Translated "Originally issued in Arabic"

Maridive And Oil Services
An Egyptian Joint Stock Company
Free Zone Company
Consolidated financial statements
For the year ended 31 December 2021
And auditor's report

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An Egyptian Joint Stock Company
Free Zone Company
Consolidated financial statements
For the year ended 31 December 2021

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KPMG

Hazem Hassan
Public Accountants & Consultants

B (105) – Avenue (2) – Smart Village
Km 28 Cairo – Alex Desert Road
Giza – Cairo – Egypt
Postal Code : 12577

Telephone : (202) 35 37 5000 – 35 37 5005
E-mail : Egypt@kpmg.com.eg
Fax : (202) 35 37 3537
P.O. Box : (5) Smart Village

Auditor's report on the consolidated financial statements

To: The Shareholders' of Maridive and Oil Services Company

Report on the Consolidated financial statements

We have audited the accompanying consolidated financial statements of Maridive & Oil Services Company "an Egyptian Joint Stock Company – Free Zone Company", which comprise the consolidated statement of financial position as of December 31, 2021 and the related statements of profit or loss, comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Consolidated Financial Statements

These consolidated financial statements are the responsibility of Company's management. Management is responsible for the preparation and fair presentation of these financial statements in accordance with the Egyptian Accounting Standards, and in the light of the prevailing Egyptian laws, management responsibility includes, designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; management responsibility also includes selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

The consolidated financial statements for the year ended December 31, 2020, has been audited by other auditor and issued a qualified report for these statements on April 28, 2021.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit except for the effects of the matters described in notes no. (A, B, C, D, E, F, G), We conducted our audit in accordance with the Egyptian Standards on Auditing and in the light of the prevailing Egyptian laws except those mentioned in basis of qualified opinion. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the 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 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 audit opinion.

Basis for Qualified Opinion

A- As stated in Note no. (10) of the notes to the consolidated financial statements, the PP&E include the value of marine units with a net book value of USD 590 706 309. Due to company's current operating situation and the delay in the periodic maintenance dates, there are an impairment indication of the value of those marine units. Moreover, the company's management did not provide us with an impairment study of those marine units listed in the PP&E at December 31, 2021, in accordance with the requirements of the Egyptian Accounting Standard No. (31) "Impairment of assets". We were unable to perform any alternative audit procedures to validate the valuation of these assets.

B- As stated in Note no. (13) of the notes to the consolidated financial statements, the company has a Goodwill balance that amounted to USD 9 840 659, which resulted from the company's acquisition of Valentine Maritime Ltd Company during the previous years. The company did not provide us with the study of the impairment of goodwill in accordance with the requirements of Egyptian Accounting Standard No. (31) "Impairment of assets". We were unable to perform any alternative audit procedures to validate the valuation of the balance of the Goodwill.

C- As stated in Note No. (17) of the notes to the consolidated financial statements, there is a debit balance relating to recoverable taxes on one of the projects of Valentine Maritime Ltd., amounted to USD 7 475 011 at December 31, 2021. The company did not provide us with a study of the recoverable value of those amounts until the date of preparing the financial statements. We were unable to perform any alternative audit procedures to validate and evaluate this balance.

D- As stated in Note No. (17) of the notes to the consolidated financial statements, there is within the item "Letters of guarantees covers" an amount of USD 2 111 871 on December 31, 2021, with Riyad Bank, Kingdom of Saudi Arabia, of Maridive Offshore Projects., the company's management did not provide us with the bank confirmations that Supports this balance. We were unable to perform any alternative audit procedures to verify the accuracy and completeness of transactions and balances with these banks.

E- As stated in Note No. (18) of the notes to the consolidated financial statements, the company's management did not provide us with some bank confirmations with a total amount of USD 694,979 as of December 31, 2021, for Abu Dhabi Islamic Bank, Commercial International Bank, Credit Agricole, Bank of Cairo and National Bank of Fujairah, HDFC Bank - Abu Dhabi, EG Bank, National Bank of Egypt, Emirates NBD, HSBC, National Bank of Kuwait and Arab Bank. We were unable to perform any alternative review procedures to verify the accuracy of the completeness of transactions and balances with these banks.

F- As stated in Note No. (22) of the notes to the consolidated financial statements, the company's management did not provide us with the confirmations for the balance of loans amounted to USD 166,443,537 as of December 31, 2021, due to Abu Dhabi Islamic Bank, the European Bank for Reconstruction and Development, the Bank of Egypt and the Arab International Bank and Arab Bank. We were unable to perform any alternative audit procedures to verify the accuracy and completeness of these balances.

G- As stated in Note No. (22) of the notes of the consolidated financial statements, the company has not committed to pay the installments due for the current loans on December 31, 2021 according to the schedule agreed upon in the contracts of these loans, in addition to the company's failure to fulfill the debt covenants for those loans until December 31 2021, and the company did not obtain a waiver letter from the debt covenants for that from the lending banks until December 31, 2021. Despite that, the management classified the loan installments that were due during the year as a long-term liabilities, in violation of the Egyptian Accounting Standard No. (1) "Presentation of Financial Statements ".

H- The company did not comply with the requirements of Egyptian Accounting Standards No. (47) "Financial Instruments" which should be applied for the financial periods beginning on or after January 1, 2021. We were not able to take any alternative procedures to verify the potential financial impact on the consolidated financial statements as a result of non-compliance with that standard.

Qualified Opinion

Except for the effects of the matters described in the basis for qualified opinion, in our opinion the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the **Maridive and Oil Services** Company as of December 31, 2021, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the Egyptian Accounting Standards and in the light of the Egyptian laws and regulation

Emphasis of matters

- Without considering this as a qualification to our opinion as detailed in Note No. (31), we bring attention to the fact that the company has a net loss of USD 79 120 130 million for the financial year ended on December 31, 2021, and that on that date it had current liabilities exceeded current assets by an amount of USD 263 564 982 million and these circumstances, in addition to other matters detailed in Note No. (22) indicate the existence of a significant uncertainty that may lead to a fundamental doubt in the company's ability to continue as a going concern.

- As detailed in Note No. (30) of the notes of the financial statements, that on November 3, 2020, the Maridive offshore project's branch management received the tax assessment from the General Authority for Zakat and Income Tax in the Kingdom of Saudi Arabia, the tax assessment for income tax and withholding tax for the years from 2015 to 2018 with an additional tax due in the amount of USD 10 034 688 for income tax and withholding tax. The Company has studied the assessment received from the authority and submitted a tax appeal to it on December 30, 2020, and based on the assessment that was made, the Company considers that the General Authority for Zakat is not entitled to this and the objection procedures with the General Authority for Zakat and Income are still in progress, and the final result of the assessment amount cannot be determined at the time. Therefore, no provision has been made to meet these obligations.

Report on Other Legal and Regulatory Requirements

The Group keeps proper accounting records, which include all that, is required by law and by the statutes of the Group, and the consolidated financial statements, are in agreement therewith. The Group maintains proper costing accounts; the inventory physical count was performed by the Group's management in accordance with methods in practice.

Hany Selim - Partner
Financial Regulatory Authority No. (397)
KPMG Hazem Hassan

KPMG Hazem Hassan
Public Accountants and Consultants
(11)

Cairo, March 23, 2022

Maridive And Oil Services — Translated "Originally issued in Arabic"

An Egyptian Joint Stock Company - (Free Zone Company)

Consolidated statement of financial position as at December 31, 2021

(All amounts are in United States Dollar)

	Note	31/12/2021	31/12/2020
Assets			
Non-current assets			
Property, plant and equipment (Net)	10	691 982 526	728 199 162
Projects under construction	11	6 845 892	5 978 105
Intangible assets	12	89 529	131 976
Goodwill	13	9 840 659	9 840 659
Loans from related parties	25-2	-	834 925
Total non-current assets		**708 758 606**	**744 984 827**
Current assets			
Inventories	19	16 911 124	18 244 240
Trade receivables	15	48 490 082	57 625 924
Amounts due from customers	16	11 786 030	21 593 699
Prepayments & other debit balances	17	35 868 098	33 413 315
Due from related parties	25-1	235 102	221 716
Financial assets at fair value through profit or loss	14	—	3 346
Cash and cash equivalent	18	5 782 632	7 918 365
Total current assets		**119 073 068**	**139 020 605**
Total assets		**827 831 674**	**884 005 432**
Equity			
Issued and paid-up capital	26	188 102 296	188 102 296
Reserves		113 153 704	113 062 570
Consolidation reserve	27	(2 556 743)	(2 556 743)
Retained losses		(126 512 749)	(48 076 432)
Equity attributable to holders of the parent		**172 186 508**	**250 531 691**
Non-controlling interest	28	9 776 649	10 611 687
Total equity		**181 963 157**	**261 143 378**
Non-current liabilities			
Long term loans	22	247 910 084	290 768 697
Lease liabilities	20	15 320 383	16 728 279
Total non-current liabilities		**263 230 467**	**307 496 976**
Current liabilities			
Provisions	24-1	13 474 138	6 405 553
Bank credit facilities	21	47 407 540	47 516 299
Long term loans - current portion	22	103 915 792	67 855 340
Trade and notes payable		80 867 900	71 985 801
Creditors & other credit balances	23	113 402 292	102 136 191
Due to related parties	25-3	23 570 388	19 465 894
Total current liabilities		**382 638 050**	**315 365 078**
Total liabilities		**645 868 517**	**622 862 054**
Total liabilities and shareholder's equity		**827 831 674**	**884 005 432**

The notes on pages 6 to 41 are an integral part of these consolidated financial statements.

Vice President - Finance & Chief Financial Officer
Mohamed Ashraf

Chairman
Shahira Zeid

Maridive And Oil Services Translated "Originally issued in Arabic"

An Egyptian Joint Stock Company - (Free Zone Company)

Consolidated statement of profit or loss for the year ended December 31, 2021

(All amounts are in United States Dollar)

For the year ended December 31,

	Note	2021	2020
Operating revenues	4	115 832 012	180 528 835
Operating costs	4	(131 700 939)	(205 578 538)
Gross operating loss		**(15 868 927)**	**(25 049 703)**
Other income	7	4 065 761	2 652 800
Administrative expenses	5	(21 836 315)	(25 197 709)
Other expenses	6	(19 653 129)	(64 021 508)
Net finance costs	8	(24 116 976)	(27 100 797)
Net loss for the year before income tax		**(77 409 586)**	**(138 716 917)**
Income tax for the year		(1 710 544)	(4 542 595)
Net loss for the year		**(79 120 130)**	**(143 259 512)**
Attributable to:			
Equity holders of the parent		(78 421 404)	(140 616 422)
Non-controlling interests		(698 726)	(2 643 090)
Net loss for the year		**(79 120 130)**	**(143 259 512)**
Basic &diluted losses per share (USD / Share)	9	(0.1910)	(0.3425)

The notes on pages 6 to 41 are an integral part of these consolidated financial statements.

An Egyptian Joint Stock Company - (Free Zone Company)

Consloidated statement of comprehensive income for the year ended December 31, 2021

(All amounts are in United States Dollar)

For the year ended December 31,	2021	2020
Net loss for the year	**(79 120 130)**	**(143 259 512)**
Other comprehensive income		
Foreign operations - foreign exchange translation differences	159 036	(102 658)
Total comprehensive income for the year	**(78 961 094)**	**(143 362 170)**
Attributable to:		
Equity holders of the parent	(78 345 183)	(140 670 777)
Non - controlling interest	(615 911)	(2 691 393)
Total comprehensive income for the year	**(78 961 094)**	**(143 362 170)**

The notes on pages 6 to 41 are an integral part of these consolidated financial statements.

