	Years
Building and base facilities	25
Dredgers	5 - 25
Support vessels, boosters and pipelines	1 - 10
Plant, machinery and motor vehicles	2 - 15
Office equipment and furniture	3 - 5

Depreciation methods, useful lives and residual values, are reviewed at each reporting date and adjusted if appropriate. Items of property, plant and equipment are depreciated from the date that they are installed and are ready for use, or in respect of internally constructed assets, from the date that the asset is completed and ready for use.

Capital work in progress

The Group capitalises all costs relating to the construction of tangible fixed assets as capital work-in-progress, up to the date of completion of the asset. Such costs are transferred from capital work-in-progress to the appropriate asset category upon completion, and are depreciated over their estimated useful economic lives from the date of such completion.

(g) Goodwill and other intangible assets**Goodwill**

Goodwill that arises on the acquisition of subsidiaries is presented as intangible assets. The Group measures goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquiree; plus
- if the business combination is achieved in stages, the fair value of the pre-existing equity interest in the acquiree; less
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a bargain purchase gain is recognised immediately in statement of profit or loss. The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in statement of profit or loss. Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

Goodwill is measured at cost less accumulated impairment losses.

Other intangible assets

Other intangible assets that are acquired by the Group have finite useful lives and are measured at cost less accumulated amortisation and any accumulated impairment losses. The estimated useful life of these assets is 24 years.

Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in statement of profit or loss as incurred.



(h) Inventories

Inventories comprise stores and consumable spares and are measured at the lower of cost and net realisable value. The costs of inventories are based on the weighted average method, and include expenditure incurred in acquiring the inventories and other costs incurred in bringing them to their existing location and condition.

Net realisable value is the estimated selling price in the ordinary course of business, less selling expenses.

Provision for slow moving and obsolete inventories is established based on expected usage as assessed by management.

(i) Financial instruments

Non-derivative financial instruments comprise trade and other receivables, available for sale financial assets, financial assets at fair value through profit or loss, cash and cash equivalents, loans and borrowings, trade and other payables, and dividend payable.

Non-derivative financial assets

The Group initially recognises loans and receivables and deposits on the date that they are originated. All other financial assets (including assets designated at fair value through statement of profit or loss) are recognised initially on the trade date at which the Group becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred.

Any interest in such transferred financial assets that is created or retained by the Group is recognised as a separate asset or liability.

Financial assets and liabilities are offset and the net amount presented in the consolidated statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Financial assets are categorised as financial assets at fair value through profit or loss, loans and receivables and available for sale.

Financial assets at fair value through profit or loss

A financial asset is classified at fair value through profit or loss if it is classified as held for trading or is designated as such upon initial recognition. Financial assets are designated at fair value through profit or loss if the Group manages such investments and makes purchase and sale decisions based on their fair value in accordance with the Group's documented risk management or investment strategy. Upon initial recognition attributable transaction costs are recognised in statement of profit or loss as incurred.

Financial assets at fair value through profit or loss are measured at fair value, and changes therein, which takes in to account any dividend income, are recognised in statement of profit or loss. Financial assets designated as at fair value through profit or loss comprise equity securities that otherwise would have been classified as available for sale.

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less any impairment losses.

Loans and receivables comprise cash and cash equivalents, and trade and other receivables.

Unbilled receivables

Unbilled receivables, included in trade and other receivables, represent amounts relating to work performed which is yet to be billed to customers. Unbilled receivables are measured by applying the contracted or minimum recoverable rates expected, to the actual quantities dredged or the related works performed.

Cash and cash equivalents

Cash and cash equivalents comprise balance in hand and at banks in current and deposit accounts with maturities of three months or less from the acquisition date that are subject to an insignificant risk of changes in their fair value, and are used by the Group in the management of its short-term commitments.

Available for sale financial assets

Available for sale financial assets are non-derivative financial assets that are designated as available for sale or that is not classified in any of the previous categories. The Group's investments in equity securities are classified as available for sale financial assets. Available for sale financial assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses and foreign currency differences on available-for sale equity instruments, are recognised in other comprehensive income and presented within equity in the fair value reserve. When an investment is derecognised, the cumulative gain or loss in other comprehensive income is transferred to profit or loss.

The Group classifies non-derivative financial liabilities into other financial liabilities. All other financial liabilities are recognised initially on the trade date, which is the date that the Group becomes a party to the contractual provisions of the instrument. Other financial liabilities are recognised initially at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest method. The Group derecognises a financial liability when its contractual obligations are discharged, cancelled or expire.

Derivative financial instruments and hedge accounting

The Group uses derivative financial instruments to manage its exposure to interest rate and foreign exchange risks, such as interest rates swaps and forward currency contracts. Such derivative financial instruments are initially recognised and measured at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

A derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the instrument is more than 12 months and it is not expected to be realised or settled within 12 months. Other derivatives are presented as current assets or current liabilities.

Any gains or losses arising from changes in fair value on derivatives are taken directly to profit or loss, except for the effective portion of cash flow hedges, which is recognised in other comprehensive income.

The fair value of forward currency contracts is the difference between the forward exchange rate and the contract rate. The forward exchange rate is referenced to current forward exchange rates for contracts with similar maturity profiles. The fair value of interest rate swaps is based on quotes received from banks.

Changes in the fair value of derivative financial instruments that do not qualify for hedge accounting are recognised in profit or loss as they arise. Derivative financial instruments that do not qualify for hedge accounting are classified as held for trading derivatives.

For the purpose of hedge accounting, the Group designates derivatives into two types of hedge categories: (a) fair value hedges which hedge the exposure to changes in the fair value of a recognised asset or liability; and (b) cash flow hedges which hedge exposure to variability in cash flows that are either attributable to a particular risk associated with a recognised asset or liability, or a highly probable forecasted transaction that will affect future reported net income.



Hedge accounting

In order to qualify for hedge accounting, it is required that the hedge should be expected to be highly effective, i.e. the changes in fair value or cash flows of the hedging instrument should effectively offset corresponding changes in the hedged item and the effectiveness can be reliably measured. At inception of the hedge, the Group documents its risk management objective and strategy for undertaking various hedge transactions, including the identification of the hedging instrument, the related hedged item, the nature of risk being hedged, and how the Group will assess the effectiveness of the hedging relationship. Subsequently, the hedge is required to be assessed and determined to be an effective hedge on an ongoing basis.

