Abu Dhabi Ship Building PJSC

Interim Condensed Consolidated Financial Information (Unaudited)
For the six-month period ended 30 June 2026

Abu Dhabi Ship Building PJSC
Interim condensed consolidated financial information (unaudited)
For the six-month period ended 30 June 2026

Table of contents

RAI AUDIT
راي للتدقيق

REPORT ON REVIEW OF THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

To the Shareholders of Abu Dhabi Ship Building PJSC

Introduction

We have reviewed the accompanying interim condensed consolidated statement of financial position of Abu Dhabi Ship Building PJSC (the "Company") and its subsidiaries (together the "Group") as at 30 June 2026 and the related interim condensed consolidated statement of profit or loss and other comprehensive income for the three-month and six-month periods then ended, interim condensed consolidated statement of changes in equity and interim condensed consolidated statement of cash flows for the six-month period then ended and explanatory notes.

Management is responsible for the preparation and presentation of this interim condensed consolidated financial information in accordance with International Accounting Standard 34 - Interim Financial Reporting ("IAS 34"). Our responsibility is to express a conclusion on this interim condensed consolidated financial information based on our review.

Scope of review

We conducted our review in accordance with the International Standard on Review Engagements 2410 - Review of Interim Financial Information Performed by the Independent Auditor of the Entity. A review of interim condensed consolidated financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Other matter

The consolidated financial statements of the Group for the year ended 31 December 2025 were audited by another auditor who expressed an unmodified opinion on those consolidated financial statements on 18 March 2026. The interim condensed consolidated financial information of the Group for the six-month period ended 30 June 2025 was reviewed by another auditor who issued an unmodified conclusion on that interim condensed consolidated financial information on 14 August 2025.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial information is not prepared, in all material respects, in accordance with IAS 34.

For RAI Audit and Tax Services,

Auditor Name: **Ashraf Eradhun**
Entry Number: 5446
Date: 12 August 2026
Abu Dhabi, United Arab Emirates

Abu Dhabi Ship Building PJSC

Interim condensed consolidated statement of financial position
As at 30 June 2026

	Notes	(Unaudited) 30 June 2026 AED '000	(Audited) 31 December 2025 AED '000
Assets			
Non-current assets			
Property, plant and equipment	4	**153,355**	153,932
Intangible assets		**3,700**	3,748
Right-of-use assets		**2,365**	3,404
Advances to suppliers	6	**749,427**	147,634
Deferred tax asset	16	**9,553**	-
Total non-current assets		**918,400**	308,718
Current assets			
Inventories		**70,641**	51,998
Contract assets	5	**794,146**	304,588
Trade and other receivables	6	**1,626,553**	1,741,762
Bank balances and cash	7	**891,191**	410,962
Total current assets		**3,382,531**	2,509,310
Total assets		**4,300,931**	2,818,028
Equity and liabilities			
Equity			
Share capital	8	**211,992**	211,992
Statutory reserve		**25,243**	25,243
(Accumulated losses) / retained earnings		**(53,854)**	83,095
Equity attributable to owners of the parent		**183,381**	320,330
Non-controlling interests		**(138)**	(138)
Total equity		**183,243**	320,192
Liabilities			
Non-current liabilities			
Employees' end of service benefits		**38,719**	35,852
Advances from customers	9	**1,104,522**	267,544
Lease liabilities		**59**	1,515
Total non-current liabilities		**1,143,300**	304,911
Current liabilities			
Trade and other payables	10	**962,608**	1,019,947
Advances from customers	9	**891,558**	443,954
Contract liabilities	5	**1,089,988**	599,717
Income tax payable		**2,581**	2,581
Lease liabilities		**3,773**	2,349
Bank overdrafts	11	**23,880**	124,377
Total current liabilities		**2,974,388**	2,192,925
Total liabilities		**4,117,688**	2,497,836
Total equity and liabilities		**4,300,931**	2,818,028

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

The accompanying notes on pages 6 to 20 form an integral part of this interim condensed consolidated financial information.