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Consolidated statement of changes in equity for the year ended December 31, 2021

(All amounts are in United States Dollar)

	Issued and paid-up capital	Special reserve	Legal reserve	Foreign exchange translation reserve	Total reserves	Consolidation reserve	Retained gain / (losses)	Net loss for the year	Total owners of the Company	Non controlling interest	Total
Balance at January 1, 2020	188 102 296	76 877 138	36 234 019	5 768	113 116 925	(2 556 743)	88 053 284	-	386 715 762	13 303 080	400 018 842
Adjustments to the opening balance											
Reversal of impairments on right of use assets	-	-	-	-	-	-	4 486 706	-	4 486 706	-	4 486 706
Balance at January 1, 2020 (Adjusted)	188 102 296	76 877 138	36 234 019	5 768	113 116 925	(2 556 743)	92 539 990	-	391 202 468	13 303 080	404 505 548
Comprehensive income											
Net loss for the year	-	-	-	-	-	-	-	(140 616 422)	(140 616 422)	(2 643 090)	(143 259 512)
Other comprehensive income	-	-	-	(54 355)	(54 355)	-	-	-	(54 355)	(48 303)	(102 658)
Total comprehensive income for the year	-	-	-	**(54 355)**	**(54 355)**	-	-	**(140 616 422)**	**(140 670 777)**	**(2 691 393)**	**(143 362 170)**
Transfer to retained losses	-	-	-	-	-	-	(140 616 422)	140 616 422	-	-	-
Balance at 31 December 2020	**188 102 296**	**76 877 138**	**36 234 019**	**(48 587)**	**113 062 570**	**(2 556 743)**	**(48 076 432)**	-	**250 531 691**	**10 611 687**	**261 143 378**
Balance at 1 January 2021	188 102 296	76 877 138	36 234 019	(48 587)	113 062 570	(2 556 743)	(48 076 432)	-	250 531 691	10 611 687	261 143 378
Comprehensive income											
Net loss for the year	-	-	-	-	-	-	-	(78 421 404)	(78 421 404)	(698 726)	(79 120 130)
Other comprehensive income		-	-	76 221	76 221	-	-	-	76 221	82 815	159 036
Total comprehensive income for the year	-	-	-	**76 221**	**76 221**	-	-	**(78 421 404)**	**(78 345 183)**	**(615 911)**	**(78 961 094)**
Transfer to retained losses	-	-	-	-	-	-	(78 421 404)	78 421 404	-	-	-
Transfer to legal reserve	-	-	14 913	-	14 913	-	(14 913)	-	-	-	-
Dividends to shareholders	-	-	-	-	-	-	-	-	-	(219 127)	(219 127)
Balance at 31 December 2021	**188 102 296**	**76 877 138**	**36 248 932**	**27 634**	**113 153 704**	**(2 556 743)**	**(126 512 749)**	-	**172 186 508**	**9 776 649**	**181 963 157**

The notes on pages 6 to 41 are an integral part of these consolidated financial statements.

Consolidated statement of cash flows for the year ended December 31, 2021

(All amounts are in United States Dollar)

For the year ended December 31,	Note	2021	2020
Cash flows from operating activities:			
Net loss for the year after income tax		(79 120 130)	(143 259 512)
Adjustments :			
- Depreciation of P P&E	3	34 692 875	37 992 423
- Amortization of intangible assets	5	42 447	53 916
- Provisions and impairments on PP&E	14	8 574 390	21 013 639
- Reversal of provisions		-	(185 147)
- Finance costs		26 085 450	27 621 788
- Gain on sale of property, plant and equipment			1 798 457
- Income tax		1 710 544	4 542 595
		(8 014 424)	**(50 421 841)**
Changes in:			
- Inventories		1 333 116	2 561 542
- Amounts due from customers & trade and other receivables		16 488 728	56 877 142
- Due from related parties		821 539	(9 618)
- Trade and notes payable		8 882 099	(12 037 939)
- Creditors & other credit balances		(2 632 714)	9 984 263
- Due to related parties		4 104 494	(103 007)
- Provisions		7 068 585	(1 420 467)
Cash generated from operating activities		**28 051 423**	**5 430 075**
- Interest paid		(12 251 707)	(14 463 762)
- Income tax paid		(300 908)	(3 913 583)
Net cash from / (used in) operating activities		**15 498 808**	**(12 947 270)**
Cash flows from investing activities:			
Payments for purchase of PP&E and projects under construction		(7 918 416)	(6 913 053)
Financial assets at fair value through profit or loss		-	(390)
Proceeds from sale of PP&E and projects under construction		-	7 254 940
Proceeds from sale of investments in subsidiaries		3 346	-
Payments for purchase of intangible assets		-	(66 435)
Net cash (used in)/ from investing activities		**(7 915 070)**	**275 062**
Cash flows from financing activities:			
Payments for loans		(8 096 448)	(17 661 984)
Proceeds from loans		-	4 855 017
Payments/ (proceeds) from bank credit facilities- current portion		(326 659)	11 800 123
Dividends paid to shareholders		(219 127)	-
Payments of finance lease liabilities		(1 236 273)	(1 023 592)
Net cash used in financing activities		**(9 878 507)**	**(2 030 436)**
Net decrease in cash and cash equivalent during the year		(2 294 769)	(14 702 644)
Foreign exchange translation differences		159 036	(102 658)
Cash and cash equivalents at the beginning of year	18	7 918 365	22 723 667
Cash and cash equivalents at the end of year	**18**	**5 782 632**	**7 918 365**

The notes on pages 6 to 41 are an integral part of these consolidated financial statements.

1. Reporting entity

Maridive and Oil Services S.A.E. "MOS" was incorporated in accordance with the prevailing laws and regulations of the Arab Republic of Egypt pursuant to the framework of the provisions of the Arab and Foreign Investment and Free Zones Law No. 43 of 1974 which was replaced by the Investment Law No. 230 of 1989 and subsequently replaced by the Investment Guarantees and Incentives Law No. 8 of 1997 and replaced by law No. 72 of 2017 which replaced by Law No. 72 of 2017, The Ministerial Decree of the incorporation of the Company and its articles of incorporation were published in the Egyptian Gazette issue No. 29 dated February 2, 1978

The Company was registered in the Commercial Register on March 19, 1978 under number 19564.

The license for the company's activity was extended for another 5 years starting 20 July 2017 according to the decree No. 27 for year 2017 from General Authority for Investment & Free Zone dated 21 August 2017.

The company's main address is Plot No. 13, Row F, General Free Zone Port Said – Arab Republic of Egypt.

In 1993, the Company established a branch in Abu Dhabi in the United Arab Emirates, which was registered in the Arab Emirates commercial register under No. 25391 dated June 26, 1993.

The Company's purpose

A) Carrying out all marine works in the free zones throughout the Arab Republic of Egypt, including services, maintenance, installations, construction and salvage, whether under or outside the water's surface.
B) Works related to industrial services in the territorial waters of marine and ground facilities such as cleaning, maintenance, construction, installation, transport, catering and supply of all necessary equipment and related spare parts.
C) Owning and renting boats, locomotives, marine winches, catering and shipping vessels and all marine equipment.
D) The company may have an interest or participate in any way with individuals and companies that conduct business similar to its business or that may assist it in achieving its purpose. Any of the activities within its purposes, all with the approval of the General Authority for Investment and Free Zones.

2. Basis of preparation

2-1 Statement of compliance

The consolidated financial statements for the year ended December 31, 2021 have been prepared in accordance with the Egyptian Accounting Standards ("EAS"), and in the light of the prevailing Egyptian laws and regulations.

They were authorized for issue by the Company's board of directors on 21 March 2022 .

2-2 Significant accounting policies

The consolidated financial statements were prepared by following the same accounting policies that were applied and followed when preparing the company's financial statements for the financial year ended December 31, 2020, except the revenue recognition policy, Egyptian Accounting Standard No. 48 "Revenue from Contracts with Customers" and the policy of recognizing lease expenses in accordance with the requirements of Egyptian Accounting Standard No. 49 "Lease Contracts".

2-2-1 Lease contracts

At the beginning of the contract, the company assesses whether the contract includes lease arrangements, The contract is a lease or includes a lease if the contract conveys the right to control the use of a specific asset for a period of time in exchange for consideration. To assess whether a lease conveys the right to control the use of a specific asset, the Group uses the definition of a lease in Egyptian Accounting Standard No. (49) "Lease contract".

This policy applies to contracts concluded since or after the establishment of the company.

Lessor

On initiation or upon modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on a pro-rata basis, however, for real estate leases, the Group has elected not to separate the non-lease components and accounting for the lease and non-lease components as the lease component single.

The Group recognizes a right-of-use asset and a lease liability on the date of the lease inception. The usufruct asset is initially measured at cost, which includes the initial amount of the lease obligation and is settled by any amounts paid on or before the date of the contract inception, plus any initial direct costs incurred and the estimated costs of dismantling and removing the underlying asset or restoring the asset itself or the location in which it is located. The asset, less any rental incentives received.

The asset is subsequently depreciated using the straight-line method from the date of the contract inception until the end of the lease term, unless the lease transfers ownership of the underlying asset to the group at the end of the lease term, or if the cost of the usufruct asset reflects that the group will exercise the purchase option, In this case, the usufruct asset is depreciated over the useful life of the asset, which is determined on the same basis for real estate and equipment. In addition, the usufruct asset is periodically reduced by the value of impairment losses, if any, and is adjusted by re-measuring the lease liability.

The lease liability is initially measured at the present value of the lease payments not paid at the commencement date of the contract, discounted using the interest rate implicit in the lease, or, if that rate cannot be readily determined, the Group's incremental borrowing rate should be used. Generally, the Group uses its incremental borrowing rate as the discount rate.

The Group determines the incremental borrowing rate by obtaining interest rates from various external sources of financing and making certain adjustments to reflect the terms of the lease and the type of asset being leased.

The lease payments included in the lease liability measurement consist of the following:

A- Fixed payments, which include essentially fixed payments.
B- Variable lease payments that depend on an index or a rate, and were initially measured using the index or rate at the start of the lease contract.
C- Amounts expected to be paid by the lessee under residual value guarantees.
d- the exercise price of a purchase option if the group is reasonably certain to exercise that option, lease payments in the optional renewal period if the group is reasonably certain to exercise an extension option, and penalties for early termination of the lease unless the group is reasonably certain not to terminate early.

The lease liability is measured at amortized cost using the effective interest method. That is re-measured if there are changes in future lease payments resulting from a change in the index or rate used to determine those payments, If there is a change in the Group's estimate of the amount expected to be paid under a residual value guarantee, If the Group changes its assessment of whether to exercise a purchase option extension, termination, or if there is a substantially fixed rent payment.

When the lease obligation is re-measured in this way, an adjustment is made to the carrying amount of the right of use asset, or it is recorded in profit or loss if the carrying amount of the right of use asset is reduced to zero.

The Group presents right-of-use assets that do not meet the definition of investment property within property, plant and equipment and lease commitments within loans and advances in the statement of financial position.

Short-term lease contracts

The company applies the exemption granted to the short-term lease contract on the short-term lease contracts. Lease payments on short-term lease contracts are recognized as expenses on a straight-line basis over the lease term.

2-2-2 Egyptian Accounting Standard No. (48) - Revenue from contracts with customers

Egyptian Accounting Standard No. (48) defines a comprehensive framework for determining the value and timing of revenue recognition, and this standard replaces the following Egyptian accounting standards (Egyptian Accounting Standard No. (11) "Revenue" and Egyptian Accounting Standard No. (8) "Construction Contracts).