Fair value hedges

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in profit or loss immediately, together with any changes in the fair value of the hedged item that are attributable to the hedged risk.

Hedge accounting is discontinued when the Group revokes the hedging relationship, the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting. The adjustment to the carrying amount of the hedged item arising from the hedged risk is amortised to profit or loss from that date.

Cash flow hedges

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss.

Amounts previously recognised in other comprehensive income and accumulated in the hedging reserve in equity are recycled to profit or loss in the periods when the hedged item is recognised in profit or loss, in the same line of the profit or loss as the recognised hedged item. However, when the forecast transaction that is hedged, results in the recognition of a non-financial asset or a non-financial liability, the gains and losses previously accumulated in equity are transferred from equity and included in the initial measurement of the cost of the asset or liability.

Hedge accounting is discontinued when the Group revokes the hedging relationship, the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting. Any cumulative gain or loss accumulated in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in profit or loss. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was deferred in equity is recognised immediately in profit or loss.

(j) Impairment

Financial assets

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have occurred after the initial recognition of the asset, and that loss had a negative effect on the estimated future cash flows of that asset.

Financial assets measured at amortised cost

The Group considers evidence of impairment at both a specific and collective level. All individually significant assets are assessed for specific impairment. All individually significant assets found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Assets that are not individually significant are collectively assessed for impairment by grouping together financial assets with similar risk characteristics.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognised in statement of profit or loss and reflected in an allowance account against loans and receivables. Interest on the impaired asset continues to be recognised. When an event occurring after the impairment was recognised causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through statement of profit or loss.

Available-for-sale financial assets

For Available-for-sale equity investments, a significant or prolonged decline in the fair value of the security below its cost is considered to be objective evidence of impairment.

Objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- breach of contract, such as a default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation; or
- the disappearance of an active market for that financial asset because of financial difficulties.

Impairment losses on available-for-sale financial assets are recognised by reclassifying the losses accumulated in the fair value reserve in equity to profit or loss. The cumulative loss that is reclassified from equity to profit or loss is the difference between the acquisition cost, net of any principal repayment and amortisation, and the current fair value, less any impairment loss recognised previously in statement of profit or loss. Changes in cumulative impairment losses attributable to application of the effective interest method are reflected as a component of interest income. If, in a subsequent period, the fair value of an impaired available-for-sale debt security increases and the increase can be related objectively to an event occurring after the impairment loss was recognised, then the impairment loss is reversed, with the amount of the reversal recognised in statement of profit or loss. However, any subsequent recovery in the fair value of an impaired available-for-sale equity security is recognised in other comprehensive income.

Non-financial assets

The carrying amounts of the Group's non-financial assets, excluding inventory, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated. Goodwill is tested annually for impairment. Intangible assets with finite useful lives are assessed for indicators of impairment at each reporting period. An impairment loss is recognised if the carrying amount of an asset or cash-generating unit (CGU) exceeds its recoverable amount. An impairment loss is recognised in statement of profit or loss if the carrying amount of an asset exceeds its recoverable amount.

The recoverable amount of an asset or cash generating unit (CGU) is the greater of its value in use and its fair value less costs to sell. 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 or CGU.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs. For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs. Subject to an operating segment ceiling test, CGUs to which goodwill has been allocated are aggregated so that the level at which impairment testing is performed reflects the lowest level at which goodwill is monitored for internal reporting purposes. Goodwill acquired in a business combination is allocated to groups of CGUs that are expected to benefit from the synergies of the combination.

Impairment losses are recognised in statement of profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the CGU (group of CGUs), and then to reduce the carrying amounts of the other assets in the CGU (group of CGUs) on a pro rata basis.



Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(k) Provision for staff terminal benefits

The Group provides end of service benefits to its employees. The entitlement to these benefits is based on the employees' final salary and length of service, subject to the completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment.

Monthly pension contributions are made in respect of UAE National employees, who are covered by the Law No. 2 of 2000. The pension fund is administered by the Government of Abu Dhabi, Finance Department, represented by the Abu Dhabi Retirement Pensions and Benefits Fund.

(l) Lease

Leased assets

Assets held by the Group under leases which transfer to the Group substantially all of the risks and rewards of ownership are classified as finance leases. On initial recognition, the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

Assets held under other leases are classified as operating leases and are not recognised in the Group's consolidated statement of financial position.

Lease payments

Payments made under operating leases are recognised in statement of profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Determining whether an arrangement contains a lease

At inception of an arrangement, the Group determines whether such an arrangement is or contains a lease.

This will be the case if the following two criteria are met:

- the fulfilment of the arrangement is dependent on the use of a specific asset or assets; and
- the arrangement contains a right to use the assets.

(m) Dividend

Dividend is recognised as a liability in the period in which the dividends are approved by the Company's shareholders and are recognised as distributions within equity.

(n) Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

5 Property, plant and equipment

	Building and base facilities AED'000	Dredgers AED'000	Support vessels, boosters and pipelines AED'000	Plant, machinery and motor vehicles AED'000	Office equipment and furniture AED'000	Capital work in progress AED'000	Total AED'000
Cost							
At 1 January 2014	196,214	1,141,675	1,223,933	534,222	51,837	28,471	3,176,352
Additions	496	94	41,126	2,484	5,991	27,183	77,374
Transfers	5,547	19,287	6,963	-	5,428	(37,225)	-
Write-off/disposals	-	(176)	(26,059)	(30,085)	(792)	(26)	(57,138)
At 1 January 2015	202,257	1,160,880	1,245,963	506,621	62,464	18,403	3,196,588
Additions	1,615	-	39,597	4,786	12,260	110,292	168,550
Transfers	963	2,604	93,811	24,909	(16,628)	(105,659)	-
Disposals	(28,112)	(182)	(19,197)	(24,624)	(2,243)	-	(74,358)
At 31 December 2015	176,723	1,163,302	1,360,174	511,692	55,853	23,036	3,290,780
Accumulated depreciation							
At 1 January 2014	59,703	788,102	650,487	247,723	25,379	-	1,771,394
Charge for the year	14,655	36,776	73,299	44,114	13,223	-	182,067
Write-off/disposals	-	(170)	(26,047)	(25,374)	(735)	-	(52,326)
At 1 January 2015	74,358	824,708	697,739	266,463	37,867	-	1,901,135
Transfers	926	(1,172)	(49,949)	67,045	(16,850)	-	-
Charge for the year	14,743	35,751	79,518	43,924	15,232	-	189,168
Disposals	(17,811)	(181)	(19,068)	(24,550)	(2,002)	-	(63,612)
At 31 December 2015	72,216	859,106	708,240	352,882	34,247	-	2,026,691
Carrying amount							
At 31 December 2015	104,507	304,196	651,934	158,810	21,606	23,036	1,264,089
At 31 December 2014	127,899	336,172	548,224	240,158	24,597	18,403	1,295,453