Abu Dhabi Ship Building PJSC

Interim condensed consolidated statement of profit or loss and other comprehensive income
For the six-month period ended 30 June 2026

	Notes	**(Unaudited) Three-month period ended 30 June 2026 AED '000**	(Unaudited) Three-month period ended 30 June 2025 AED '000	**(Unaudited) Six-month period ended 30 June 2026 AED '000**	(Unaudited) Six-month period ended 30 June 2025 AED '000
Contract revenues		**239,753**	264,871	**665,770**	517,926
Contract costs		**(328,920)**	(255,294)	**(727,273)**	(483,021)
Gross (loss) / profit		**(89,167)**	9,577	**(61,503)**	34,905
General and administrative expenses		**(24,790)**	(21,048)	**(47,600)**	(39,406)
Reversal of expected credit losses	5, 6	**651**	8,164	**8,390**	4,420
Depreciation and amortization charges		**(3,120)**	(2,457)	**(6,124)**	(4,920)
Finance costs		**(1,047)**	(1,959)	**(2,776)**	(4,347)
Finance income		**2,280**	636	**2,892**	2,768
Other income, net		**2,025**	6,266	**497**	6,797
(Loss) / profit for the period before tax		**(113,168)**	(821)	**(106,224)**	217
Income tax benefit	16	**10,152**	-	**9,553**	-
(Loss) / profit for the period after tax		**(103,016)**	(821)	**(96,671)**	217
Other comprehensive income		**-**	-	**-**	-
Total comprehensive (loss) / income for the period		**(103,016)**	(821)	**(96,671)**	217
(Loss) / profit for the period after tax attributable to:					
Equity holders of the Company		**(103,016)**	(821)	**(96,671)**	217
Non-controlling interest		**-**	-	**-**	-
		(103,016)	(821)	**(96,671)**	217
Total comprehensive (loss) / income for the period attributable to:					
Equity holders of the Company		**(103,016)**	(821)	**(96,671)**	217
Non-controlling interest		**-**	-	**-**	-
		(103,016)	(821)	**(96,671)**	217
Basic and diluted (loss) / earnings per share (AED)	12	**(0.486)**	(0.004)	**(0.456)**	0.001

The accompanying notes on pages 6 to 20 form an integral part of this interim condensed consolidated financial information.

Abu Dhabi Ship Building PJSC

Interim condensed consolidated statement of changes in equity
For the six-month period ended 30 June 2026

	Share capital AED'000	Statutory reserve AED'000	Retained earnings / (Accumulated losses) AED'000	Equity attributable to owners of the Parent AED'000	Non-controlling interests AED'000	Total equity AED'000
Balance as at 1 January 2025 (Audited)	211,992	22,215	96,113	330,320	(138)	330,182
Total comprehensive income for the period	-	-	217	217	-	217
Payment of dividends (note 17)	-	-	(40,278)	(40,278)	-	(40,278)
Balance as at 30 June 2025 (Unaudited)	**211,992**	**22,215**	**56,052**	**290,259**	**(138)**	**290,121**
Balance as at 1 January 2026 (Audited)	211,992	25,243	83,095	320,330	(138)	320,192
Total comprehensive loss for the period	-	-	(96,671)	(96,671)	-	(96,671)
Payment of dividends (note 17)	-	-	(40,278)	(40,278)	-	(40,278)
Balance as at 30 June 2026 (Unaudited)	**211,992**	**25,243**	**(53,854)**	**183,381**	**(138)**	**183,243**

The accompanying notes on pages 6 to 20 form an integral part of this interim condensed consolidated financial information.

Interim condensed consolidated statement of cash flows
For the six-month period ended 30 June 2026