Revenue is recognized When the customer has control of the goods or services The timing of the transfer of control - over a period of time or at a point in time - requires a degree of personal judgment.

The company has applied Standard No. (48) using the cumulative effect method (without practical facilitation), with recognition of the impact related to the initial application of this standard on the date of the initial application on January 1, 2021, and there was no material impact from the application of this standard on the balances of retained earnings.

3. Basis of measurement

The financial statements have been prepared on the historical cost basis except for the following material items in the balance sheet.

3-1 Functional and presentation currency

These financial statements are presented in United States Dollar, which is the Company's functional currency.

3-2 Use of judgments and estimates

The preparation of the financial statements in conformity with Egyptian Accounting Standards requires management to make judgments, 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 recognized in the period in which the estimates are revised and in any future periods affected.

Information about critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements is included in the notes.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year are included in the following notes:

Note (24-1) : Provisions

Note (24-2) : Impairment of assets

3-3 Measurement of fair values

The fair value of financial instruments is determined on the basis of the market value of the financial instrument or similar instruments at the balance sheet date without discounting any estimated future selling costs. Financial asset values are determined at the current purchase prices of those assets, while the value of financial liabilities is determined at the current rates at which such liabilities can be settled.

In the absence of an active market to determine the fair value of financial instruments, fair value is estimated using the various valuation techniques, taking into consideration recent transaction prices, and guidance on the current fair value of other instruments that are substantially the same - discounted cash flow method or other valuation method Results in reliable values.

When discounted cash flow method is used as an assessment method, future cash flows are estimated based on best management estimates. The used discount rate is determined in light of the prevailing market price at the date of the financial statements of similar financial instruments in terms of their nature and terms.

3-4 Basis of consolidation

The consolidated financial statements include the assets, liabilities and results of operations of Maridive and oil Services Company (the parent company) and its subsidiaries that the Group controls over the investee when it is exposed or entitled to variable returns through its participation and ability to affect returns through its power over the investee. , The future voting rights in the ability to control and control are also taken into consideration. A subsidiary is not consolidated in the consolidated financial statements when the parent company loses its power to control the financial or operating policies of the investee company.

Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealized income and expenses arising from intra-group transactions, are eliminated. Unrealized gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealized losses are eliminated in the same way as unrealized gains, but only to the extent that there is no evidence of impairment.

Non-controlling interests

Non-controlling interest are measured at their proportionate share of the acquiree's identifiable net assets at the acquisition date. Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

(All amounts are in United States Dollar otherwise stated)

Group companies

Maridive and oil Services Company directly owns the following subsidiaries:

Name of subsidiary	Relationship	Ownership interest on December 31, 2021
Valentine Maritime Ltd	Subsidiary	100 %
Maritide offshore oil services	Subsidiary	99.46 %
Maridive offshore projects	Subsidiary	99.98 %
Ocean Marine	Subsidiary	75 %

The consolidated financial statements of Maridive and oil services Company, (the parent company) and its following subsidiaries:

- Valentine Maritime Limited and its subsidiaries.
- Maritide offshore oil services (Egyptian joint stock company) and its subsidiaries.
- Maridive offshore projects (Egyptian joint stock company).
- Ocean Marine (Free zone company).

A- The companies consolidated in the financial statements of Maridive and oil services

In accordance with the Egyptian Accounting Standards (EAS) and the prevailing laws and regulations, MOS presents statutory consolidated financial statements, which incorporates the financial statements of the following companies:

- Maridive and Oil Services S.A.E. "MOS", the parent company of the Group.
- Valentine Maritime Ltd "Valentine", which was incorporated on June 15, 1990 in the Republic of Liberia pursuant to the Liberian Business Corporation Act of 1997. Maridive and Oil Services S.A.E. have acquired 100% of the issued capital of the Company in 1996 and are able to govern Valentine Maritime Ltd financial and operating policies to obtain the benefits of its activities. Valentine Maritime Ltd has the following subsidiaries consolidated under its control:

- Valentine Maritime Gulf (LLC), which was incorporated in the United Arab Emirates. Valentine Maritime Ltd owns 49% of its shares and is considered its major shareholder. Valentine Maritime Ltd has control over Valentine Maritime (Gulf) LLC financial and operating policies in accordance with the management agreement dated March 13, 1996.
- Valentine Maritime Mauritius Ltd, which was incorporated in the Republic of Mauritius and is a wholly owned subsidiary of Valentine Maritime Ltd.
- Valentine Maritime – Kingdom Saudi Arabia, which was incorporated in the Kingdom Saudi Arabia Valentine Maritime Ltd owns 60% of its shares.
- Valentine Maritime – Gulf Industries (LLC), The Company was incorporated in the United Arab Emirates. Valentine Maritime limited owns 49% of Valentine Maritime – gulf and control its financial and operating policies.
- Valentine Maritime (Gulf) PTE Ltd is a limited liability company incorporated in Republic of Singapore VMGL holds 100% of the ownership interest in the Company.

- Valentine Marine Services Ltd ("VMS"), is limited liability Company incorporated in the Republic of Liberia on 30 December 2016. The Board of Directors of Valentine Maritime Ltd (parent company) has decided to establish VMS to split off the company's activities to the constructing activity and marine units' activity.

- Maritide Offshore Oil Services S.A.E. "Maritide" is an Egyptian joint stock Company initially incorporated according to the agreement made in 1988 between Maridive and Oil Services (S.A.E.) and Zapata Gulf Marine Operators under the name of MZ – Offshore Oil Services S.A.E.

  Maritide was incorporated in accordance with the provisions of the Arab and Foreign Investment Law and Free Zones Law No. 43 of 1974, which was replaced by the Investment Law No. 230 of 1989 and subsequently replaced by the Investment Guarantees and Incentives Law No. 8 of 1997 which replaced by the law no.72 of 2017.

  On March 31, 1994, the name of the Company was changed to Maritide Offshore Oil Services S.A.E- . Free Zone according to the ministerial decree No. 87 of 1994. The decree was published in the Egyptian Gazette issue No. 70 dated March 27, 1994.

- Maridive and Oil Services S.A.E. has acquired 99.46% of the issued capital of Maritide Offshore Oil Services S.A.E. on three stages in 1999, 2001 and 2002, to be able to govern its financial and operating policies, Maritide offshore oil services control the following subsidiaries:

- Maritide Nigeria: On 7 April 2014 Maritide Nigeria was established with capital of 25 000 000 Nira Nigeria equivalent to USD 154 180 for 25 000 shares par value 1000 Nira Nigeria equivalent to USD 6.16 and the company owns 99.2% of the Maritide Nigeria capital for 24 800 shares for 24 800 000 Nira Nigeria equivalent for USD 152 947.

- Maridive Tunisia: Based on the board of directors' decision dated 17/11/2015 approval was made for investments in capital of Maridive Tunisia limited liability company for 490 000 Dinar Tunisia equivalent to USD 245 000 representing 49% of the company's capital.

  Maridive Offshore Projects S.A.E. is an Egyptian Joint stock Company that was incorporated under the provisions of Investment Law No. 230 of 1989, which was replaced by the Investment's Guarantees and Incentives Law No. 8 of 1997 which replaced by the law no.72 of 2017.

  The ministerial decree for the incorporation of company and its articles of association were published in the Egyptian Gazette issue number 245 dated October 31, 1993. MOP was registered in the commercial register under number 29875 – Port Said on October 27, 1993.

  On April 9, 2008 Maridive and Oil Services S.A.E. has acquired 100% of Maridive Offshore Projects S.A.E through a shares swap agreement, of the shares of the increase in MOS share capital by MOP shares, with a rate of 32.27 share. Accordingly, Maridive Offshore Projects S.A.E. became a subsidiary of Maridive and Oil Services S.A.E.

- Ocean Marine Co. (FZC). Was established in the U.A.E & it is a subsidiary owned fully by Valentine Maritime Ltd, dated August 1, 2013 the company ownership was restructured through the acquisition by Maridive & Oil services and Maritide Offshore Oil Services of 75% of the capital according to book value and no gains or losses were realized from the restructuring of the Co, .Maridive & Oil services have acquired 75% of the company's capital at 31 December 2019.

(All amounts are in United States Dollar otherwise stated)

B- The Group's purpose

- Maridive and Oil Services S.A.E. is to provide in the free zone of the Arab Republic of Egypt all marine services, including the supply of services, maintenance, construction, establishment, and rescue operations whether under or above the level of the sea and all works related to manufacturing services for marine and land establishments including cleaning, maintenance, construction, transportation supplies and all related equipment and spare parts required for those services.
- Valentine Maritime Ltd. is to conduct commercial activities and maritime services. The Company conducts work in different parts of the world out of a principal base in Abu Dhabi - United Arab Emirates.
- Maritide Offshore Oil Services S.A.E. is to provide technical services to oil and gas companies and other companies specializing in this field including the supplies, tugging, anchor handling, firefighting, pollution treatment and support to diving operations as well as assistance work required for offshore field operations in the areas of oil and gas companies' concessions, and also to own marine units recently built.
- Maridive Offshore Projects S.A.E. is: Performing the technical offshore marine service in the Public Free Zone Area in Port Said (Egypt), except for consultation services, as general according to the following: The specialized technical offshore marine services whether above or under the level of the sea water or onshore in the field of offshore oil projects and all other offshore activities and its related engineering and construction works such as diving, salvage and all kinds of maintenance work, maintenance of platforms, wells, marine units, metals treating and coating. Offshore survey, marine and soil research work.
  Cables and pipelines laying under water or onshore, ports & lights offshore services in and out the Egyptian territorial waters in order to perform such activities, the company could own and lease specialized marine vessels, machines, equipment, boats, tags, elevators and any assets that may assist in achieving the Company's purposes.
- Ocean Marine Co. (FZC). The purpose of the company is represented in owing Marine Units & renting Marine Units in addition to marketing Marine projects.

4. Operating segment report

The Group has operating segments, which represent segments for which financial reports are submitted to top management, and these reports present different products and services, and are managed separately because they require different technological and marketing strategies.