6 Goodwill and other intangible assets

	Goodwill AED'000	Other intangible assets AED'000	Total AED'000
Cost			
At 1 January 2014 and 31 December 2014	36,276	19,313	55,589
At 31 December 2015	36,276	19,313	55,589
Amortisation and impairment			
At 1 January 2014	-	1,804	1,804
Charge for the year	-	796	796
1 January 2015	-	2,600	2,600
Charge for the year	-	796	796
At 31 December 2015	-	3,396	3,396
Carrying amounts			
At 31 December 2015	36,276	15,917	52,193
At 31 December 2014	36,276	16,713	52,989

Other intangible assets include fair value of operating lease rights amounting to AED 19,101 thousand and customers' order backlog amounting to AED 212 thousand. During the year, amortisation on these assets of AED 796 thousand (2014: AED 796 thousand) was charged to contract cost in statement of profit or loss.

Impairment testing for cash generating units containing goodwill

For the purpose of impairment testing, goodwill is allocated to the precast concrete division. The recoverable amount of the precast concrete CGU (Emarat Europe) was based on its value in use, determined by discounting the future cash flows to be generated from the continuing use of the CGU. The carrying amount of the CGU was determined to be lower than its recoverable amount, therefore no impairment loss was recognised.

Key assumptions used in the calculation of value in use were discount rate, terminal value growth rate and the EBIDTA growth rate. These assumptions were as follows:

	2015
Discount rate	14%
Terminal value growth rate	2%
Budgeted EBITDA growth rate	5-10%

The discount rate was based on the risk-free rate obtained from the yield on 10-year bonds issued by the government in the relevant market and in the same currency as the cash flows, adjusted for a risk premium to reflect both the increase risk of investing in equities generally and the systemic risk of the specific CGU.

7 Inventories

	2015 AED'000	2014 AED'000
Spare parts and consumable stores	252,901	263,762
Raw materials	1,684	4,370
Finished goods	6,626	10,535
Less: allowance for slow moving and obsolete inventories	(34,597)	(30,097)
	226,614	248,570
Goods in transit	202	-
	226,816	248,570

The movement in allowance for slow moving and obsolete inventories is as follows:

	2015 AED'000	2014 AED'000
At 1 January	30,097	25,326
Charge for the year	4,500	4,771
At 31 December	34,597	30,097

8 Trade and other receivables

	2015 AED'000	2014 AED'000 (Restated)
Trade receivables	509,578	701,353
Less: allowance for impairment losses on trade receivables	(51,002)	(41,347)
	458,576	660,006
Retention receivables – current portion	108,446	147,074
Unbilled receivables (net of allowance)	1,521,771	2,130,579
Deposits and prepayments	257,929	47,288
Other receivables	64,401	178,318
	2,411,123	3,163,265

Unbilled receivables include AED 601,864 thousand (2014: AED 424,088 thousand) receivables from Government of Abu Dhabi, out of which AED 170,944 thousand (2014: AED 72,352 thousand) has been recognised as revenue during the year. The balance of AED 601,864 thousand (2014: AED 424,088 thousand) includes amount of AED 430,920 thousand (2014: AED 351,736 thousand), outstanding for a period exceeding one year as at the reporting date. Unbilled receivables also include AED 179,809 thousand (2014: AED 1,147,474 thousand) on signed contracts from various customers, out of which AED 56,398 thousand (2014: AED 794,538 thousand) has been recognised as revenue during the year.

In addition, in the prior year, management has recognised revenue and unbilled receivables amounting to AED 600 million, out of a total proposed claims amounting to AED 771 million. In a letter dated 14 April 2015, the customer acknowledged receiving the claim to the extent of AED 704 million, and mentioned that the claim is in advance stage of review.

The total allowance for impairment of unbilled receivables as at 31 December 2015 is AED 61.18 million (31 December 2014: AED 26.6 million).

The movement in the allowance for doubtful receivables during the year was as follows:

	2015 AED'000	2014 AED'000
At 1 January	41,347	36,674
Charge during the year	12,200	4,673
Reversal	(2,545)	-
	<u>51,002</u>	<u>41,347</u>
At 31 December	<u>51,002</u>	<u>41,347</u>

Included in the Group's trade receivable balance are debtors with a carrying amount of AED 349,635 thousand (2014: AED 469,290 thousand) which are past due at the reporting date for which the Group has not provided as there has not been a significant change in credit quality and the amounts are still considered recoverable. The Group does not hold any collateral over these balances.

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

Several customers account for a significant portion of the total trade receivables balance, however the credit risk is considered to be limited due to historical performance and ongoing assessments of customer credit and liquidity positions.