	Notes	**(Unaudited) Six-month period ended 30 June 2026 AED'000**	(Unaudited) Six-month period ended 30 June 2025 AED'000
Cash flows from operating activities			
(Loss) / profit for the period before tax		**(106,224)**	217
Adjustments for:			
Depreciation and amortization charges		**15,001**	12,810
Provision for employees' end of service benefits		**3,725**	3,172
Provision for expected credit losses on contract assets	5	**140**	638
Reversal of expected credit losses on receivables, net	6	**(8,530)**	(5,058)
Finance income		**(2,892)**	(2,768)
Finance costs		**2,875**	4,450
		(95,905)	13,461
Changes in working capital:			
Inventories		**(18,643)**	(5,142)
Contract assets		**(489,698)**	77,751
Trade and other receivables and advances to suppliers		**(476,764)**	(480,625)
Trade and other payables		**(57,449)**	(148,219)
Contract liabilities		**490,271**	308,652
Advances from customers		**1,284,582**	(82,149)
Cash generated from/ (used in) operations		**636,394**	(316,271)
Payment of employees' end of service benefits		**(858)**	(569)
Net cash generated from/ (used in) operating activities		**635,536**	(316,840)
Cash flows from investing activities			
Purchase of property, plant and equipment		**(12,596)**	(6,359)
Purchase of intangible assets		**(741)**	(549)
Finance income received		**1,602**	2,750
Net cash used in investing activities		**(11,735)**	(4,158)
Cash flow from financing activities			
Finance costs paid		**(2,761)**	(4,336)
Payment of dividends	17	**(40,278)**	(40,278)
Payments of lease liabilities		**(36)**	(2,581)
Net cash used in financing activities		**(43,075)**	(47,195)
Net increase/ (decrease) in cash and cash equivalents		**580,726**	(368,193)
Cash and cash equivalents, beginning of period		**286,585**	528,413
Cash and cash equivalents, end of period	7	**867,311**	160,220

The accompanying notes on pages 6 to 20 form an integral part of this interim condensed consolidated financial information.

1 Company information

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

The interim condensed consolidated financial information has been prepared in accordance with the requirements of the applicable laws and regulations, including UAE Federal Law No. (32) of 2021. The Company's management is currently in the process of amending the statutory documents, to reflect the changes required due to application of the UAE Federal law No. (32) of 2021.

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

EDGE Defense Platforms & Systems is the Parent of the Group which owns 49.96% of the share capital. The Company's ordinary shares are listed on the Abu Dhabi Securities Exchange.

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

	Interest (%)			
Name of subsidiary	***30 June 2026***	*31 December 2025*	*Country of incorporation*	*Principal activity*
Abu Dhabi Systems Integration LLC ("ADSI")	**100%**	100%	UAE	Import and commissioning of integrated electronic systems and computer programs
Gulf Logistics and Naval Support LLC ("GLNS")	**100%**	100%	UAE	Provision of naval support services
Safwa Marine L.L.C.	**100%**	100%	UAE	Trading of ships and boats
ADSB Investments Limited	**100%**	100%	UAE	Holding of investments
Frontiers Industrial Investment LLC	**99%**	99%	UAE	System integration and technology development and implementation
High Speed Craft Company LLC	**100%**	100%	UAE	Marine machine and equipment repairing and maintenance

The interim condensed consolidated financial information was approved and authorized for issue by the Board of Directors on 11 August 2026.

2 Basis of preparation

2.1 Statement of compliance

The interim condensed consolidated financial information is prepared in accordance with International Accounting Standard (IAS) 34 "Interim Financial Reporting" and also comply with the applicable requirements of the UAE Federal Law No. (32) of 2021 and the applicable laws in the UAE.

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

The interim condensed consolidated financial information has been prepared on an accrual basis and under the historical cost convention. The interim condensed consolidated financial information does not include all the information and disclosures required in the full consolidated financial statements prepared in accordance with IFRS Accounting Standards and should be read in conjunction with the Group's annual consolidated financial statements for the year ended 31 December 2025. In addition, the results for the six-month period ended 30 June 2026 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2026.

2.2 Basis of consolidation

The interim condensed consolidated financial information comprises the financial information of the Company and its subsidiaries as at 30 June 2026. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

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

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

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

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial information of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

2 Basis of preparation *(continued)*

2.2 Basis of consolidation *(continued)*

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

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

The interim condensed consolidated financial information of the Group represents the financial information of the Company and its subsidiaries mentioned in note 1.

2.3 Application of new and revised IFRS Accounting Standards

Application of new and revised IFRS Accounting Standards

Title	Effective date
Amendments to the Classification and Measurement of Financial Instruments (Amendments to IFRS 9 and IFRS 7)	1 January 2026
Annual Improvements to IFRS Accounting Standards – Volume 11	1 January 2026
Contracts Referencing Nature-dependent Electricity (Amendments to IFRS 9 and IFRS 7)	1 January 2026

These amendments have been adopted by the Group and did not have a material impact on this interim condensed consolidated financial information.