A- Gross revenues

	2021	2020
Marine unit's rental income	67 815 820	51 619 627
Revenues from projects	48 016 192	128 909 208
	115 832 012	**180 528 835**

(All amounts are in United States Dollar otherwise stated)

B- Reconciliation of operating segment information with the financial statements in accordance with Egyptian Accounting Standards

Revenues

	2021	2020
Total marine unit's rental	73 086 931	64 811 568
Less: rental income from marine units between group companies	(5 271 111)	(13 191 941)
	67 815 820	**51 619 627**
Total revenue from projects	56 972 784	129 817 147
Less: revenue from projects between group companies	(8 956 592)	(907 939)
	48 016 192	**128 909 208**
Total segments revenue	**115 832 012**	**180 528 835**

Costs

	2021	2020
Total cost of marine unit's rental	79 001 474	77 829 206
Less: rental income from marine units between group companies	(3 699 434)	(13 548 258)
	75 302 040	**64 280 948**
Total projects cost	67 614 172	142 714 513
Less: cost from projects between group companies	(11 215 273)	(1 416 923)
	56 398 899	**141 297 590**
Total segments cost	**131 700 939**	**205 578 538**

(All amounts are in United States Dollar otherwise stated)

Operation results

	2021	2020
Total operating revenue	115 832 012	180 528 835
Total operating cost	(131 700 939)	(205 578 538)
Segment result	**(15 868 927)**	**(25 049 703)**
Other income	4 065 761	2 652 800
Administrative expense	(21 836 315)	(25 197 709)
Other expense	(19 653 129)	(64 021 508)
Net finance cost	(24 116 976)	(27 100 797)
Net loss for the year before income tax	**(77 409 586)**	**(138 716 917)**
Income tax for the year	(1 710 544)	(4 542 595)
Net loss for the year	**(79 120 130)**	**(143 259 512)**
Distributed as follows:		
Parent company shareholders	(78 421 404)	(140 616 422)
Non-controlling interests	(698 726)	(2 643 090)
	(79 120 130)	**(143 259 512)**

5. Administrative expenses

	2021	2020
Salaries & wages	12 759 978	16 853 769
Utilities, fees &insurance	4 192 871	4 533 412
Amortization of intangible assets	20 713	32 182
Depreciation of PP&E Note no. (10)	1 292 258	1 390 425
Others	3 570 495	2 387 921
	21 836 315	**25 197 709**

6. Other expenses

	Note	2021	2020
Provisions	24-1	7 794 787	1 277 410
Impairment on trade receivables	24-2	2 008 382	39 547 861
Impairment on PP&E	24-2	5 702 048	21 013 639
Impairment on other debit balances	24-2	440 645	384 141
Impairment on related parties	24-2	834 925	-
Impairment on PUC	24-2	2 872 342	-
Loss on sale of PP&E		-	1 798 457
		19 653 129	**64 021 508**

7. Other income

	2021	2020
Income from marine units' insurance	3 500 000	-
Reversal of impairment	-	185 146
Others	565 761	2 467 654
	4 065 761	**2 652 800**

(All amounts are in United States Dollar otherwise stated)

8. Net finance (cost) / income

	2021	2020
Credit interest	129 856	557 076
Finance income	**129 856**	**557 076**
Loan's interest	(23 835 284)	(27 621 788)
Finance cost	**(23 835 284)**	**(27 621 788)**
Foreign exchange translation difference	(411 548)	(36 085)
Loss on foreign exchange translation difference	**(411 548)**	**(36 085)**
Net finance cost	**(24 116 976)**	**(27 100 797)**

9. Earnings per share

The Company presents basic earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year, adjusted for own shares held.

	2021	2020
Net loss for the year (USD)	(78 421 404)	(140 616 422)
Number of outstanding shares during the year	410 597 081	410 597 081
Basic &diluted loss per share for the year (USD/share)	**(0.1910)**	**(0.3425)**

(All amounts are in US dollars unless otherwise stated)

10. Property, plant and equipment

	Buildings and decorations	Right of use	Land	Marine units	Marine refurbishments	Diving equipment	Tools & equipment	Means of transportation	Furnitures & Fixtures	Total
Cost at January 1, 2020	11 542 755	10 344 230	2 671 126	900 544 829	53 429 884	18 707 186	80 973 790	1 387 495	8 520 764	1 088 122 059
Additions during the year	93 905 441	-	-	2 815 690	2 363 799	2 498 899	1 076 403	-	219 591	102 879 823
Disposals during the year	(6 267 664)	-	(2 400 992)	(32 088 922)	(8 119 608)	-	(1 713 075)	-	(12 544)	(50 602 805)
Cost at December 31, 2020	**99 180 532**	**10 344 230**	**270 134**	**871 271 597**	**47 674 075**	**21 206 085**	**80 337 118**	**1 387 495**	**8 727 811**	**1 140 399 077**
Cost at January 1, 2021	99 180 532	10 344 230	270 134	871 271 597	47 674 075	21 206 085	80 337 118	1 387 495	8 727 811	1 140 399 077
Additions during the year	-	-	-	209 626	3 554 737	32 296	319 106	-	62 522	4 178 287
Cost at December 31, 2021	**99 180 532**	**10 344 230**	**270 134**	**871 481 223**	**51 228 812**	**21 238 381**	**80 656 224**	**1 387 495**	**8 790 333**	**1 144 577 364**
Accumulated depreciation and impairments at January 1, 2020	7 869 321	-	-	267 531 896	36 357 852	14 125 060	64 046 209	1 379 229	7 956 633	399 266 200
Depreciation for the year	4 526 851	468 418	-	20 066 407	6 682 263	994 035	5 048 338	4 525	201 586	37 992 423
Impairment losses for the year	21 013 639	-	-	-	-	-	-	-	-	21 013 639
Accumulated depreciation for disposals	(790 063)	-	-	(32 077 621)	(7 747 807)	-	(965 930)	-	-	(41 581 421)
Reversal of impairment losses	(4 486 704)	-	-	-	-	-	-	-	(4 222)	(4 490 926)
Accumulated depreciation and impairments at December 31, 2020	**28 133 044**	**468 418**	**-**	**255 520 682**	**35 292 308**	**15 119 095**	**68 128 617**	**1 383 754**	**8 153 997**	**412 199 915**
Accumulated depreciation and impairments at January 1, 2021	28 133 044	468 418	-	255 520 682	35 292 308	15 119 095	68 128 617	1 383 754	8 153 997	412 199 915
Depreciation for the year*	3 718 491	468 418	-	19 791 468	5 566 303	1 084 263	3 839 767	3 001	221 164	34 692 875
Impairment losses for the year	-	-	-	5 462 764	239 284	-	-	-	-	5 702 048
Accumulated depreciation and impairments at December 31, 2021	**31 851 535**	**936 836**	**-**	**280 774 914**	**41 097 895**	**16 203 358**	**71 968 384**	**1 386 755**	**8 375 161**	**452 594 838**
Net book value at December 31, 2021**	**67 328 997**	**9 407 394**	**270 134**	**590 706 309**	**10 130 917**	**5 035 023**	**8 687 840**	**740**	**415 172**	**691 982 526**
Net book value at December 31, 2020	**71 047 488**	**9 875 812**	**270 134**	**615 750 915**	**12 381 767**	**6 086 990**	**12 208 501**	**3 741**	**573 814**	**728 199 162**

*** The depreciation classificated on the statement of profit or loss as follows:**

	Note.	2021	2020
Operating cost		33 400 617	36 601 998
Administrative expenses	5	1 292 258	1 390 425
Total PP&E depreciation		34 692 875	37 992 423

(All amounts are in United States Dollar otherwise stated)

The company has pledged some of its marine units as collateral for bank loans, which were used to finance the construction of new marine units, as follows:

Firstly: Pledging marine units no. (208 and 212) as collateral for the borrowings obtained from the Arab International Bank.

Secondly: Pledging marine units no. (42, 43, 229, 230, 231, 232, 510, 515, 518, 519, 520, 521, 522, 601, 602, 701, 702, 703, 704, 32, 35, 36 and MWM 601) as collateral for the borrowings obtained from Abu Dhabi Islamic bank.

Thirdly: Marine unit no. 4000 (National Bank of Egypt).

Fourthly: Pledging marine units Maridive Zohr -1, Maridive Zohr -2 as collateral for the borrowings obtained from European bank for development and re-construction.

Fifthly: Pledging marine unit (Harmoniadwa) according to the contract with Global company not financial lease.

Sixth: Some marine units of Valentine Co. & Ocean Marine Co. (subsidiaries) were provided as collaterals for Helal bank, Abu Dhabi Islamic bank, Arab African International bank- Dubai National Bank of Fujairah, Bank Misr and Corplease for finance leasing.

11. Projects under construction

	31 December 2021	31 December 2020
Advance payments for purchases of PP&E	6 845 892	5 589 740
Others	-	388 365
	6 845 892	**5 978 105**

12. Intangible assets

	31 December 2021	31 December 2020
Cost at 1 January	1 069 511	1 003 076
Additions	-	66 435
Cost at the end of the year	**1 069 511**	**1 069 511**
Accumulated amortization at 1 January	(937 535)	(883 619)
Amortization of the year	(42 447)	(53 916)
Accumulated amortization at the end the year	**(979 982)**	**(937 535)**
Carrying amounts at the end the year	**89 529**	**131 976**

13. Goodwill

	31 December 2021	31 December 2020
Valentine Maritime Ltd	4 709 384	4 709 384
Maritide offshore oil services	5 131 275	5 131 275
	9 840 659	**9 840 659**

14. Financial assets at fair value through profit or loss

	31 December 2021	31 December 2020
Thimaar Fund Investment certificates	-	3 346
	-	**3 346**

(All amounts are in United States Dollar otherwise stated)

15. Trade receivables

	Note	31 December 2021	31 December 2020
Trade receivables		111 293 730	118 446 064
Less:			
Impairment on trade receivables	24 - 2	(62 803 648)	(60 820 140)
		48 490 082	**57 625 924**

16. Amounts due from customers

	Note	31 December 2021	31 December 2020
Amounts due from customers		16 886 030	26 693 699
Less:			
Impairment on amounts due from customers	24 - 2	(5 100 000)	(5 100 000)
		11 786 030	**21 593 699**

17. Debtors and other debit balances

	Note	31 December 2021	31 December 2020
Accrued revenues*		8 595 750	5 853 638
Suppliers advance payments		7 702 492	8 455 640
Letter of guarantees (Covered Parts)		4 896 791	3 220 464
Employee loans & custodies		1 701 241	4 319 372
Prepaid expenses		1 152 158	1 387 142
Deposits with others		536 315	8 404 910
Insurance claims		145 109	167 904
Others debit balances		17 991 079	8 038 389
Less:			
Impairment on debtors and other debit balances	24 - 2	(6 852 837)	(6 434 144)
		35 868 098	**33 413 315**

*Accrued revenue represents the value of services rendered to customers but not billed until December 31, 2021

18. Cash & cash equivalent

	31 December 2021	31 December 2020
Current bank accounts	5 491 901	7 887 721
Time deposits	274 528	-
Cash on hand	16 203	30 644
	5 782 632	**7 918 365**

19. Inventories

	31 December 2021	31 December 2020
Spare parts and consumables	15 599 131	17 256 722
Marine units fuel	1 311 993	987 518
	16 911 124	**18 244 240**

(All amounts are in United States Dollar otherwise stated)

20. Financing lease

According to the requirements of the Egyptian Accounting Standards no. (49) for 2019 related to lease contracts, the application for standard no. (49) is the beginning of the annual report at which the law for finance leasing no. 95 for 1995 was cancelled and the issue of law organizing financial leasing and discounting no. 176 for 2018. For lease contracts which were liable to law no. 95 for 1995 and were treated according to the Egyptian Accounting Standard no. (20) during 2019, the result from such change was as follows:

Lands (cost)	2 400 992
Buildings (cost)	8 693 648
Amortization of ROU	10 344 230
Equipment's (cost)	4 485 732
Accumulated depreciation	5 193 611
Lease liability	11 424 285
Prepaid expenses	4 877 639
Accrued Revenue	6 723 250
Loss of impairment on PP&E	5 221 354
Adjustments to retained earnings	2 584 822

20-1 Lease liabilities

	31 December 2021	31 December 2020
Lease liability- current portion (shown in credit & other credit balances) - note (23)	2 663 131	1 757 529
Lease liability -non-current portion	15 320 383	16 728 279
	17 983 514	**18 485 808**

The payment of lease liability is as follow:

Less than one year	4 546 847	3 121 704
More than one year and less than two year	2 975 151	5 189 442
More than two year	20 632 243	21 028 423
Total Lease liability	**28 154 241**	**29 339 569**
Less: Future finance charge	(10 170 727)	(10 853 761)
Present value of lease obligation	**17 983 514**	**18 485 808**

21. Bank credit facilities

	31 December 2021	31 December 2020
Credit banks	47 407 540	47 516 299
	47 407 540	**47 516 299**

The credit facilities used by the Group are facilities used to finance working capital that available in different foreign currencies that granted to the group companies in Egypt and the United Arab Emirates with a joint guarantee of the group companies and pledge some marine units and interest rates range from 1.5%: 4.25% in addition to the libor rate.

