***2020*** *2019 Notes* ***AED’000*** *AED’000*

Revenue from contracts with customers *3* **547,116** 976,386

Direct costs 4 **(444,227)** (847,602)

**Gross profit** **102,889** 128,784

Impairment loss on financial assets 13 **(7,486)** (22,549)

General and administrative expenses 7 **(71,543)** (98,416)

Other income 5 **8,899** 220

**Operating profit** **32,759** 8,039

Finance costs, net 6 **(1,320)** (4,007)

**Profit for the year** **31,439** 4,032

**Other comprehensive income**

*Items that may be subsequently reclassified to profit or loss:*

Loss on cash flow hedges 24 **-** (6)

**Total comprehensive income for the year 31,439** 4,026

***2020*** *2019*

*Notes* ***AED’000*** *AED’000*

**Assets**

**Non-current assets**

Property, plant and equipment 9 **4,645** 6,826

Intangible assets 10 **1,328** 70

Right of use assets 25 **1,353** 452

Retention receivables 12 **101,861**  86,791

**109,187** 94,139

**Current assets**

Inventories 11 **17,774** 18,132

Contract assets 12 **78,648** 83,241

Trade and other receivables 13 **105,783**  126,815

Due from related parties 21 **150,140** 267,793

Cash and bank balances 14 **3,527** 1,282

**355,872** 497,263

**Total assets** **465,059** 591,402

**Equity and liabilities**

**Equity**

Share capital 15 **10,000** 10,000

Statutory reserve 16 **5,000** 5,000

Retained earnings **34,979** 4,007

**49,979** 19,007

**Non-current liability**

Employees' end of service benefits 18 **26,074** 25,837

**Current liabilities**

Trade and other payables 20 **234,230** 273,705

Lease liabilities 25 **1,356** 478

Contract liabilities 12 **30,423** 35,043

Due to related parties 21 **2,385** 104,463

Bank borrowings 19 **87,131** 110,921

Loan from related parties 21 **33,481** 21,948

**389,006** 546,558

**Total liabilities 415,080** 572,395

**Total equity and liabilities** **465,059** 591,402

These financial statements were approved on ……………… and signed on behalf of Managers by:

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Manager

***2020*** *2019*

*Notes* ***AED’000*** *AED’000*

**Cash flows from operating activities**

Profit for the year **31,439** 4,032

**Adjustments for:**

Depreciation of property and equipment 9 **3,407** 4,437

Amortization of intangible assets 10 **1,353** 179

Depreciation on right-of-use assets 25 **554** 652

Interest on lease liabilities 25 **6** 27

Movement in cash flow hedge 24 - (6)

Impairment loss on trade receivables 13 **7486** -

Provision for employees’ end of service benefits 18 **4,576** 4,174

Gain on sale of property and equipment 9 **(181)** (81)

Finance income 6 **-** (408)

Finance cost 6 **1,314** 4,415

**Operating cash flows before payment of**

**employees’ end of service benefits and**

**changes in working capital** **49,954** 17,421

Employees’ end of service benefits paid 18 **(1,576)** (3,666)

**Changes in working capital:**

Inventories **358** 2,423

Contract assets **4,593** 34,616

Trade and other receivables **13,546** 52,606

Due from related parties **117,652** 31,993

Trade and other payables **(39,474)** (39,355)

Contract liabilities **(4,620)** (68,435)

Retention receivables **(15,070)** (57,424)

Due to related parties **(104,840)** 2,603

**Net cash flows generated from/(used in) operating activities** **20,523** (27,223)

Cash flows from investing activities

Purchase of property, plant and equipment 9 **(4,840)** (2,440)

Proceeds from sale of property, plant and equipment **1,184** 116

Interest received **-** 408

**Net cash flows used in investing activities** **(3,656)** (1,916)

Cash flows from financing activities

Dividends paid **(467)** (11,841)

Principal payment on lease liabilities **(578)** (661)

Interest on lease liabilities **(6)** (27)

Loan from related parties **11,533** 8,783

Drawdown of trust receipts **165,755** 34,811

Repayment of trust receipts **(189,590) -**

Interest paid 6 **(1,314)** (4,415)

