



The cash flow forecast is based on following key assumptions:

- One vessel of the Group will be sold, in accordance with the cash flow forecast; and
- One of the shareholders will provide up to AED 8,500 thousand to fund the working capital of the Group in June 2022.

Whilst the shareholders have resolved to continue the operations of the Group in the General Meeting held on 29 April 2021 as required by Article 302 of the Federal Law No (2) of 2015 (as amended), the timing and realisation of the above matters are not within management's control.

Following the Board of Directors Decision No. (32/R. T) of 2019 to restructure and convert the major debts

Directors

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

- Sheikh Theyab Bin Tahnoon Bin Mohammad Al Nahyan (Chairman)
- Mr. Abdulla Subhi Ahmed Atatreh (Vice-Chairman)
- Mr. Mohamed Ahmad Abdulla Rasheed Alhammadi (Director)

Auditors

The consolidated financial statements of the Group have been audited by Ernst & Young.

Signed by:

Dr. Abdul Rahman Al Afeefi
BOARD MEMBER

Ahmad "M.F." A. Al Kilani
BOARD MEMBER

Ali Abouda
CHIEF FINANCIAL OFFICER



INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF GULF NAVIGATION HOLDING PJSC

Report on the audit of the Consolidated Financial Statements

Qualified Opinion

We have audited the consolidated financial statements of Gulf Navigation Holding PJSC (the "Parent Company") and its subsidiaries (collectively referred to as the "Group"), which comprise the consolidated statement of financial position as at 31 December 2021, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, except for the effects of the matters described in the Basis of Qualified Opinion section of our report, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2021, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs").

Basis for Qualified opinion

The consolidated financial statements for the year ended 31 December 2020 were audited by another auditor. However, we have not been able to verify the opening balances as at 1 January 2021 and as a result, we are unable to satisfy ourselves as to the correctness of the opening balances as at 1 January 2021. Since the opening balances as at 1 January 2021 enter into the determination of the results of the operations for the year ended 31 December 2021, we are unable to determine whether adjustments to the opening balances as at 1 January 2021 and the results of operations for the year ended

31 December 2021 reported in the consolidated statement of Comprehensive income and the net cash flows from operating activities reported in the consolidated statement of cash flows might be necessary.

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the consolidated financial statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (the "IESBA Code") together with the ethical and independence requirements that are relevant to our audit of the consolidated financial statements in the United Arab Emirates, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 2 to the consolidated financial statements, concerning the Group's ability to continue as a going concern. The Group, excluding the income from insurance claim of AED 85,759 thousand and liabilities no longer written back of AED 6,661 thousand, incurred a loss of AED 32,898 thousand for the year ended 31 December 2021 (2020: loss AED 284,607 thousand) and, as of that date, the Group's current liabilities exceeded its current assets by AED 127,874 thousand (2020: AED 338,749 thousand).



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

Our conclusion is not modified in respect of this matter.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the year ended 31 December 2021. These matters were addressed in the context of our audit of the consolidated financial

statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the consolidated financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

KEY AUDIT MATTER	HOW OUR AUDIT ADDRESSED THE KEY AUDIT MATTER
<p>The monitoring of debt and liquidity position</p> <p>Covenants compliance is a key audit matter as the Group's credit facilities are subject to several covenants. Notes 2 and 13 to the consolidated financial statements discloses the status of the Group's compliance with debt covenants and steps taken by management with the objective of improving the Group's debt and liquidity position.</p> <p>Future compliance with debt covenants and monitoring of the liquidity position are important aspects for our audit since it can have a major impact on the going concern assumption, on the basis of which the consolidated financial statements are prepared. Substantiation of future compliance with such covenants and monitoring the liquidity position are based on expectations and estimates about future market and/or economic conditions, etc. These expectations and estimates can be influenced by subjective elements such as estimated future cash flows, forecasted results and margins from operations and expectations regarding future developments in the economy and the market.</p>	<ul style="list-style-type: none"> We have performed the following procedures: We evaluated the external inputs and assumptions within the going concern model by benchmarking them against market observable external data. We also reviewed documentation substantiating the sources of future funding available to the Group. We challenged the sensitivities and stress testing that management performed on the going concern forecast. We also verified the Group's debt covenants calculation and compliance as of 31 December 2021 and evaluated the adequacy of the related disclosures as required by IFRS.
<p>Assessment of the carrying value of goodwill</p> <p>Under IFRSs, the Group is required to annually test the goodwill for impairment. This annual impairment test was significant to our audit because the carrying value of goodwill of AED 143,463 thousand as of 31 December 2021 is material to the consolidated financial statements. In addition, management's assessment process is judgmental and is based on certain assumptions, specifically gross margins, growth rate and discount rate that are affected by expected future market or economic conditions.</p> <p>Goodwill is monitored by the management at the operating segment level. The Group has identified the vessel owning and chartering division, marine products sales and distribution and shipping services as its operating segments. Goodwill has been allocated to the vessel owning and charter segment.</p>	<ul style="list-style-type: none"> We have performed the following procedures: We evaluated the management's future cash flow forecasts and the process by which they were drawn up and tested the integrity of the underlying discounted cash flow model. We compared the forecasts used in this model to the plan and assessed the actual performance in the year against the prior year budgets to evaluate historical forecasting accuracy. We also evaluated the directors' assumptions used for the future cash flow growth in the plan, by performing a sensitivity analysis in respect of the key assumptions to ascertain the extent of change in those assumptions which, either individually or collectively, would be required for the goodwill to be impaired. We assessed the likelihood of these changes in assumptions arising. For the impairment assessment we involved our internal valuation specialists to test the discount rates, by comparing key inputs, where relevant, to externally derived data or data for comparable listed organisation. We considered the use of the long-term GDP growth rate for the country in which the CGU operates for the growth rate used beyond the period covered by the plan. Furthermore, we evaluated the adequacy of the Group's disclosures concerning goodwill in Note 7 to the consolidated financial statements.