Ageing of trade receivables

	2015 AED'000		2014 AED'000 (Restated)	
	Gross	Impairment	Gross	Impairment
Not past due	108,941	-	190,716	-
Past due for 0 to 90 days	44,225	-	208,548	-
Past due for 91 to 180 days	161,416	-	18,358	-
Past due for 181 to 360 days	32,394	-	46,258	-
More than 360 days	162,602	51,002	237,473	41,347
	<u>509,578</u>	<u>51,002</u>	<u>701,353</u>	<u>41,347</u>
	<u>509,578</u>	<u>51,002</u>	<u>701,353</u>	<u>41,347</u>

9 Construction contracts

	2015 AED	2014 AED
Contracts in progress at end of the reporting period		
Amount due from contract customers included in trade and other receivables (gross) (note 8)	1,582,949	2,157,221
Amount due to contract customers included in trade and other payables (note 19)	(69,551)	-
	<u>1,513,398</u>	<u>2,157,221</u>
Contract cost incurred plus recognised profits less recognised losses to date	9,215,695	8,879,140
Less: Progress billings	(7,702,297)	(6,721,919)
	<u>1,513,398</u>	<u>2,157,221</u>

10 Available-for-sale financial assets

	2015 AED'000	2014 AED'000
At 1 January	7,992	9,305
Fair value adjustments	(5)	(63)
Provision for impairment	-	(1,250)
	<u>7,987</u>	<u>7,992</u>
At 31 December	<u>7,987</u>	<u>7,992</u>

The available-for-sale financial assets at the end of reporting date are detailed below.

	2015 AED'000	2014 AED'000
Investment in quoted UAE equity securities	2,857	2,862
Investment in unquoted UAE equity securities	5,130	5,130
	<u>7,987</u>	<u>7,992</u>
	<u>7,987</u>	<u>7,992</u>

The fair value of the quoted UAE equity securities is based in quoted market prices at the end of the reporting period. The fair value of unquoted non-UAE securities have been arrived at based on the fair market value as per Level 3 valuation.

11 Financial assets at fair value through profit or loss

	2015 AED'000	2014 AED'000
At 1 January	26,817	38,282
Change in fair value	(1,201)	(10,215)
Provision for impairment	-	(1,250)
	<u>25,616</u>	<u>26,817</u>
At 31 December	<u>25,616</u>	<u>26,817</u>

The financial assets at fair value through profit or loss (FVTOCI) at the end of reporting date are detailed below.

	2015 AED'000	2014 AED'000
Investment in quoted UAE equity securities	21,766	22,967
Investment in unquoted UAE equity securities	3,850	3,850
	<u>25,616</u>	<u>26,817</u>

The fair value of the quoted UAE equity securities is based in quoted market prices at the end of the reporting period. The fair value of unquoted non-UAE securities have been arrived at based on the fair market value as per Level 3 valuation.

12 Cash and cash equivalents

	2015 AED'000	2014 AED'000
Cash in hand	1,105	1,007
Cash at banks		
- Current accounts	212,505	149,050
- Short term deposits	383,881	26,964
	<u>597,491</u>	<u>177,021</u>

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

13 Share capital

	2015 AED'000	2014 AED'000
Authorised, issued and fully paid		
250,000,000 (2014: 250,000,000) ordinary shares of AED 1 each	<u>250,000</u>	<u>250,000</u>

14 Share premium/additional share capital

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

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

Issue No.	Issue Date as Per Agreement	Conversion Date	Issue Value AED	Number of shares to be issued	Settlement method
1	2 February 2010	15 March 2010	131,330,664	16,772,753	Transfer of property, plant and equipment
2	30 January 2011	15 March 2011	86,723,112	11,075,749	Cash
3	30 January 2012	15 March 2012	86,723,112	11,075,749	Cash
4	30 January 2013	15 March 2013	86,723,112	11,075,749	Cash
		Total	<u>391,500,000</u>	<u>50,000,000</u>	

In accordance with the above, the Company issued 50,000 thousand convertible bonds to Tasameem from 2010 and 2013, for a total consideration of AED 391,500 thousand. These bonds were converted to 50,000 thousand equity shares of the Company at the face value of AED 1 per share resulting in an increase in the Company's share capital by AED 50,000 thousand as at 31 December 2014.

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

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

Pursuant to the Ministerial Decree No. (71) of 2014 and the Board of Directors decision circulated on 22 January 2014, the Company's Board of Directors have approved the increase of its share capital from 227,848,502 shares to 250,000,000 shares. Accordingly, the share capital of the Company is increased by 22,151,498 shares with AED 1 par value which were authorised, issued and fully paid. These additional shares were subsequently listed on the Abu Dhabi Stock Exchange.

15 Reserves

	Legal reserve AED'000	Asset replacement reserve AED'000	Regulatory reserve AED'000	Cumulative translation adjustment AED'000	Unrealised loss on interest rate swap AED'000	Unrealised gain/(loss) available for sale financial assets AED'000	Unrealised loss on foreign currency exchange hedge AED'000	Total AED'000
At 1 January 2014	113,924	595,000	20,000	-	(227)	6,999	-	735,696
Transfer to legal reserve	11,076	-	-	-	-	-	-	11,076
Change in fair value of available-for-sale financial assets (note 10)	-	-	-	-	-	(63)	-	(63)
Fair value gain on interest rate swap	-	-	-	-	84	-	-	84
Cumulative translation adjustment	-	-	-	(30)	-	-	-	(30)
At 1 January 2015	125,000	595,000	20,000	(30)	(143)	6,936	-	746,763
Change in fair value of available for sale financial assets (note 10)	-	-	-	-	-	(5)	-	(5)
Release on rate swap	-	-	-	-	143	-	-	143
Fair value loss on foreign currency exchange hedge	-	-	-	-	-	-	(863)	(863)
Cumulative translation adjustment	-	-	-	(4,116)	-	-	-	(4,116)
At 31 December 2015	125,000	595,000	20,000	(4,146)	-	6,931	(863)	741,922

Legal reserve

In accordance with UAE Federal Law No. (2) of 2015, 10% of the annual profit of the Company is transferred to a non-distributable legal reserve. Transfers to this reserve are required to be made until such time as it equals 50% of the paid up share capital of the Company.

Asset replacement reserve

This reserve represents an appropriation from the annual profit, at the discretion of the Board of Directors with the approval of the General Assembly, to facilitate the financing of dredgers and support craft and other major items of property, plant and equipment. No appropriation was made from the current or prior year profit.