(All amounts are in US dollars unless otherwise stated)

22 - Long term loans

The long term loans as of December 31, 2021, amounted by USD 351 825 876 are represented in the loans granted to the group by Abu Dhabi Islamic Bank - UAE (co-financing), National Bank of Fujairah, HSBC Bank, European Bank for Reconstruction and Development and Commercial Bank Wafa, these company has pledged some of its marine units as collateral for bank loans, which were used to finance the construction of new marine units, as follows.

The following is a statement of loan balances, principal and payment terms:

		Granted Company	Principle loans	Installment of short term loans	Installment of long term loans	31/12/2021	31/12/2020
1-	Abu Dhabi Commercial Bank	Valentine	25 000 000	–	–	–	483 435
2-	Dubai National Bank of Fujairah	Valentine	59 000 000	7 310 008	13 810 973	21 120 981	23 554 470
3-	Abu Dhabi Islamic Bank	Valentine	75 000 000	10 000 000	31 000 000	41 000 000	45 000 000
4-	Ajman Bank	Valentine	5 460 000	447 063	–	447 063	678 360
5-	Abu Dhabi Islamic Bank	Valentine	40 000 000	–	15 150 000	15 150 000	15 150 000
6-	Arab African International Bank	Valentine	40 000 000	14 285 712	–	14 285 712	14 285 712
7-	Misr Bank	Valentine	15 400 000	2 578 625	5 000 000	7 578 625	8 212 920
	Other	Valentine	–	2 821 284	191 136	3 012 420	3 012 421
8-	HSBC - Egypt	Valentine	19 000 000	702 258	–	702 258	827 582
9-	Abu Dhabi Islamic Bank - UAE	Maridive	225 000 000	48 665 092	97 330 185	145 995 277	145 995 277
10-	Abu Dhabi Islamic Bank - UAE	Maridive	25 000 000	–	25 000 000	25 000 000	25 000 000
11-	European Bank for Development and Re-cor	Maridive	50 000 000	11 325 877	15 876 134	27 202 011	28 681 343
12-	Altair Wafaa Bank (Barclays)	Maridive	3 500 000	287 085	2 342 537	2 629 622	2 846 855
13-	Abu Dhabi Commercial Bank loan	Ocean Marine	80 610 625	6 800 000	44 572 789	51 372 789	51 372 789
14-	Arab International Bank	Maridive Offshore Projects	–	–	1 723 658	1 723 658	–
	Other	Maridive Tunis	–	160 551	682 906	843 457	1 059 157
	Total loans			**105 383 555**	**252 680 318**	**358 063 873**	**366 160 321**
	Less:						
	Loan acquiring costs			(1 467 763)	(4 770 234)	(6 237 997)	(7 536 284)
				103 915 792	**247 910 084**	**351 825 876**	**358 624 037**

1. Abu Dhabi Commercial Bank - 'Valentine' Company

In June 2012, Valentin signed a loan contract with Abu Dhabi Commercial Bank (formerly Al Hilal) on an Islamic loan of USD 25 million to finance the modernization and renewal of the company's current fleet and the replacement of machinery and equipment. The loan is repaid in 20 quarterly installments starting after 12 months from the date of withdrawal.

The legal form of this loan is a conventional Islamic lease. This Islamic loan was treated as a bank loan and some of the company's assets were mortgaged in favor of this bank to reflect the essence of this contract within the consolidated financial statements.

2. National Bank of Fujairah - 'Valentine' Company

In October 2012, Valentin signed a loan contract with the National Bank of Fujairah in the amount of USD 20.90 million and the loan was increased to USD 34.59 million; the loan was obtained to finance the development of land in Abu Dhabi Industrial City (ICAD) and the purchase of machinery and equipment.

The loan is to be repaid in 51 equal quarterly installments of USD 1 220 828 each and the last installment is in the amount by USD 13 836 049 to end in September 2022.

3. Abu Dhabi Islamic Bank - 'Valentine' Company

In March 2013, the company "Valentine" signed a loan contract with Abu Dhabi Islamic Bank (sale and leaseback of a marine unit under construction) in the amount of 75 million US dollars to finance the purchase and modernization of a marine unit and restructure one of the company's loans amounting to USD 43 million dollars. The legal form of this loan is a conventional Islamic lease. This Islamic loan was treated as a bank loan and some of the company's assets were mortgaged in favor of this bank to reflect the essence of this contract within the consolidated financial statements.

4. Ajman Bank - 'Valentine' Company

In June 2013, the company 'Valentine' signed a loan contract with Ajman Bank (by Mudaraba system) to finance the working capital needs of the group in the amount of USD 5.46 million, the final repayment of the loan is due 180 days from the date of withdrawal.

5. Abu Dhabi Islamic Bank - 'Valentine' Company

In September 2014, Valentine signed a loan contract with Abu Dhabi Islamic Bank (sale and leaseback system) in the amount of USD 40 million to finance the third phase of the MNHRD Pipeline Project. The loan is repaid in March 28, 2023 The legal form of this loan is a conventional Islamic lease. This Islamic loan was treated as a bank loan and some of the company's assets were mortgaged in favor of this bank to reflect the essence of this contract within the consolidated financial statements.

6. Arab African Bank - 'Valentine' Company

In September 2014, Valentine signed a loan contract with the Arab African Bank in the amount to USD 40 million to pay the value of the financial lease owed to Maridive Offshore Projects and the rehabilitation of marine units. The loan is repaid in 28 equal installments, amounting to USD 2.86 million. Quarterly with a grace period of 12 months from the date of signing the contract.

7. Banque Misr - 'Valentine' Company

During 2016, Valentine signed a credit facility contract amounting to USD 15.4 million to finance the modernization of marine units. The loan is repaid in 21 equal quarterly installments amounting to USD 333 733 starting from November 2017.

8. HSBC Bank Egypt - Maridive Company

The company has entered into a financing contract with HSBC Bank, a medium-term loan of USD 19 million. This loan is subject to a financing return calculated based on the LIBOR rate every three months, in addition to a margin of 4.5% annually, and the loan is repaid in 28 monthly installments.

9. Abu Dhabi Islamic Bank - UAE - "Maridive Company"

On January 15, 2016, the company's board of directors agreed to conclude an Islamic facility contract with Abu Dhabi Islamic Bank - UAE - with a maximum amount of USD 225 million (two hundred twenty-five million US dollars) to restructure the existing facilities and finance the purchase of new marine units in addition to the amount of USD 25 million (twenty-five million US dollars) to finance the working capital of the company, including all interests, commissions, expenses, costs and any other amounts due to lenders in accordance with the aforementioned credit facility contract between the company and both Abu Dhabi Islamic Bank (UAE) and a group of other banks and financial institutions And the conclusion of documents to ensure the implementation of the company's obligations under the Islamic facility contract according to the following:

a. The interest rate is 4.5% in addition to the LIBOR rate (three months), which is the same as the current interest rate.

B. Pay off 80% of the loan amount over seven years and pay the remaining 20% as a single payment at the end of the loan term.

c. Any payments from the company's cash surplus over the term of the loan are deducted from the above-mentioned 45%.

d. The loan contract includes some financial commitments that the company must abide by as follows:

1. The debt service coverage ratio shall not be less than 1.2:1
2. The interest coverage ratio shall not be less than 2.5:1
3. The net leverage ratio shall not be more than 6:1
4. The debt-to-equity ratio shall not be more than 1.5:1

- On January 31, 2021, the company addressed the group of joint banks with the amended financial studies to restructure the current facilities in line with the company's current situation, and the studies are still within the scope of review by the joint banks and their financial analysts.

10. Abu Dhabi Islamic Bank - UAE - "Maridive Company"

A medium-term loan for financing working capital and issuing letters of guarantee for an amount not exceeding USD 25 million, with the same terms and guarantees of the syndicated loan.

11. European Bank for Reconstruction and Development - "The Maridive Corporation"

On April 13, 2017, a loan contract was signed with the European Bank for Reconstruction and Development in the amount of USD 50 million in 3 tranches as follows:

e. The first tranche in the amount of USD 25 million to complement the uncompleted portion of the syndicated loan previously arranged by a bank

Abu Dhabi Islamic This segment is concerned with financing the company's expansion plan to purchase new marine units.

f. The second tranche in the amount to USD 15 million is to repay part of Abu Dhabi Islamic Bank's share of the syndicated loan.

g. The third tranche in the amount to USD 10 million to finance the working capital of the company.

The loan contract includes some financial commitments that the company must abide by as follows:

1. The debt service coverage ratio shall not be less than 1.2:1
2. The interest coverage ratio shall not be less than 2.5:1
3. The net leverage ratio shall not be more than 6:1
4. The debt-to-equity ratio shall not be more than 1.5:1

12. Attijariwafa bank (formerly Barclays) - "The Maridive Company"

A medium-term loan of USD 3.5 million to finance working capital requirements at an annual interest rate of 3% above the LIBOR rate in 3 months and a commission on the highest debit balance of 0.05% per month, to be paid in 25 monthly installments.

Classification of loans from Abu Dhabi Islamic Bank - UAE and the European Bank for Reconstruction and Development.

The loans of Abu Dhabi Islamic Bank - UAE and the European Bank for Reconstruction have been classified into short-term loan installments and long-term loan installments, as the company's management believes that the effects of the spread of the new Corona virus and the precautionary measures that affected the global economy as well as the company and based on the books issued by the Central Bank of Egypt to confront Corona virus, which includes the postponement of all credit dues with no additional returns or late fines for non-payment Any formal request from the lending banks to repay the entire debt until the date of approving the financial statements, as well as the procedures being taken by the company to reschedule those credit dues.

13. Abu Dhabi Commercial Bank - Ocean Marine Company

In December 2013, Ocean Marine Company signed a loan contract with Abu Dhabi Commercial Bank (formerly Al Hilal) on an Islamic loan amounting to USD 38.72 million to finance the purchase of 90% of the value of three marine units. The loan is repaid in 32 equal quarterly installments, starting after 9 months from the date of withdrawal, and the last installment will be paid on December 31, 2022. The legal form of this loan is a traditional Islamic lease (sale with leaseback system for a number of marine units) and this loan has been processed The Islamic Bank loan to reflect the essence of this contract and the company did not obtain withdrawals during the year.
The loan of the Ocean Marine Company is granted with the guarantee of the marine units and the guarantee of the Valentin Company and the Maridive Company.