**Net cash flows (used in)/generated from financing activities**  **(14,667)** 26,650

**Net increase / (decrease) in cash and cash equivalents** **2,200** (2,489)

Cash and cash equivalents at the beginning of the year **997** 3,486

**Cash and cash equivalents at the end of the year** 14 **3,197** 997

**Non-cash transactions**

Movement in cash flow hedge (6)

*Share Statutory Cash flow Retained*

*capital reserve hedge reserve earnings Total*

*AED’000 AED’000 AED’000 AED’000 AED’000*

As at 1 January 2019 10,000 5,000 6 11,851 26,857

Effect of adoption of IFRS 16 - - - (35) (35)

As at 1 January 2019 **10,000 5,000 6 11,816** **26,822**

Profit for the year - - - 4,032 4,032

Net loss on cash flow hedges - - (6) - (6)

Dividends - - - (11,841) (11,841)

**As at 31 December 2019 10,000 5,000** - **4,007 19,007**

Profit for the year - - - 31,439 31,439

Dividends - - - (467) (467)

**As at 31 December 2020 10,000 5,000** - **34,979 49,979**

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**3 Revenue from contracts with customers**

**3.1 Disaggregated revenue information**

Set out below is the disaggregation of the revenue from contracts with customers:

***2020*** *2019*

***AED’000*** *AED’000*

**Geographical market**

Within UAE **547,116** 976,386

***2020*** *2019*

***AED’000*** *AED’000*

**Timing of revenue recognition**

**Over a period of time**

Projects **354,008** 728,580

Annual Maintenance Contracts **105,582** 90,843

**At a point of time**

Casual Jobs **54,494** 72,135

Trading **33,032** 84,828

**547,116** 976,386

**4 Direct costs**

***2020*** *2019*

***AED’000*** *AED’000*

Direct Material **172,748** 466,692

Direct Manpower **97,005** 115,920

Subcontracting and outsourcing charges **132,134** 230,615 Depreciation **1,800** 2,458

Reversal of provision for inventories **(1,926)** (1,918)

Others **42,466** 33,835

**444,227** 847,602

**5 Other income**

***2020*** *2019*

***AED’000*** *AED’000*

Provisions no longer required written back **3,715** -

Covid isolation & related services **2,450** -

Management fees **1,870** -

Gain on sale of property, plant and equipment **181** 81

Others **683** 139

**8,899**  220

**6 Finance costs, net**

***2020*** *2019*

***AED’000*** *AED’000*

**Finance costs**

Interest on bank borrowings **1,126** 4,388

Interest on lease liabilities (note 25) **6** 27

Interest charged on related party balances (note 21) **188 -**

**1,320** 4,415

**Finance income;**

Interest income on related party balances (note 21) - (408)

**Finance cost, net** **1,320** 4,007

Interest rate on bank borrowings is disclosed in note 20. Interest on related party balances is at the floating rate of 2.0% to 3.0% (2019: 3.0 % to 3.5%) per annum.

**7 General and administrative expenses**

***2020*** *2019*

***AED’000*** *AED’000*

Staff cost (Note 8) **32,262** 54,342

Data processing expenses **6,497** 6,432

Corporate cost allocation **3,529** 4,022

Legal and consultancy charges **3,133** 3,681

Depreciation on Property, Plant & Equipment (Note 9) **1,607** 1,979 Depreciation on ROU **554** 652

Communication **2,936** 1,436

Insurance **2,889** 3,896

Distribution and warehousing **2,877** 3,028

Shared service charges **2,062** 1,610

Electricity **1,623** 1,649

Stationery **1,473** 1,081

Amortization of Intangible assets (Note 10) **1,353** 179

Rent **1,095** 6,951

Travel **9** 1,851

Other expenses **7,644** 5,627

**71,543** 98,416

**8 Staff cost**

***2020*** *2019*

***AED’000*** *AED’000*

Salaries **61,160** 70,032

Other benefits **63,531** 232,918

Employees end of service benefits (note 18) **4,576** 4,174

**129,267** 307,124

***2020*** *2019*

***AED’000*** *AED’000*

Direct costs **97,005** 252,782

General and administrative expenses (Note 7) **32,262** 54,342

**129,267** 307,124

**9 Property, plant and equipment**

*Leasehold Machinery Scaffolding*

*improvements and equipment Vehicles equipment Total*

*AED’000 AED’000 AED’000 AED’000 AED’000*

**Cost**

At 1 January 2019 5,126 8,785 14,984 27,694 56,589

Additions 1,294 1,086 - 60 2,440

Disposals (4) - (323) - (327)