Regulatory reserve

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

16 Bank borrowings

	2015 AED'000	2014 AED'000
Revolving Mudaraba facility ¹	-	350,000
Commodity Murabaha ²	-	129,644
Ijarah Muntahia Bitamleek ³	-	61,239
	<hr/>	<hr/>
	-	540,883
	<hr/>	<hr/>
Current portion	-	405,115
Non-current portion	-	135,768
	<hr/>	<hr/>
	-	540,883
	<hr/>	<hr/>

¹Revolving Mudaraba Facilities

Facility 1

In 2013, the Company obtained a revolving Mudaraba facility from a commercial bank amounting to AED 350 million to finance the working capital requirements for projects executed by the Company. As per the facility agreement, the bank is entitled to a profit of 1 Month EIBOR + Margin. The facility is repayable within one year from the draw down date. The facility is secured against the irrevocable and unconditional assignment of project receipts in favour of the bank. The balance outstanding on the facility was settled during the year.

²Commodity Murabaha

Facility 2

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

Facility 3

In April 2012, to facilitate the purchase of shareholding in Emarat Europe Fast Building Technology Factory LLC, the Company obtained a commodity Murabaha facility from a bank amounting to AED 108 million for a period of three years. The bank is entitled to a profit equal to 3 months EIBOR + margin. The principal amount is to be repaid in four quarterly instalments commencing from two years of the draw down. The first three instalments of AED 6.75 million each were payable quarterly, commencing 2 years from the draw down date. The Company had an option to repay the remaining amount of AED 81 million in one tranche as the fourth instalment, or to enter into a new Murabaha agreement for AED 81 million. The facility was secured against a corporate guarantee from Emarat Europe Fast Building Technology Factory LLC covering the facility amount of AED 108 million. During the year, the Company settled the facility in full and replaced this facility with another Mudaraba facility (please refer facility 4 below with another commercial bank).

Facility 4

In 2014, the Company obtained a Commodity Murabaha facility from a commercial bank amounting to AED 108 million to replace facility 3. As per the facility agreement, the bank is entitled to a profit of 1 Month EIBOR + Margin. The principal amount was to be repaid in 36 monthly instalments of AED 2.25 million each, commencing from the draw down date. The Company had an option to repay the remaining amount of AED 29 million in one tranche as the 36th instalment, or to enter a new commodity Murabaha agreement for AED 29 million. As at 31 December 2015, the balance outstanding on the facility was fully repaid during the year.

In 2013, the Company obtained a commodity Murabaha facility to facilitate the purchase of items of property, plant and equipment from a bank amounting to AED 100 million for a period of three years. The bank was entitled to a profit equal to 3 Months EIBOR + Margin. The principal amount was to be repaid in twelve quarterly instalments commencing from the draw down. The outstanding balance was fully repaid during the year.

ljarah Muntahia Bitamleek

During 2013, to facilitate the purchase of items of property, plant and equipment, the Company obtained ljarah Muntahai Bitamleek facility from a commercial bank amounting to AED 87 million for a period of three years. The bank was entitled to a profit equal to 3 Months EIBOR + Margin. The principal amount was to be repaid in eleven quarterly instalments of AED 4.37 million each, commencing from the draw down date. The Company had an option to repay the remaining amount of AED 39 million in one tranche as the twelfth instalment or to enter a new ljarah Muntahia Bitamleek agreement for AED 39 million. The outstanding balance was fully repaid during the year (2014: AED 61 million).

Interest rate swap

In 2014, the Company has entered into interest rate swap agreement with commercial banks to hedge against the risk of unfavourable market changes with respect of the floating interest rate on the long term borrowings.

17 Provision for employees' end of service benefit

The movement in the provision for employees' end of service benefits during the year was as follows:

	2015 AED'000	2014 AED'000
At 1 January	75,672	77,549
Charge for the year	16,635	11,874
Paid during the year	(6,677)	(13,751)
	<hr/>	<hr/>
At 31 December	85,630	75,672
	<hr/> <hr/>	<hr/> <hr/>

During the year, the Group has contributed a total amount of AED 3,149 thousand (2014: AED 3,280 thousand) towards Abu Dhabi Pension and Retirement Benefits Fund.

18 Advances from customers

	2015 AED'000	2014 AED'000 (Restated)
East Sitra Housing Project	56,863	-
Hail Field Development	12,699	-
Ruwais Extension	4,777	-
Ruwais	1,894	-
Sarb	1,836	4,869
Water circulation project	1,296	2,221
Presidential Palace	527	5,847
Suez Canal	-	177,437
Ras Ghurab	-	7,260
Gasco project	-	1,894
Port of Fujairah project	-	898
Takreer carbon project	-	932
Other projects	1,416	1,567
	<hr/>	<hr/>
	81,308	202,925
	<hr/> <hr/>	<hr/> <hr/>

19 Provisions

	2015 AED'000	2014 AED'000
Provision for liquidated damages	30,054	-
Provision for future losses	14,170	-
Provision for warranty	13,379	-
Other provisions	88,165	-
	<hr/>	<hr/>
	145,768	-
	<hr/> <hr/>	<hr/> <hr/>

Movement in provisions during the year relates to charges made during the year (2014: AED Nil).

20 Trade and other payables

	2015 AED'000	2014 AED'000 (Restated)
Trade payables	181,110	208,700
Accrued liabilities	355,716	366,576
Due to joint operation	219,066	146,387
Retentions payable	13,592	26,108
Gross amount due to customer on construction contracts (note 9)	69,551	-
Derivative financial liability	863	-
Other payables	1,530	17,994
	<hr/>	<hr/>
	841,428	765,765
	<hr/> <hr/>	<hr/> <hr/>

The Group has financial risk management policies in place to ensure that all payables are paid within the credit timeframe. No interest is payable on the outstanding balances.

Accrued liabilities include AED 11,500 thousand toward Board remuneration (note 27).

Included in other payables is an interest rate swap amounting to AED Nil (2014: AED 143 thousand). The swap agreement is intended to hedge the Group's risk of unfavourable market changes with respect to the floating interest rate on the long term borrowings obtained from commercial banks (refer to Note 16).

Included in trade and other payables is a derivative financial liability arising from a forward foreign currency contract to hedge Group's risk of unfavourable market changes with respect to foreign currency exchange rate on Euro. The forward contract's notional amount is Euro 24.1 million at 31 December 2015 and matures on 15 March 2016.