14. Arab International Bank - Maridive Offshore Projects

The short-term facilities granted to Maridive Offshore Projects by Arab International Bank were restructured in
July 2, 2019 at 6.5% annually above the LIBOR rate, and the interest applied to the facilities will be reduced by 4% instead of 6.5%

(All amounts are in United States Dollar otherwise stated)

The total credit facilities, loans and lease liabilities are as follows:

	31 December 2021
Non- current portion	263 230 467
Current portion	153 986 463
	417 216 930

The following table shows the movement in credit facilities, loans and lease liabilities during the financial year ended December 31, 2021

	31 December 2021
Beginning balance	**424 626 144**
Non- current portion	307 496 976
Current portion	117 129 168
	424 626 144
Credit interest-credit facilities and loans-on P&L	25 351 471
Interest on lease liabilities	733 979
Net proceeds from loans, credit facilities and paid debit interest	(21 911 087)
Accrued credit interest from credit facilities, loans and lease liability	(11 583 577)
Ending balance	**417 216 930**
Current portion	263 230 467
Non - current portion	153 986 463
	417 216 930

23. Creditors and other credit balances

	Note	31 December 2021	31 December 2020
Tax Authority – Payroll tax		13 049 662	17 899 123
Tax Authority – Withholding tax		2 175 152	-
Accrued expenses		59 444 525	40 625 678
Lease liabilities – Current portion	20-1	2 663 131	1 757 529
Income tax – Subsidiaries and foreign branches		7 059 701	8 469 337
Customers advance payments		24 684 096	24 963 300
Others credit balances		4 326 025	8 421 224
		113 402 292	**102 136 191**

(All amounts are in United States Dollar otherwise stated)

24. Provisions and impairments

24-1 Provisions

	Balance at 01/01/2021	Charged during the year	Used during the year	Balance at 31/12/2021
Provisions for claims*	6 405 553	7 794 787	(726 202)	13 474 138
	6 405 553	**7 794 787**	**(726 202)**	**13 474 138**

* The legal claims provisions are related to claims expected to be submitted by a third party in connection with the business operations. The information usually required by accounting standards is not disclosed because management believes that disclosing such information would seriously prejudice the outcome of the negotiation with that third party. These provisions are reviewed by management every year and adjustments to the amounts provided are based on the latest development, discussions and agreements with the third party.

24-2 Impairments on assets

	Balance at 01/01/2021	Charged during the year	Used during the year	Balance at 31/12/2021
Impairment on PP&E	1 172 920	5 702 048	-	6 874 968
Impairment on trade receivables	60 820 140	2 008 382	(24 874)	62 803 648
Impairment on amounts due from customers	5 100 000	-	-	5 100 000
Impairment on PUC	-	2 872 342	-	2 872 342
Impairment on related parties	-	834 925	-	834 925
Impairment on debtors & other debit balances	6 434 144	440 645	(21 952)	6 852 837
	73 527 204	**11 858 342**	**(46 826)**	**85 338 720**

(All amounts are in US dollars unless otherwise stated)

25 - Transactions with related parties

Transactions with related parties represent transactions with group shareholders and companies in which the shareholders and /or the group directly and indirectly own shares that give them the right to control or exercise a strong influence on those companies and give them significant influence or control over them

The following is a statement of the value of the volume and nature of the transactions that took place with these parties during the financial year, as well as the balances related to them on the date of the financial position on December 31 and included in the non-current and current assets and current liabilities in the statement of financial position:

	Type of Relationship	Nature of Transactions	Volume of transactions during the year		31/12/2021	31/12/2020
			Debit	Credit		
25 - 1 Due from related parties						
NAZCO	Affiliate	Operating revenue	-	-	138 002	138 002
Valentine Maritime - Qatar	Affiliate	Current	13 386	-	97 100	83 714
					235 102	**221 716**

	Type of Relationship	Nature of Transactions	Volume of transactions during the period		31/12/2021	31/12/2020
25 - 2 Loan from related parties			Debit	Credit		
AL Bawardi Enterprises	Affiliate	Financing	-	-	-	834 925
					-	**834 925**

	Type of Relationship	Nature of Transactions	Volume of transactions during the year		31/12/2021	31/12/2020
25 - 3 Due to related parties			Debit	Credit		
National Transport and Overseas Services NOSCO	Affiliate	Current	-	9 108	9 108	-
Loan from Board of directors - Maridive	Board of directors	Current	52 493	4 085 506	13 322 282	9 289 269
Loan from Board of directors - Valentine	Board of directors	Current	-	-	10 046 265	10 046 265
Al Rawda for agriculture developments	Affiliate	Current	903	300	0	603
AL Bawardi Enterprises	Affiliate	Current	66 571	129 547	192 733	129 757
					23 570 388	**19 465 894**

(All amounts are in United States Dollar otherwise stated)

26. Capital

Authorized capital

The Company's authorized capital is determined to be one billion US dollar, according to Extraordinary General Assembly meeting held on September 16, 2019 has decided to increase the Company's authorized capital from USD 200 Million (two hundred million US dollar) to USD 1 Billion (one billion US dollar) and approved the increase in the commercial register on December 16, 2019 and published the changes in the articles in the Egyptian Gazette under no 57668 on December 25, 2019.

Issued and paid - up capital

The issued and paid-up capital USD 188 102 296 divided among 470 255 740 shares (Only Four Hundred Seventy Million Two Hundred Fifty-Five Thousand Seven Hundred Forty Dollars) with a par value of 40 cents each.

According to extraordinary general meeting held on September 16, 2019 approval was made for the increase in the company's issued capital from USD 16 3840 000 to USD 188 102 296 with an increase of USD 24 262 296 distributed over 60 655 740 shares for each share (USD 0.61) (Representing USD 0.40 par value and USD 0.21 for a premium totaling USD 12 737 704) representing 37 Million US Dollars. All increase was allocated to Mr. Negad Zaini without applying the rights of the existing shareholders. The company completed the legal procedures for such increase and recorded in the commercial register on December 16, 2019 under no 6501 and changes in the articles of incorporation were published in the Egyptian Gazette issue no 57668 on December 25, 2019. On December 26, 2019 approval was made by the committee for recording the financial investments in its meeting dated December 25, 2019 for the increase in issued and paid up capital.

27. Consolidation reserve

Reserve resulted from the compilation related to the acquisition of Maridive Offshore Projects

	31 December 2021	31 December 2020
Maridive Offshore Projects S.A. E	2 556 743	2 556 743
	2 556 743	**2 556 743**

On the 9th of April 2008, Maridive Oil and Services acquired Maridive Offshore Projects through Barter contract, the increase in capital shares of Maridive Oil and Services for all shares of Maridive Offshore Projects. Since Maridive Offshore Projects is owned and controlled by the main shareholders of the group before and after the barter exchange of shares mentioned above, therefore the group management considers the acquisition transaction as an acquisition of a controlled company and this control is permanent.

(All amounts are in United States Dollar otherwise stated)

28. Non-controlling interest

Non-controlling interest represents, 0.54% of Maritide Offshore Oil Services S.A.E, 51% of Maridive Tunisia, 0.02% of Maridive Offshore Projects and 25% of Ocean Marine, in addition to the non-controlling interest of Valentine Maritime Ltd.'s subsidiaries

	31 December 2021	31 December 2020
Non-controlling interest in Valentine Maritime Ltd	2 259 390	2 347 426
Non-controlling interest in Maritide Offshore Oil Services	34 327	34 921
Non-controlling interest in Maridive Tunisia	813 026	872 013
Non-controlling interest in Maridive Offshore Projects	8 202	9 243
Non-controlling interest in Ocean Marine Co	6 661 704	7 348 084
	9 776 649	**10 611 687**

29. Tax position

Corporate tax- Maridive

According to the company's tax card, the company is exempt from tax on the profits of legal persons in accordance with the provisions of the applicable tax and fee laws in the Arab Republic of Egypt, within the limits of the purpose mentioned in the tax card, bearing in mind that the license period is ten years from July 21, 2002 until July 20, 2012, and according to the letter received from the authority The General Investment and Free Zones Authority, dated July 17, 2012 and approved on July 16, 2012, which includes the extension of the license to practice the activity for a period of five years starting from July 20, 2012 to end on July 20, 2017.

The license to practice the activity has been extended for a period of five years starting from July 20, 2017, in accordance with Resolution No. 27 of 2017 issued by the General Authority for Investment and Free Zones dated August 21, 2017.

Corporate tax - Valentine

Valentine Maritime Limited Company, Valentine Maritime Gulf Company and Ocean Marine Company are not subject to tax in the country of origin or country of residence. The head office of these companies is located in the Emirate of Abu Dhabi in the United Arab Emirates.

No tax is levied on net profit or revenue. Valentine Maritime Mauritius is subject to income tax in the State of Mauritius, and Valentine Maritime Saudi Arabia is taxed in accordance with the law of the Kingdom of Saudi Arabia. In general, Valentine Maritime Limited, Valentine Maritime Gulf and Ocean Marine are not subject to any tax. However, a tax is imposed on some projects that are implemented in some countries in light of the laws that govern the nature of these projects, and these taxes are considered part of the cost of the implemented projects.

Payroll taxes

Years until 2012

-The company settled with tax authority and paid the due taxes until 2012.

Years 2013 and 2014

- The years 2013 and 2014 have been settled and inspected.

Years from 2015 to 2019

- The Tax Authority inspected the years from 2015 to 2019, as the company has not paid the payroll tax deducted from employees since 2013, the inspection result for the years 2015 to 2019 was as follows:

(All amounts are in United States Dollar otherwise stated)

1. Payroll taxes for the years from 2015 to 2019: EGP 150 693 884 million.
2. Delay fines for payroll taxes for the years from 2015 to 2019: EGP 102 477 545

Thus, the total amount required to be paid by the company is EGP 253 171 429.

The company is currently scheduling the dues with the Tax Authority and periodically paid to the Tax Authority. The company has formed the required provision for these expected liabilities.

Years from 2020 to 2021

The tax authority did not inspect those years and therefore no claims were received for those years.

30. Tax position of income tax and withholding for the Maridive Offshore Projects branch in the Kingdom of Saudi Arabia

On November 3, 2020, the branch administration received the tax assessment from the General Authority for Zakat and Income Tax in the Kingdom of Saudi Arabia, the tax assessment for income tax and withholding tax for the years from 2015 to 2018 with an additional tax due in the amount of USD 10,034,688 for income tax and withholding tax. The company has studied the assessment received from the authority and submitted an objection to it on December 30, 2020 and based on the assessment that was made, the company considers that the General Authority for Zakat is not entitled to this and the objection procedures with the General Authority for Zakat and Income are still in progress, and the final result of the assessment amount cannot be determined at the time Therefore, no provision has been made to meet these obligations.

31. Going concern

The company has a consolidated net loss of USD 79 120 130 million for the year ended December 31, 2021, while current liabilities exceeded current assets by an amount of USD 263 564 982 million, and these circumstances, in addition to other matters detailed in Note No. (22) indicate the existence of a significant uncertainty that may lead to a doubt in the company's ability to continue.

The company is currently evaluating the current situation of the group and the extent of the company's ability to fulfill its contracts and obligations with customers and banks.

32. Capital commitments & Contingent liabilities

	Total commitment 31/12/2021	Commitment performed 31/12/2021	Outstanding commitment 31/12/2021	Outstanding commitment 31/12/2020
Letters of guarantee	22 809 160	4 793 268	18 015 892	38 046 684
Letters of credit	-	-	-	4 188 203
PUC	8 618 206	3 208 229	5 589 977	-
	31 427 366	**8 001 497**	**23 605 869**	**42 234 887**

(All amounts are in United States Dollar otherwise stated)

33. Financial instruments

Financial risk management

Overview

The Company has exposure to the following risks from its use of financial instruments:

Credit risk
Liquidity risk
Market risk

Risk management framework

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The audit committee is responsible for developing and monitoring the Company's risk management policies. The committee reports regularly to the Board of Directors on its activities.

The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Company's audit committee oversees how management monitors compliance with the Company's risk management policies, procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. The Company's audit committee is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the audit committee.

Credit risk

Credit risk is the risk of financial loss to the company if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the company's customers and investment securities.