Other information

The consolidated financial statements of the Group for the year ended 31 December 2020 were audited by another auditor who expressed an unmodified opinion on those consolidated financial statements on 31 March 2021, before the effects of adjustments described in Note 33 to these financial statements.

The Board of Directors are responsible for the other information. The other information comprises the Directors Report and does not include the consolidated financial statements and our auditor's report thereon.

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

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

When we read the Annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charge with governance and take appropriate actions in accordance with ISAs.

Responsibilities of the management and the Board of Directors for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with IFRSs and in compliance with the applicable provisions of the UAE Federal Law No. (2) of 2015 (as amended), and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern

basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is responsible for overseeing the Group's financial reporting process.

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

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events



or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

Report on other legal and regulatory requirements

Further, as required by the UAE Federal Law No. (2) of 2015 (as amended), we report that for the year ended 31 December 2021:

- (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 association of the Company and the UAE Federal Law No. (2) of 2015 (as amended);
- (III) the Company has maintained proper books of account;
- (IV) the financial information included in the Board of Directors' report is consistent with the books of account of the Company;

For Ernst & Young
Signed by:

Ashraf Abu Sharkh
PARTNER
REGISTRATION NO. 690

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

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

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

- (V) the Company has not made any investments in shares and stocks during the year ended 31 December 2021;
- (VI) note 17 reflects material related party transactions and the terms under which they were conducted;
- (VII) based on the information that has been made available to us, nothing has come to our attention which causes us to believe that the Company has contravened during the financial year ended 31 December 2021 any of the applicable provisions of the UAE Federal Law No. (2) of 2015 (as amended) or of its Articles of Association which would materially affect its activities or its financial position as at 31 December 2021; and
- (VIII) note 20 reflects the social contributions made during the year ended 31 December 2021.

31 March 2022
Dubai, United Arab Emirates



CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2021

	NOTES	2021 AED'000	2020 AED'000 (RESTATED)*
Assets			
Non-current assets			
Vessels, property and equipment	5	626,884	648,221
Rights-of-use assets	6	192	575
Goodwill	7	143,463	143,463
Total non-current assets		770,539	792,259
Current assets			
Inventories	8	8,258	6,443
Trade and other receivables	9	30,965	41,896
Cash and bank balances	10	24,675	21,891
Total current assets		63,898	70,230
Total assets		834,437	862,489
Equity and liabilities			
Equity			
Share capital	11	1,019,209	1,019,209
Statutory reserve	12	19,747	19,747
Accumulated losses		(668,909)	(729,659)
Other reserves		(2,724)	(2,724)
Equity attributable to owners of the Company		367,323	306,573
Non-controlling interests	32	10,148	11,376
Total equity		377,471	317,949
Liabilities			
Non-current liabilities			
Lease liabilities	6	-	128
Interest payable on borrowings	16	10,946	-
Borrowings	13	171,686	54,539
Islamic non-convertible sukuk	14	81,385	79,546
Provision for employees' end of service benefits	15	1,177	1,348
Total non-current liabilities		265,194	135,561
Current liabilities			
Lease liabilities	6	192	486
Borrowings	13	57,546	271,272
Trade and other payables	16	123,196	120,239
Loan from related parties	17	10,838	16,838
Due to a related party	17	-	144
Total current liabilities		191,772	408,979
Total liabilities		456,966	544,540
Total equity and liabilities		834,437	862,489

The consolidated financial statements were approved by the Board of Directors on 31 March 2022 and signed on its behalf by:

Dr. Abdul Rahman Al Afeefi
BOARD MEMBER

Ahmad "M.F." A. Al Kilani
BOARD MEMBER

Ali Abouda
CHIEF FINANCIAL OFFICER

* Refer Note 33 for details regarding prior year adjustments.