21 Dividends payable

	2015 AED'000	2014 AED'000
At 1 January	31,992	30,612
Additions during the year	75,000	75,000
Payments during the year	(72,680)	(73,620)
At 31 December	<u>34,312</u>	<u>31,992</u>

At the Annual General Meeting (AGM) held on 29 April 2015, the Shareholders resolved to distribute cash dividends amounting to 30% of the Company's share capital, amounting to AED 75 million, to all the shareholders whose names were included in register of members as at the 10th day following the AGM.

The Board of Directors at the meeting held on 6 March 2016, recommended a dividend of AED 0.50 per share, for the year ended 31 December 2015 amounting to AED 125 million (2014: AED Nil) for the Company's shareholders. This is subject to the approval of the shareholders in the annual general meeting.

22 Contract costs

	2015 AED'000	2014 AED'000 (Restated)
Cost of operating dredgers, support craft and boosters	381,683	169,271
Direct project costs	1,389,576	1,196,082
Cost of floating and reclamation areas	60,899	12,359
Cost of consumable stores	7,618	1,821
Other direct operating costs	101,775	147,085
	<u>1,941,551</u>	<u>1,526,618</u>

23 Other income

	2015 AED'000	2014 AED'000
Insurance claim	17,621	17,708
Foreign exchange gain	2,869	2,822
(Loss)/gain on disposal of property, plant and equipment	(1,764)	7,450
Miscellaneous income	3,828	24,924
	<u>22,554</u>	<u>52,904</u>

24 Administrative expenses

	2015 AED'000	2014 AED'000
Staff costs	75,816	59,627
Depreciation	5,972	3,691
Others	24,640	30,517
	<u>106,428</u>	<u>93,835</u>

Included in other expenses is AED 1,000 thousand towards social contributions made during the year.

25 Net finance expense

The net finance expense for the year comprise:

	2015 AED'000	2014 AED'000
Fair value loss on financial assets at fair value through profit or loss (note 11)	1,201	10,215
Interest expense	10,211	18,777
Interest income	(1,534)	(3)
Dividend income	(1,722)	(1,254)
	<u>8,156</u>	<u>27,735</u>

26 Earnings per share

Basic earnings per share amounts are calculated by dividing profit for the period attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year.

The weighted average number of ordinary shares outstanding at 31 December 2015 was 250,000,000 shares (2014: 246,601,414 shares). There are no potentially dilutive instruments therefore the basic and diluted earnings per share are the same.

27 Related party transactions

Related parties include the Government of Abu Dhabi, Directors and key management personnel, and those enterprises over which the Government of Abu Dhabi, Directors, the Group or its affiliates can exercise significant influence or which can exercise significant over the Group. In the ordinary course of business the Group provides services to, and receives services from, such enterprises on terms agreed by management.

Transactions with key management personnel

Compensation of key management personnel is as follows:

	2015 AED'000	2014 AED'000
Compensation of key management personnel		
Salaries and other short-term employee benefits	4,994	7,894
Employees' end of service benefits	354	432
	<u>5,348</u>	<u>8,326</u>

Directors' fees

For the year ended 31 December 2015, an amount of AED 11,500 thousand has been included in the consolidated financial statements as Directors' fees which is subject to the approval of the Shareholders in the annual general meeting. An amount of AED 6,750 thousand has been approved by the shareholders in the annual general meeting dated 15 April 2015.

Other related party transactions

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

The Group's revenue includes an amount of AED 368,168 thousand (2014: AED 1,121,762 thousand) earned from the Government of Abu Dhabi and its departments.

The below table provides the detail of dealings by NMDC with companies related to the members of the board. All transactions with such related parties were carried out in the normal course of business and as per established policies and procedures.

Name of Company	Nature of transactions	Transactions in 2015 (AED'000)	Transactions in 2014 (AED '000)
Al Khazna Insurance Company	Insurance services	22,617	12,471
Al Jazira Sports and Cultural Club	Sponsorships	4,750	4,167
Al Jazira Sports and Cultural Club	Services	-	508
Agthia Group	Supplies	-	1,201

28 Financial instruments**Credit risk**

The amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

	Note	Carrying amount	
		2015 AED'000	2014 AED'000
Trade and other receivables	8	2,411,123	3,163,265
Cash at banks	12	597,491	177,021
		3,008,614	3,340,286

Based on historical default rates, the Group believes that no impairment provision is necessary in respect of trade receivables past due but not provided, as the amounts are owed by the Government of Abu Dhabi or other customers that have a good payment record with the Group.

Liquidity risk

The following are the contractual maturities of financial liabilities including estimated interest payments:

	Note	Carrying value AED'000	Contractual cash flow AED'000	1 year or less AED'000	More than 1 year AED'000
31 December 2015					
Derivative financial liability	20	863	863	863	-
Trade and other payables	20	196,232	196,232	196,232	-
		197,095	197,095	197,095	-

	Notes	Carrying value AED'000	Contractual cash flow AED'000	1 year or less AED'000	More than 1 year AED'000
31 December 2014					
Interest rate swap used for hedging	20	84	84	84	-
Trade and other payables	20	252,802	252,802	252,802	-
Bank borrowings	16	540,883	540,883	405,115	135,768
		793,769	793,769	658,001	135,768

Market risk*Interest rate risk*

At the reporting date the interest rate profile of the Group's interest-bearing financial instruments was:

	2015 AED'000	2014 AED'000
Financial liabilities (Note 16)	-	540,883

At 31 December 2014, if interest rates on borrowings had been 100 basis points higher with all other variables held constant, borrowing costs for the year would have been AED 5,408 thousand higher, mainly as a result of higher interest expense.

There is no significant exposure to interest rate risk during the year as loans have already been settled. The Group pays interest on financial liabilities at the prevailing market rates.

The Group has entered into interest rate swap to manage the risk associated with fluctuations in interest rates in the prior year. There is no outstanding foreign currency swap as at 31 December 2015. Fair value of outstanding contracts at year end is AED Nil (2014: AED 143 thousand).