The carrying amount of financial assets represents credit exposure. The exposure to credit risk at the end of the reporting period was as follows:

	Note	31 December 2021	31 December 2020
Trade receivables	21	48 490 082	57 625 924
Debtors and other debit balances	23	16 716 457	13 397 523
Due from related parties	25-1	235 102	221 716
Cash at bank	18	5 766 429	7 887 721
		71 208 070	**79 132 884**

Trade and other receivables

Creditworthiness for Trade and other receivables based on a credit policy set by the Board of Directors Committee.

The company monitoring the credit risk of the customers by collecting debtors and other debit balance according to their classifications, credit position and the guarantees provided by him. And customer balances are more than 60 days, most of which represent the balances of government agencies.

(All amounts are in United States Dollar otherwise stated)

Cash and cash equivalents

The Company held cash and cash equivalents of USD 5 766 429 on December 31, 2021 (December 31, 2020: USD 7 887 721), which represents its maximum credit exposure on these assets. The cash and cash equivalents are held with bank and financial institution counterparties.

Liquidity risk

Liquidity risk is the risk that the company will not be able to meet its financial obligations as they fall due. The company's approach to managing liquidity is to ensure, as far as possible, that it will always have
Sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the company's reputation.

The Company uses activity-based costing to cost its products and services, which assists it in monitoring cash flow requirements and optimizing its cash return on investments. The Company aims to maintain the level of its cash and cash equivalents and at an amount in excess of expected cash outflows on financial liabilities Except creditors for the period of time 60 days.
The Company also monitors the level of expected cash inflows on debtors and other debit balances together with expected cash outflows on creditors and others credit balances, at December 31, 2021,

The maturity dates of financial obligations according to the expected repayment schedules are as follows:

31 December 2021	Book value	12 months or less	1-2 Years	2-5 Years
Bank - credit facilities	47 407 540	47 407 540	-	-
Loans	351 825 876	103 915 792	247 910 084	-
Suppliers, notes payable &other credit balances	175 176 073	175 176 073	-	-
Lease liabilities	15 320 383	-	1 930 770	13 389 613
Due to related parties	23 570 388	23 570 388	-	-
	613 300 260	**350 069 793**	**249 840 854**	**13 389 613**

31 December 2020	Book value	12 months or less	1-2 Years	2-5 Years
Bank - credit facilities	47 516 299	47 516 299	-	-
Loans	358 624 037	67 855 340	290 768 697	
Suppliers, notes payable &other credit balances	149 158 692	149 158 692	-	-
Lease liabilities	16 728 279	-	3 311 118	13 417 161
Due to related parties	19 465 894	19 465 894	-	-
	591 493 201	**283 996 225**	**294 079 815**	**13 417 161**

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its holdings of financial instruments. The objective
of market risk management is to manage and control market risk exposures within acceptable parameters while optimizing the return. The company incurs financial liabilities, in order to manage market risks. All such transactions are carried out within the guidelines set by B.O.D committee.

Interest rate risk

Interest rate risk is represented in fluctuation of interest rates on the facilities granted to the company by the banks. This risk is covered through getting the best available interest rate in the market on the credit facilities as well as determining fixed interest rate on the loans.

Capital management

The Board's policy is to maintain a strong capital base to maintain investor, creditor and market confidence and to sustain future development of the business. The Board of Directors monitors the return on capital, which the company defines as net operating income divided by total shareholders' equity. The Board of Directors also monitors the level of dividends to shareholders. There were no changes in the company's approach to capital management during the year.

Currency risk

The company is exposed to currency risk on sales and financial assets that are denominated in a foreign currency. The currency in which these transactions are primarily denominated is the US Dollars and Euro.

In respect of monetary assets and liabilities denominated in other foreign currencies, the company ensures that its net exposure is kept to an acceptable level by buying or selling foreign currencies at spot rates when necessary to address short-term imbalances.

34. Comparative figures

Certain comparative figures have been reclassified to conform with the current year classification.

35. Cash flows

The significant non-cash transactions have been eliminated in preparing the statement of cash flows as these transactions do not generate cash flows.

36. Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these separate financial statements.

36.1 Foreign currency

Foreign currency transactions

The group companies use the US dollar as the currency of dealing and the presentation currency where the revenues of the group companies are invoiced in US dollars.
Transactions in foreign currencies are translated to the respective functional currency at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date.

Non-monetary assets and liabilities that are measured at fair value in a foreign currency are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items in a foreign currency that are measured based on historical cost are translated using the exchange rate at the date of the transaction.
Foreign currency differences arising on retranslation are generally recognized in profit or loss.

36.2 Financial instruments

Non-derivative financial assets

The initial recognition of loans, receivables and deposits on the date of their inception. All other financial assets (including assets at fair value through profit or loss) are recognized first on the date of the transaction, at which time the Company is a party to the contractual provisions of the instrument.

The company excludes the financial asset when its contractual rights to the cash flows of this asset expire, or it transfers the right to receive the contracted cash flows of this asset in a transaction through which all the risks and returns of ownership of this financial asset are transferred. Any interest in such a transferred financial asset that may arise or be retained by the Company is recognized as an asset or a liability separately.
Financial assets and liabilities are set off and the net value is shown in the financial position only when the company has the legal right to make this set-off and the intention to settle on the basis of net value or to realize the financial asset and terminate the financial obligation at the same time. The company classifies non-derivative financial assets into the following items: loans and debts.

Loans and debts

Loans and receivables are financial assets with a fixed or determinable repayment date that are not traded in an active market. These assets are initially recognized at fair value, plus transaction costs directly attributable to them. After initial recognition, loans are measured at amortized cost using the effective interest method, and impairment losses are discounted.

In general, receivables and other short-term debit balances without a stated interest rate are measured at their face value (the invoice value) and any provision for doubtful debts is deducted.

It includes loans and receivables, cash and cash equivalents, customers, receivables and other debit balances.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and time deposits with original 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 Company in the management of its short-term commitments.

Non-derivative financial obligations

The first financial obligations issued for indebtedness and subordinated obligations are recognized on the date of their creation. All other financial liabilities at the date of the transaction (including commitments at fair value through profit and loss) are initially recognized when the company is a party to the contractual provisions of the instrument.

The company excludes the financial obligation when it is exempted, canceled or its contractual obligations expire.

The company classifies non-derivative financial liabilities in other financial liabilities. The former is recognized at its fair value, plus transaction costs directly attributable to it. After initial recognition, financial liabilities are measured at amortized cost using the effective interest method, and include financial liabilities, loans and advances, bank overdrafts, suppliers and other credit balances.
Bank overdraft balances paid on demand and which form part of the company's fund management are included as a component of cash and cash equivalents when preparing the statement of cash flows.

36.3 Property, plant and equipment

Recognition and measurement

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

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labor and any other costs directly attributable to bringing the asset to a working condition for their intended use also, when the Company has an obligation to remove the asset or restore the site, an estimate of the costs of dismantling and removing the items and restoring the site on which they are located and capitalized borrowing costs.

Purchased software that is integral to the functionality of the related equipment is capitalized as part of that equipment .The cost of borrowing related the acquisition, establishment or manufacturing of any asset is recognized in profit or loss when they are incurred.

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

Any gain or loss on disposal of an item of property, plant and equipment (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognized in profit or loss.

Subsequent costs

Subsequent expenditure is capitalized only when it is probable that the future economic benefits associated with the expenditure will flow to the Company and highly accuracy measurement . Ongoing repairs and maintenance is expensed as incurred

(All amounts are in United States Dollar otherwise stated)

Depreciation
Items of property, plant and equipment are depreciated on a straight-line basis over the estimated useful lives of each component. Land is not depreciated.
The estimated useful lives as follows:

Class	Useful life after adjustments
Buildings	%2
Decorations & exhibition equipment	%10
Marine units	%10 – %2,5
Marine refurbishments	%40 – %20
Diving equipment	%20 – %10
Tools and Equipment	%33 – %14
Means of transportation	%25 – %20
Furniture & office equipment	%33 – %14

The depreciation of the asset begins when the asset is usable for the purpose for which it was intended. On the date of the financial statements, the methods of depreciation, the useful lives of the assets and their residual value are reviewed.

During the year 2015, the productive lives of the company's fixed assets were re-estimated for the marine units item, in accordance with the decision of the Board of Directors. January 2015.

36.4 Projects under construction

Expenditures incurred on purchasing and constructing fixed assets are initially recorded in projects under construction until the asset is completed and becomes ready for use. Upon the completion of the assets, all related costs are transferred to fixed assets. Projects under construction are measured at cost less accumulated impairment losses. No depreciation is charged until the project is completed and transferred to fixed assets.

36.5 Intangible assets

Intangible assets are measured at cost, which is the cash price at the date of recognition. In the event of deferment of payment for periods exceeding the normal credit period, the difference between the cash price and the total amount paid is recognized as interest. Intangible assets are presented net of depreciation and impairment losses. Subsequent expenditures on the acquisition of intangible assets are capitalized only when such expenditures increase the future economic benefits of the asset or assets. All other expenses are charged to the income statement when incurred. Intangible assets are depreciated on a straight line basis over the useful lives of the intangible assets. If the useful life of intangible assets is indefinite, impairment testing is performed on a regular basis at each balance sheet date. Intangible assets are depreciated from the date on which they are available for use and have an estimated useful life of 5 years.

36.6 Expense recognition

Expenses are recognized in profit or loss when there is a decrease in future economic benefits due to a decrease in an asset or an increase in a liability" and can be measured with confidence. This means, in fact, that the recognition of expenses takes place simultaneously with the recognition of an increase in liabilities or a decrease in assets. Expenses are recognized in the income statement on the basis that there is a direct correlation between costs incurred and revenue earned (corresponding to costs with revenue).

When economic benefits are expected to arise over many accounting periods” and the association with income can be determined generally or only indirectly, the expenses must be recognized in the income statement on a regular and reasonable basis for distribution.
The expense is recognized immediately in the income statement “when the expense does not generate any future economic benefits or when the future economic benefits do not qualify” or no longer qualifies; to be recognized as an asset in the financial statements.

36.7 Goodwill

Goodwill arising from the acquisition of a subsidiary represents the excess of the acquisition cost over the Group's share of the net fair value of assets and liabilities; and potential liabilities acquired at the acquisition date. The goodwill is initially recognized at cost as an asset and is subsequently measured at cost less the total losses arising from impairment.
For the purposes of impairment tests, goodwill is allocated; Acquired on business combination” on each of the group’s cash-generating units that are expected to benefit from the combination. The impairment test is performed for the cash-generating units to which the goodwill has been allocated annually or periodically if events or changes in circumstances indicate that there is an indication of impairment in the value of goodwill.
If the recoverable amount of a cash-generating unit is less than the net book value of that unit, the impairment loss is allocated.
In the book value of the unit assets first to reduce the book value of the goodwill allocated to the cash-generating unit. Then reduce the assets
other assets of the unit pro rata on the basis of the carrying amount of each asset in the unit. The loss resulting from the impairment of goodwill is not reversed in a subsequent period.

36.8 Inventories

The inventory of spare parts and fuel is recorded at cost and the cost of the inventory includes the purchase price and all other expenses related to spare parts until they reach the stores, and the cost of inventory is determined according to the weighted average method; The cost of inventory is charged to operating costs. Inventory is valued at the end of the year at cost according to the weighted average method or at net realizable value, whichever is lower.

36.9 Impairment

Non - derivative financial assets

A financial asset not classified as at fair value through profit or loss, including an interest in an equity accounted investee, is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset, and that the loss had an negative impact on the estimated future cash flows of that asset that can be estimated reliably.