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

Title	Effective date
IFRS 18 Presentation and Disclosures in Financial Statements	1 January 2027
IFRS 19 Subsidiaries without Public Accountability: Disclosures	1 January 2027
Regulatory Assets and Regulatory Liabilities (IFRS 20)	1 January 2027
Fair Value Option for Investments in Associates and Joint Ventures (Amendments to IAS 28)	1 January 2027
Translation to a Hyperinflationary Presentation Currency (Amendments to IAS 21)	1 January 2027

The Group is in the process of assessing the impact of the above standards and amendments on the interim condensed consolidated financial information.

2.4 Significant judgements and estimates

The preparation of these interim condensed consolidated financial information requires management to make judgements and estimates that affect the reported amounts. Except as described below, there have been no significant changes in judgements and estimates compared to those applied in the most recent annual financial statements.

2 Basis of preparation *(continued)*

2.4 Significant judgements and estimates *(continued)*

Expected credit losses
During the period, the Group updated its methodology for measuring expected credit losses on contract assets and trade receivables by considering advances received from customers and excess billings in assessing the expected loss given default. This change requires the application of judgement in determining the extent to which such balances reduce the expected cash shortfall in the event of default. The impact of this update has been reflected in the measurement of expected credit losses for the period (refer Notes 5 and 6).

Income Tax
The Group has exercised significant judgement in assessing the recoverability of deferred tax assets. Based on management's current forecasts and expectations, the Group expects to generate sufficient taxable profits in the foreseeable future against which the deferred tax assets can be utilised. Management will continue to reassess the recoverability of the deferred tax assets at each reporting date based on updated forecasts and expectations.

3 Material accounting policy information

The accounting policies applied in the interim condensed consolidated financial information are the same as those applied in the Group's consolidated financial statements as at and for the year ended 31 December 2025.

4 Property, plant and equipment

During the six-month period ended 30 June 2026, the Group acquired assets with a cost of AED 12,596 thousand (six-month period ended 30 June 2025: AED 6,359 thousand). Depreciation charges for the six-month period ended 30 June 2026 amounted to AED 13,173 thousand (six-month period ended 30 June 2025: AED 11,285 thousand).

	30 June 2026 AED '000 (Unaudited)	31 December 2025 AED '000 (Audited)
Net book value at beginning of the period/year	**153,932**	148,012
Additions during the period/year	**12,596**	29,679
Depreciation charge for the period/year	**(13,173)**	(23,759)
	153,355	153,932

The depreciation charges have been allocated to the contract costs and general and administrative expenses as follows:

	Six-month period ended 30 June 2026 AED '000 (Unaudited)	Six-month period ended 30 June 2025 AED '000 (Unaudited)
Contract costs	**7,967**	6,978
General and administrative expenses	**5,206**	4,307
	13,173	11,285

5 Contract assets / (Contract liabilities)

	30 June 2026 AED '000 (Unaudited)	31 December 2025 AED '000 (Audited)
Contracts assets, net of allowance for expected credit losses	**794,146**	304,588
Contracts liabilities	**(1,089,988)**	(599,717)
	(295,842)	(295,129)

	30 June 2026 AED '000 (Unaudited)	31 December 2025 AED '000 (Audited)
Value of work executed	**15,114,998**	14,449,228
Progress billings to customers	**(15,410,840)**	(14,744,357)
	(295,842)	(295,129)

Contract assets are stated net of an allowance for expected credit losses. The measurement of expected credit losses involves the application of judgement (refer Note 2.4). The movements in the allowance are as follows:

	30 June 2026 AED '000 (Unaudited)	31 December 2025 AED '000 (Audited)
At the beginning of the period/year	**4,834**	4,783
Charge during the period/year	**140**	51
Reversals	**-**	-
At the end of the period/year	**4,974**	4,834

Significant customer contract arrangements during the period

During the six-month period ended 30 June 2026, the Group entered into a new customer arrangement under which two vessels previously allocated to an existing customer contract were reassigned to the new customer following an agreement to revise the delivery schedule under the existing customer contract.

Consequently, revenue of AED 726,964 thousand previously recognised in respect of these vessels under the existing customer contract was reversed during the period. The actual costs incurred to date relating to the transferred vessels were also reassigned to the new customer arrangement to reflect the transfer of the related performance obligations. Revenue of AED 605,445 thousand was concurrently recognised under the new customer arrangement based on the progress of work performed as at 30 June 2026. Following the transfer, revenue in respect of the transferred vessels was remeasured based on the percentage of completion under the new customer arrangement. As this percentage of completion was lower than that previously applied under the existing customer contract, cumulative revenue recognised decreased while the related costs incurred remained unchanged, resulting in an overall gross loss during the period.