Foreign currency exchange risk

The Group could incur foreign currency risk on transactions that are denominated in a currency other than UAE Dirhams. The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows:

	2015		2014	
	Liabilities AED'000	Assets AED'000	Liabilities AED'000	Assets AED'000
Egyptian Pound (EGP)	14,966	110,291	19,461	32,107
Bahraini Dinar (BHD)	114,272	129,589	33,683	65,543
Indian Rupees (INR)	17	55	1	287
Euro	10,218	680	9,258	808
Sterling Pound (GBP)	37	-	32	-
Singaporean Dollar (SGD)	6	-	-	-
Omani Riyals (OMN)	149	-	-	-
	139,665	240,615	62,435	98,745

The Company is mainly exposed to EGP, BHD, INR, Euro, GBP, SGD and OMN. The above balances excludes US Dollars, Saudi Riyals (SAR) and Qatari Riyals (QAR) as the UAE Dirham is pegged to these currencies and therefore has no significant currency risk exposure related to these.

At 31 December 2015, if the EGP, BHD, INR, Euro, GBP, SGD and OMN had weakened by 10% against the AED, with all other variables held constant, net equity at year end would have been higher by AED 11,117 thousand (2014: AED 3,631 thousand) mainly as a result of foreign exchange gain on translation of EGP, BHD, INR, Euro, GBP, SGD and OMN denominated outstanding balances.

There is no significant impact on Euro denominated foreign currency during the year as Group entered into forward foreign exchange contracts to hedge Euro denominated payments.

Other market price risk

Investments of the Group comprise equity instruments listed on securities markets in the UAE. Certain of these equity instruments are classified as financial assets at fair value through profit or loss or are designated as such upon initial recognition. The other investments are classified as available for sale investments. The following table demonstrates the sensitivity of the Group's equity and profit or loss to a 5% increase in the price of its equity holdings, assuming all other variables remain constant:

	Effect on profit or loss AED'000	Effect on equity AED'000
31 December 2015		
Effect of change in fair value of available for sale investments	-	400
Effect of change in fair value of investments through profit or loss	1,281	
	=====	=====
31 December 2014		
Effect of change in fair value of available for sale investments	-	400
Effect of change in fair value of investments through profit or loss	1,341	-
	=====	=====

Fair value hierarchy

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

	Level 1 AED'000	Level 2 AED'000	Level 3 AED'000	Total AED'000
2015				
Available for sale investments	2,857	-	5,130	7,987
Financial assets at fair value through profit or loss (FVPTL)	21,766	-	3,850	25,616
Derivative financial liability	-	(863)	-	(863)
	24,623	(863)	8,980	32,740
	=====	=====	=====	=====
2014				
Available for sale investments	2,862	-	5,130	7,992
Financial assets at fair value through profit or loss (FVPTL)	22,967	-	3,850	26,817
Derivative financial instrument – interest rate swap	-	(63)	-	(63)
	25,829	(63)	8,980	34,746
	=====	=====	=====	=====

There were no transfers between Levels during the year.

29 Contingencies and commitments

	2015 AED'000	2014 AED'000
Bank guarantees	1,168,051	1,475,373
Letters of credit	7,469	15,861
Capital commitments	3,162	39,393

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

Capital commitments comprise mainly of capital expenditure which has been contractually agreed with suppliers for future periods for new build vessels or the refurbishment of existing vessels.

30 Segment information

Geographical segment information

The Group operates in two main geographical segments, namely, UAE and Egypt. The following table shows the Group's geographical segment analysis:



	31 December 2015			
	UAE AED'000	Egypt AED'000	Rest of the world AED'000	Group AED'000
Segment revenue	1,000,446	1,211,457	261,935	2,473,838
Intersegment revenue	(185,510)	-	-	(185,510)
Revenue	814,936	1,211,457	261,935	2,288,328
Segment gross (loss)/profit	(107,904)	489,564	(34,883)	346,777
Other income				22,554
Administrative expenses				(106,428)
Provision for impairment of receivables				(40,790)
Provision for liquidated damages				(30,054)
Provision for future losses				(14,170)
Provision for impairment on inventories				(4,500)
Provision for warranty and project discounts				(13,379)
Net finance expenses				(8,156)
Profit for the period				151,854
Total assets	3,709,243	770,207	135,879	4,615,329
Total liabilities	797,219	250,142	141,085	1,188,446
Equity	3,009,334	486,311	(68,762)	3,426,883

	31 December 2014			
	UAE AED'000	Egypt AED'000	Rest of the world AED'000	Group AED'000 (Restated)
Segment revenue	1,606,500	154,175	68,222	1,828,897
Intersegment revenue	(92,293)	-	-	(92,293)
Revenue	1,514,207	154,175	68,222	1,736,604
Segment gross profit	187,020	-	22,966	209,986
Other income				52,904
Administrative expenses				(93,835)
Provision for impairment of receivables				(31,315)
Provision for impairment on inventories				(4,771)
Provision for liquidation bank guarantees				(13,264)
Provision for impairment of investment				(2,500)
Net finance expenses				(27,735)
Profit for the period				89,470
Total assets	4,614,670	278,467	78,970	4,972,107
Total liabilities	1,290,304	278,467	48,466	1,617,237
Equity	3,356,954	-	(2,084)	3,354,870

31 Restatement

The following balances in the comparative consolidated financial statements have been restated to conform to the current period's presentation.

Consolidated statement of financial position

		As previously reported AED '000	Restatement AED '000	As restated AED '000
31 December 2014				
Trade and other receivables	(a),(b)	3,083,984	79,281	3,163,265
Cash and cash equivalents	(a)	146,442	30,579	177,021
Advance from customers (current portion)	(a)	211,595	(8,670)	202,925
Trade and other payables	(a),(b)	647,235	118,530	765,765
Total current liabilities	(a),(b),(c)	1,371,609	34,188	1,405,797
Total non-current liabilities	(a),(b),(c)	135,768	75,672	211,440
31 December 2013				
Total current liabilities	(c)	1,348,080	(77,549)	1,270,531
Total non-current liabilities	(c)	410,865	77,549	488,414

Consolidated statement of profit or loss

		As previously reported AED '000	Restatement AED '000	As restated AED '000
31 December 2014				
Contract revenue	(a)	1,629,204	107,400	1,736,604
Contract cost	(a)	1,419,218	107,400	1,526,618

(a) In the prior year, the Group accounted for a joint arrangement under equity method instead of proportionate consolidation method in accordance with IFRS 11 *Joint Arrangements*. Accordingly, the assets and liabilities as at 31 December 2014 and revenue and cost for the year ended 31 December 2014 had been restated to account for the proportionate share of the Group in the joint operation, in accordance with the requirements of IAS 1 *Presentation of Financial Statements* and IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*. This restatement does not have an impact on the profit or loss as reported in the statement of profit or loss and other comprehensive income and statement of financial position as at 1 January 2014.