Non-financial assets

The carrying amounts of the Company’s non-financial assets, other than inventories and deferred tax assets, 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.
For intangible assets that have indefinite useful lives, the recoverable amount is tested annually for impairment.

An impairment loss is recognized if the carrying amount of an asset or cash – generating unit (CGU) exceeds its recoverable amount.

Impairment on financial assets

Group companies assess at each balance sheet date whether there is objective evidence that a financial asset is impaired. Impairment of the value of a financial asset and losses resulting from impairment are borne only if there is objective evidence of impairment as a result of the occurrence of one or more events after the initial recognition of the asset and this event or these events had an impact that can be reliably evaluated on the expected future cash flows of the financial asset. For financial assets carried at amortized cost, the impairment loss is the difference between the carrying amount of those assets and the present value of future cash flows, discounted at the original effective interest rate of the financial asset. The book value of the financial asset is reduced directly, except for customer accounts, which are reduced in value using a provision, and debts that are confirmed not to be collected through this provision are written off.

The value of the losses recognized by the shall be refunded either directly or by settling the allowance account and such cancellation shall not create a book value of the financial asset that exceeds the amortized cost at the date of derecognition of the impairment losses if such impairment losses had not been recognized. The value of the derecognition is recognized in profit or loss. this is. The value of the derecognition is recognized in profit or loss.

In accordance with the decision of the company's board of directors dated June 14, 2017, it was approved to amend the policy of the group companies in the formation of impairment losses related to customer balances to become in accordance with the following:

1- 30% of the invoice balance after one year from the due date of collecting the invoice
2- 30% of the invoice balance after two years from the due date of collecting the invoice
3- 40% of the invoice balance after three years from the due date of collecting the invoice

It should be noted that on May 5, 2018, the resolution was unanimously approved by the company's Ordinary General Assembly

36.10 Provisions

A provision is recognized only when the Group has a present legal or constructive obligation as a result of a past event and an outflow of economic resources is expected to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognized as a provision must express the best estimate of the expenditures required to settle the present obligation at the date of the financial statements, taking into account the risks and uncertainties surrounding the value to be recognized as a provision. When the effect of the time value of money is material, the amount recognized as a provision It is the present value of the amounts expected to settle the obligation. When it is expected that some or all of the expenses required to settle a provision will be recovered from another third party, the reimbursement is recognized as an asset when it is certain that the reimbursement will take place, with the possibility of reliably measuring the reimbursement amount.

36.11 Dividends

Dividends are recognized as a liability in the period in which the distribution is announced.

36.12 Employee benefits

Defined contribution plans

The company contributes to the governmental social insurance system for the benefit of its employees in accordance with the Social Insurance Law." According to this law, the employees and the company contribute to the system in a fixed percentage of wages, and the company's obligation is limited to the value of its contribution, and the company's contributions are charged to the income statement according to the accrual principle.

Employees profit share

According to the articles of association, the company pays a percentage of the cash dividends as a share to the employees in the profits in accordance with the rules proposed by the company's board of directors and approved by the general assembly. .

36.13 Revenue

Revenue from contracts with customers is recognized by the company based on five step modules as identified in EAS No. (48):

Step 1: Determine the contract (contracts) with customer: A contract is defined as an agreement between two or more parties that meets the rights and obligations based on specified standards which must be met for each contract.

Step 2: Determine the performance obligations in contract: Performance obligations is a consideration when the goods and services are delivered.

Step 3: Determine the transaction price: Transaction price is the compensation amount that the company expects to recognize to receive for the transfer of goods or services to customer, except for the collected amounts on behalf of other parties.

Step 4: Allocation of the transaction price of the performance obligations in the contract: If the service concession arrangement contains more than one performance obligation, the company will allocate the transaction price on each performance obligation by an amount that specifies an amount against the contract in which the company expects to receive in exchange for each performance obligation satisfaction.

Step 5: Revenue recognition when the entity satisfies its performance obligations.

The company satisfy the performance obligation and recognize revenue over time, if one of the following criteria is met: -

a- Company's performance does not arise any asset that has an alternative use of the company and the company has an enforceable right to pay for completed performance until the date.

b- The company arise or improves a customer-controlled asset when the asset is arising or improved.

c- The customer receives and consumes the benefits of company's performance at the same time as soon as the company has performed.

d- For performance obligations, if one of the above conditions is met, revenue is recognized in the period in which the company satisfies performance obligation.

When the company satisfies performance obligation by providing the services promised, it creates an asset based on payment for the contract performance obtained, when the amount of the contract received from customer exceeds the amount of the revenue recognized, resulting advance payments from the customer (contractual obligation)

Revenue is recognized to the extent that is potential for the flow of economic benefits to the company, revenue and costs can be measured reliably, where appropriate.

The application of Egyptian Accounting Standard No. 48 requires management to use the following judgements:

Satisfaction of performance obligation

The company should assess all contracts with customers to determine whether performance obligations are satisfied over a period or at a point in time in order to determine the appropriate method for revenue recognition. The company estimated that, and based on the agreement with customers, the company does not arise asset has alternative use to the company and usually has an enforceable right to pay it for completed performance to the date.

In these circumstances, the company recognizes revenue over a period, and if that is not the case, revenue is recognized at a point in time for the sale of goods, and revenue is usually recognized at a point in time.

Determine the transaction price
The company has to determine the price of the transaction in its agreement with customers, using this judgement, the company estimates the impact of any variable contract price on the contract due to discount, fines, any significant financing component in the contract, or any non-cash contract.

Control transfer in contracts with customers
If the company determines the performance obligations satisfaction at a point of time, revenue is recognized when control of related contract' assets are transferred to the customer.

In addition, the application of Egyptian Accounting Standard No. 48 has resulted in:
Allocation of the transaction price of performance obligation in contracts with customers
The company elected to apply the input method to allocate the transaction price to performance obligations accordingly that revenue is recognized over a period of time, the company considers the use of the input method, which requires recognition of revenue based on the company's efforts to satisfy performance obligations, provides the best reference to the realized revenue. When applying the input method, the company estimates

efforts or inputs to satisfy a performance obligation, in addition to the cost of satisfying a contractual obligation with customers, these estimates include the time spent on service contracts.

Revenue sources	**Revenue recognition**
Marine unit's rental	At the time
Supplying food for crews of marine units and other revenues	At the time

Income from renting marine units
Revenue is measured based on considerations specified in contracts with customers and excludes amounts collected on behalf of third parties. The company recognizes revenue when the service is provided to the customer, on delivery to the customer.
If the consideration promised in the contract includes a variable amount, the company estimates what fees it is entitled to for services rendered to the customer.

Contract revenue
Revenue is measured based on considerations specified in contracts with customers and excludes amounts collected on behalf of third parties. The company recognizes revenue when the good is delivered to the customer, on delivery to the customer.
If the consideration promised in the contract includes a variable amount, the company estimates what it is entitled to in exchange for transferring the promised goods or services to the customer.

Credit interest and other income
Credit interest is recognized using the effective interest rate method, and other income is recognized on an accrual basis.

36.14 Fair value measurement

A number of the Company's accounting policies and related disclosure requirements require the determination of the fair value of financial and non-financial assets and liabilities. The fair value is determined for measurement or disclosure purposes, and the notes complementing the financial statements of assets and liabilities are disclosed, whenever possible, about any additional information about the assumptions used in determining the fair value in the notes for those assets and liabilities.

Other intangible assets

The fair value of other intangible assets is determined based on the discounted cash flows expected to be obtained from the final use and sale of the assets.

Trade receivables

Trade receivables are initially recognized at fair value and subsequently at amortized cost using the effective interest method less the provision for impairment of those receivables. The provision for impairment of the value of debtors is formed when there is objective evidence that the company will not be able to collect all the amounts due according to the original terms of the contract, and the impairment represents the difference in the book value and the present value of the expected cash flows. The cash flows are discounted using the effective interest rate. The book value is reduced by using the allowance for impairment and the loss is recorded in the income statement. When the balances of trade receivables are not collected, they are written off using the provision created, and when those amounts previously destroyed are collected, they are included in the income statement.

Trade payables

Commercial creditors generally prove the value of the goods and services received from third parties, whether invoices are received for them or not. When this is significant, the goods and services received as well as trade creditors are recognized at the present value of the expected cash outflows using the interest rate of identical loans, and trade creditors are subsequently stated at amortized cost using the effective interest rate method.

36.15 Lease contract

At the outset of the contract, the company assesses whether the contract is a lease or includes a lease. The contract is a lease or includes a lease if the contract conveys the right to control the use of a specific asset for a period of time in exchange for consideration. To assess whether a lease conveys the right to control the use of a specific asset, the Group uses the definition of a lease in Egyptian Accounting Standard No. (49).

This policy applies to contracts concluded since or after the establishment of the company.

Lessee

On initiation or upon modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on a pro-rata basis, however, for real estate leases, the Group has elected not to separate the non-lease components and accounting for the lease and non-lease components as the lease component single.

The Group recognizes a right-of-use asset and a lease liability on the date of the lease inception. The usufruct asset is initially measured at cost, which includes the initial amount of the lease obligation and is settled by any amounts paid on or before the date of the contract inception, plus any initial direct costs incurred and the estimated costs of dismantling and removing the underlying asset or restoring the asset itself or the location in which it is located. The asset, less any rental incentives received.

The usufruct asset is subsequently depreciated using the straight-line method from the date of the contract inception until the end of the lease term, unless the lease transfers ownership of the underlying asset to the group at the end of the lease term, or if the cost of the usufruct asset reflects that the group will exercise the purchase option, In this case, the usufruct asset is depreciated over the useful life of the asset, which is determined on the same basis for real estate and equipment. In addition, the usufruct asset is periodically reduced by the value of the impairment losses, if any, and is adjusted by re-measuring the lease liability.

The lease liability is initially measured at the present value of the lease payments not paid at the commencement date of the contract, discounted using the interest rate implicit in the lease, or, if that rate cannot be readily determined, the Group's incremental borrowing rate should be used. Generally, the Group uses its incremental borrowing rate as the discount rate.

The Group determines the incremental borrowing rate by obtaining interest rates from various external sources of financing and making certain adjustments to reflect the terms of the lease and the type of asset being leased.

The lease payments included in the lease liability measurement consist of the following:
(a) Fixed payments, which include essentially fixed payments.
B- Variable lease payments that depend on an index or a rate, and were initially measured using the index or rate at the start of the lease contract.
C- Amounts expected to be paid by the lessee under residual value guarantees.
(d) the exercise price of a purchase option if the group is reasonably certain to exercise that option, lease payments in the optional renewal period if the group is reasonably certain to exercise an extension option, and penalties for early termination of the lease unless the group is reasonably certain not to terminate early .

The lease liability is measured at amortized cost using the effective interest method. which is re-measured if there are changes in future lease payments resulting from the dust in an index or rate used to determine those payments, if there is a change in the group's estimate of the amount expected to be paid under a residual value guarantee, if the group changes its assessment of whether to exercise a purchase option extension, termination, or if there is a substantially fixed rent payment.

When the lease liability is re-measured in this way, an adjustment is made to the carrying amount of the right of use asset, or it is recorded in profit or loss if the carrying amount of the right of use asset is reduced to zero.

The Group presents right-of-use assets that do not meet the definition of investment property within property, plant and equipment and lease commitments within loans and advances in the statement of financial position.

Short-term leases and leases of small-value assets
The Group has elected not to recognize right-of-use assets and lease liabilities for leases of small value assets and short-term leases, including information technology equipment. The Group recognizes lease payments associated with these leases as an expense on a straight line basis over the term of the lease.