The reassignment also resulted in the reclassification of consideration previously received from the existing customer to contract liabilities of AED 726,964 thousand, reflecting the Group's future performance obligations under the revised customer arrangement. On the other hand, contract assets of AED 605,445 thousand were recognised in relation to revenue recognised due to the transfer under the new customer arrangement and a corresponding advance of AED 1,383,448 thousand were received.

6 Trade and other receivables

	30 June 2026 AED '000 (Unaudited)	31 December 2025 AED '000 (Audited)
Trade receivables	**1,188,307**	1,370,227
Less: allowance for expected credit losses	**(14,851)**	(23,381)
Trade receivables, net	**1,173,456**	1,346,846
Advances paid to suppliers*	**441,160**	376,866
Prepayments and other receivables	**11,937**	18,050
	1,626,553	1,741,762

*Advances paid to suppliers are analysed in the interim condensed consolidated statement of financial position as follows:

	30 June 2026 AED '000 (Unaudited)	31 December 2025 AED '000 (Audited)
Current (included within trade and other receivables)	**441,160**	376,866
Non-current	**749,427**	147,634
Total	**1,190,587**	524,500

The movement in the allowance for expected credit losses of trade receivables during the period/year was as follows:

	30 June 2026 AED '000 (Unaudited)	31 December 2025 AED '000 (Audited)
At the beginning of the period/year	**23,381**	24,267
Reversals and recoveries, net**	**(8,530)**	(886)
At the end of the period/year	**14,851**	23,381

** Reversals during the period primarily reflect the impact of changes in the expected credit loss methodology, including the consideration of advances received and excess billings in determining the net exposure to credit loss upon default (refer Note 2.4) and recoveries arising from collections. Comparative period movements relate to recoveries arising from collections and reversal of provisions.

7 Cash and cash equivalents

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

	30 June 2026 AED '000 (Unaudited)	31 December 2025 AED '000 (Audited)
Bank balances	**190,316**	281,375
Fixed deposits	**700,875**	129,587
Bank balances and cash	**891,191**	410,962
Less: Bank overdrafts (Note 11)	**(23,880)**	(124,377)
Cash and cash equivalents	**867,311**	286,585

All fixed deposits have an original maturity of less than three months.

8 Share capital

	30 June 2026 AED '000 (Unaudited)	31 December 2025 AED '000 (Audited)
Authorised, issued and fully paid	**211,992**	211,992

9 Advances from customers

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

	30 June 2026 AED '000 (Unaudited)	31 December 2025 AED '000 (Audited)
Current	**891,558**	443,954
Non-current	**1,104,522**	267,544
Total	**1,996,080**	711,498

10 Trade and other payables

	30 June 2026 AED '000 (Unaudited)	31 December 2025 AED '000 (Audited)
Trade payables	**60,655**	71,133
Project accruals	**848,249**	889,174
Other accruals and payables	**53,704**	59,640
	962,608	1,019,947

10 Trade and other payables *(continued)*

The carrying value of the trade and other payables is considered to be reasonable approximation of fair value.

The average credit period on purchases of goods is 60 days (2025: 60 days). No interest is charged on the trade payables. The Group has financial risk management policies in place to ensure that all payables are paid within the credit timeframe.

11 Bank overdrafts

	30 June 2026 AED '000 (Unaudited)	31 December 2025 AED '000 (Audited)
Bank overdrafts from commercial banks	**23,880**	124,377

The overdraft facilities carry interest at prevailing market rates.

As at 30 June 2026, the Group has AED 351,120 thousand (31 December 2025: AED 250,623 thousand) as available undrawn overdraft facilities.