(b) Certain receivables and payables have been reclassified to conform with the current year classification.

(c) Provision for employees' end of service benefit has been reclassified from current liabilities to non-current liabilities as this is not expected to be settled within 12 months from the statement of financial position date.

32 Approval of consolidated financial statements

These consolidated financial statements were approved by the Board of Directors for issue on 06 March 2016.

Purchase and repurposing of Swift 1

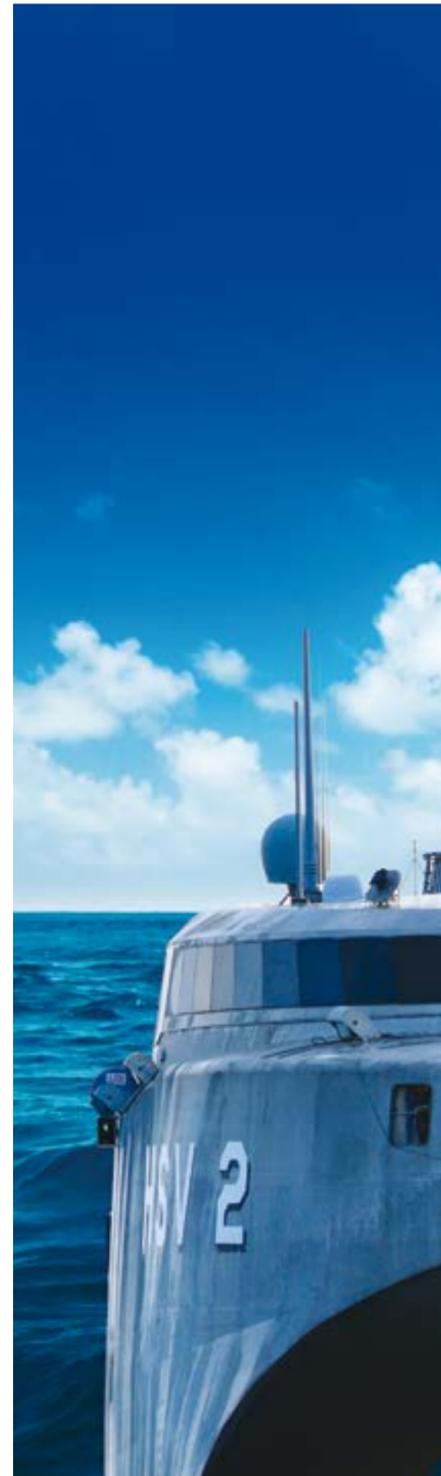
Swift 1 was purchased by NMDC in xxx, 2015, to provide important multi-scenario capabilities across operations. The vessel is a highly capable wave piercing cataman that was designed as an interim command and support vessel for United States Navy.

Swift 1 details:

Classification:	DNV + 1A1 HSLC R1 Cargo B HELDK EO
Gross Tonnage:	5936
Length:	97.22 metres
Beam:	26.60 metres
Shallow draft:	3.43 metres
Service speed:	Loitering to 48 knots
Range:	8000+ nautical miles

Swift 1 offers unique air, maritime and land multisession interoperability including:

- Afloat Forward Staging Base (AFSB) • Anti-Piracy • Anti-Submarine Warfare (ASW) • Border Protection • C4ISR • Capacity Building • Coast Guard • Combat Forces • Command & Control • Counter Drug • Economic Exclusion Zone (EEZ) protection • Emergency Evacuation • Escort Vessel • High Speed Logistics • Humanitarian Assistance • Joint Logistics Over The Shore (JLOTS) • Lift on Lift off (Lo-Lo) • Maritime Interdiction Operations (MIO) • Maritime Prepositioning Ship (MPS) • Maritime Security • Military Sealift • Mine Counter Measures (MCM) • Naval Special Warfare (NSW) • Oil Spill Containment & Clean-up • Patrolling • Peacekeeping • Post Conflict/ Disaster Recovery • Rapid Reaction Force (RRF) • Replenishment at Sea (RAS) • Roll on Roll off • Sea Basing • Search & Rescue (SAR) • Tethered Aerostats • Theatre Support Vessel (TSV) • Training • Visit, Board, Search and Seizure (VBSS) •



Construction of a new state-of-the-art Trailing Suction Hopper Dredger

In March 2016, NMDC and IHC, a marine industry leader, signed a contract to build a new, industry design leading Trailing Suction Hopper Dredger (TSHD). The TSHD will have capacity of 6,000 cubic meters and is in line with the NMDC international growth and fleet investment strategy which is aimed at positioning National Marine Dredging Company as a leader in the industry. The contract for this custom-built TSHD follows successful cooperation between the two companies in the past such as the construction of the 10,919 kW Heavy Duty Cutter Suction Dredger Al Mirfa that was built by IHC Merwede (Royal IHC) for NMDC in 2001.

EQUIPMENT FACT SHEET TRAILING SUCTION HOPPER DREDGER

CONSTRUCTION / CLASSIFICATION

Built by:	Royal IHC
Year of Construction:	Delivery 2018
Classification:	
International Association of Classification Societies Member Class	
- Class Symbol:	⊗100 A1
- Class Notation:	Hopper Dredger
- Class Notation Machinery:	⊗LMC, SCM
- Class Notation Automation:	UMS
- Dynamic Positioning:	DP/DT
- Navigation notation:	Unrestricted Navigation

MAIN PARTICULARS

Length Overall:	109 m
Breadth-moulded:	25 m
Depth-moulded:	7.30 m
Max. Draught Dredging load line:	6.50 m
Hopper Capacity:	6,000 m ³
Suction Pipe Diameter:	1000 mm
Max. Dredging Depth:	35 m
Service Speed:	14 knots
Propulsion:	2x4260 kW
Bow Thrusters:	2x450kW
Dredge Pump:	1x3750 kW
Jet Pumps:	2x450 kW
Total Power Installed:	9,700 kW
Integrated Multi-beam Survey Capability	