**At 31 December 2019 6,416 9,871 14,661 27,754 58,702**

Additions 442 369 - 415 1,226

Disposals - - (1,356) - (1,356)

**At 31 December 2020 6,858 10,240 13,305 28,169 58,572**

**Accumulated depreciation**

At 1 January 2019 **4,407 7,636 13,560 22,127 47,730**

Charge for the year 615 438 927 2,457 4,437

Disposals (4) - (287) - (291)

**At 31 December 2019 5,018 8,074 14,200 24,584 51,876**

Charge for the year 677 616 313 1,801 3,407

Disposals - - (1,356) - (1,356)

**At 31 December 2020 5,695 8,690 13,157 26,385 53,927**

**Net book amount**

**At 31 December 2020 1,163 1,550 148 1,784 4,645**

**At 31 December 2019** 1,398 1,797 461 3,170 6,826

The depreciation on property, plant and equipment has been allocated in the statement of comprehensive income as follows:

***2020*** *2019*

***AED’000*** *AED’000*

Direct costs **1,800** 2,458

General and administrative expenses (note 7) **1,607** 1,979

**3,407** 4,437

**10 Intangible assets**

***2020*** *2019*

***AED’000*** *AED’000*

Cost:

At 1 January **1,539** 1,539

Net addition for the year **2,611 -**

At 31 December **4,150** 1,539

***2020*** *2019* ***AED’000*** *AED’000*

Accumulates Amortization:

At January 1 **1,469** 1,290

Charge for the year **1,353** 179

At 31 December **2,822** 1,469

Net book value:

At 31 December **1,328** 70

The amortization of intangible assets has been allocated in the statement of comprehensive income as follows:

***2020*** *2019*

***AED’000*** *AED’000*

Direct costs **-** -

General and administrative expenses (note 7) **1,353** 179

**1,353** 179

**11 Inventories**

***2020*** *2019*

***AED’000*** *AED’000*

Goods held for resale **32,738** 33,552

Goods in transit **845** 2,316

**33,583** 35,868

Provision for slow moving inventories **(15,809)** (17,736)

**17,774** 18,132

Movements in the provision for slow moving inventories were as follows:

***2020*** *2019*

***AED’000*** *AED’000*

At 1 January **17,736** 19,654

Reversal of provision for inventories (note 4) **(1,926)** (1,918)

At 31 December **15,810** 17,736

**12 Contract assets, contract liabilities and retentions**

***2020*** *2019*

***AED’000*** *AED’000*

**Contract assets**

Contract assets **112,540** 118,772

Less: Provision on contract asset **(33,892)** (35,531)

**78,648** 83,241

The ageing of contract assets is as follows:

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **2020** | **Total** | **0 - 90** | **91 - 120** | **120-365** | **365+** |
|  | **AED’000** |  |  |  |  |
| Contract Assets | **102,033** | **46,434** | **5,641** | **16,818** | **33,140** |
| Less: Provision | **(33,892)** |  |  | **(752)** | **(33,140)** |
|  | **68,141** | **46,434** | **5,641** | **16,066** | - |
| WIP | **10,507** |  |  |  |  |
| Contract Assets, net | **78,648** |  |  |  |  |
|  |  |  |  |  |  |
|  |  |  |  |  |  |
|  |  |  |  |  |  |
|  |  |  |  |  |  |
|  |  |  |  |  |  |
| 2019 |  |  |  |  |  |
| Contract Assets | 106,984 | 38,462 | 3,710 | 25,841 | 38,971 |
| Less: Provision | (35,531) | - | - | (481) | (35,050) |
| Contract Assets, net | 71,453 | 38,462 | 3,710 | 25,360 | 3,921 |
| WIP | 11,788 |  |  |  |  |
| Contract Assets, net | 83,241 |  |  |  |  |

The aggregate amount of sale price allocated to performance obligations that are unsatisfied / partially satisfied in 2020 is AED 166,106 thousand (2019: AED 368,129 thousand). The Company expects to recognise revenue from these unsatisfied performance obligations over a period of 1 to 3 years.

**Contract liabilities**

Liabilities relation to customer advances **16,394** 35,043

Other contract liability **14,029** -

**30,423** 35,043