12 Basic and diluted (loss) / earnings per share

Basic (loss) / earnings per share is calculated by dividing the earnings for the period attributable to the owners of the Company by the weighted average number of shares outstanding during the period as follows:

The calculation of (loss) / earnings per share is as follows:

	Three-month period ended 30 June 2026 AED '000 (Unaudited)	Three-month period ended 30 June 2025 AED '000 (Unaudited)	**Six-month period ended 30 June 2026 AED '000 (Unaudited)**	Six-month period ended 30 June 2025 AED '000 (Unaudited)
(Loss) / profit for the period after tax attributable to the owners of the Company (AED'000)	**(103,016)**	(821)	**(96,671)**	217
Weighted average number of ordinary shares issued throughout the period (AED'000)	**211,992**	211,992	**211,992**	211,992
Basic and diluted (loss) / earnings per share (AED)	**(0.486)**	(0.004)	**(0.456)**	0.001

During the period, the Group has not issued any instruments that have an impact on earnings per share when exercised (30 June 2025: nil).

13 Related party transactions and balances

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

13 Related party transactions and balances *(continued)*

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

	Six-month period ended 30 June 2026 AED '000 (Unaudited)	Six-month period ended 30 June 2025 AED '000 (Unaudited)
Key management compensation:		
Salaries, bonuses and other benefits	**9,334**	6,945
Post-employment benefits	**987**	707
	10,321	7,652
Directors' remuneration	**1,500**	1,500

Related party transactions:

The details of material related party transactions during the period were as follows:

	Six-month period ended 30 June 2026 AED '000 (Unaudited)	Six-month period ended 30 June 2025 AED '000 (Unaudited)
Revenues from related parties *(Affiliates)*	**721,903**	7,618
Purchases from related parties *(Affiliates)*	**4,928**	8,796

Related party balances:

	30 June 2026 AED '000 (Unaudited)	31 December 2025 AED '000 (Audited)
Due from related parties (included in trade and other receivables and contract assets) *(Affiliates)*	**616,585**	7,857
Due to related parties (included in trade and other payables, contract liabilities and advances from customers) *(Affiliates)*	**1,436,210**	171,089

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

14 Contingencies and capital commitments

Contingencies

The Group's bankers have issued, in the normal course of business, letters of guarantee, performance bonds and letters of credit amounting to AED 1,818,916 thousand (31 December 2025: AED 1,859,520 thousand) in respect of contract performance and advances relating to shipbuilding and overhaul contracts in progress at the end of the reporting period.

Commitments

Capital expenditure contracted for at the end of the reporting period but not recognised in these interim condensed consolidated financial statements amounted to AED 18,076 thousand (31 December 2025: AED 22,379 thousand).

15 Segment information

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

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

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

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

15 Segment information *(continued)*

	New Build AED'000	Small Boats AED'000	Maintenance, Repairs and Overhaul AED'000	Mission Systems AED'000	Unallocated AED'000	Eliminations AED'000	Group AED'000
Six-month period ended 30 June 2026 (Unaudited)							
Contract revenues	428,335	30,523	203,801	3,111	-	-	665,770
Contract costs	(505,577)	(30,612)	(187,421)	(3,663)	-	-	(727,273)
Gross (loss) / profit*	(77,242)	(89)	16,380	(552)	-	-	(61,503)
General and administrative expenses	(17,612)	(1,904)	(8,092)	(952)	(19,040)	-	(47,600)
Reversal of expected credit losses	7,250	647	419	69	5	-	8,390
Depreciation and amortization	(2,450)	(612)	(1,072)	-	(1,990)	-	(6,124)
Finance costs	-	-	-	-	(2,776)	-	(2,776)
Finance income	2,892	-	-	-	-	-	2,892
Other expense	-	-	-	-	497	-	497
Income tax benefit	-	-	-	-	9,553	-	9,553
Segment (loss) / profit	(87,162)	(1,958)	7,635	(1,435)	(13,751)	-	(96,671)

* The gross loss in the New Build segment was primarily attributable to the cumulative revenue reversal arising from the transfer of vessels from an existing customer contract to a new contract with another customer during the period, in accordance with the latest contractual arrangements (Note 5).

15 Segment information *(continued)*

	New Build AED'000	Small Boats AED'000	Maintenance, Repairs and Overhaul AED'000	Mission Systems AED'000	Unallocated AED'000	Eliminations AED'000	Group AED'000
Six-month period ended 30 June 2025 (Unaudited)							
Contract revenues	381,362	25,879	95,969	14,716	-	-	517,926
Contract costs	(359,516)	(24,690)	(85,459)	(13,356)	-	-	(483,021)
Gross profit	21,846	1,189	10,510	1,360	-	-	34,905
General and administrative expenses	(14,580)	(2,364)	(7,881)	(788)	(13,793)	-	(39,406)
Reversal of / (allowance for) / expected credit losses	4,361	36	(3)	31	(5)	-	4,420
Depreciation and amortization	(1,870)	(492)	(1,082)	-	(1,476)	-	(4,920)
Finance costs	-	-	-	-	(4,347)	-	(4,347)
Finance income	2,717	-	-	-	51	-	2,768
Other income	-	-	-	-	6,797	-	6,797
Income tax expense	-	-	-	-	-	-	-
Segment profit / (loss)	**12,474**	**(1,631)**	**1,544**	**603**	**(12,773)**	**-**	**217**

15 Segment information *(continued)*

	New Build AED'000	Small Boats AED'000	Maintenance, Repairs and Overhaul AED'000	Mission Systems AED'000	Unallocated AED'000	Eliminations AED'000	Group AED'000
As at 30 June 2026 (Unaudited)							
Assets	**3,795,820**	**123,237**	**269,113**	**25,988**	**96,906**	**(10,133)**	**4,300,931**
Liabilities	**3,781,539**	**46,623**	**106,757**	**51,904**	**131,675**	**-**	**4,117,688**
Capital expenditure	**6,335**	**867**	**2,134**	**-**	**4,001**	**-**	**13,337**
As at 31 December 2025 (Audited)							
Assets	2,253,706	108,573	357,819	20,044	88,019	(10,133)	2,818,028
Liabilities	1,952,611	68,482	202,052	32,250	242,441	-	2,497,836
Capital expenditure	15,533	2,126	5,232	-	9,810	-	32,701

16 Income Tax

The charge for the period-ended is calculated based upon the taxable profit/ (loss) for the period at rates of tax applicable. The (credit)/ charge to the interim condensed consolidated statement of profit or loss and other comprehensive income for the period is as follows:

	Three-month period ended 30 June 2026 AED '000 (Unaudited)	Three-month period ended 30 June 2025 AED '000 (Unaudited)	**Six-month period ended 30 June 2026 AED '000 (Unaudited)**	Six-month period ended 30 June 2025 AED '000 (Unaudited)
Deferred income tax (credit) / expense	**(10,152)**	-	**(9,553)**	-

The deferred income tax credit recognised during the period reflects management's assessment that deferred tax assets are recoverable based on forecast future taxable profits.

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

	Six-month period ended 30 June 2026 AED '000 (Unaudited)	Six-month period ended 30 June 2025 AED '000 (Unaudited)
Accounting (loss) / profit before tax	**(106,224)**	217
Add: Expenses not deductible for tax purposes	**82**	137
Reversal of expenses not deductible for tax purposes	**-**	(4,314)
(Loss) / profit subject to tax	**(106,142)**	-
Less: Basic exemption limit	**-**	-
Income tax (credit) / expense at the statutory income tax rate of 9%	**(9,553)**	-

17 Dividends

On 27 April 2026, the shareholders of the Group approved, at the Company's Annual General Meeting, the distribution of cash dividends amounting to AED 40,278 thousand, representing 19% of the Company's share capital. The dividends were distributed on 22 May 2026. In the comparative period, the shareholders approved the distribution of cash dividends of AED 40,278 thousand, representing 19% of the Company's share capital, on 25 April 2025, and the dividends were distributed on 22 May 2025.

18 Fair value of financial instruments

Financial instruments comprise of financial assets and financial liabilities. Financial assets consist of bank balances and cash, trade and other receivables. Financial liabilities consist of trade and other payables, bank overdrafts and lease liabilities.

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

19 Ongoing regional conflict

The regional geopolitical situation has affected the Group's operations through supply chain delays and increases in sea, land and air freight costs. Certain programmes have been impacted by the non-availability of OEM support staff and the diversion of certain Group resources to support the UAE Armed Forces and the National Guard Command's urgent operational requirements. In addition, the retention and recruitment of blue-collar staff has been affected, resulting in manpower shortages and the need to prioritise certain programmes and maximise capacity utilisation. These factors have affected the execution of certain programmes and may impact the timing of revenue and profit recognition on those contracts. The Group continues to maintain a strong net cash position and sufficient liquidity to meet its operational requirements. Management continues to monitor the situation and assess its financial and operational impact on the Group.