

Bayanat for Mapping and Surveying Services LLC

**Report of the chief executive officer and financial statements
for the year ended 31 December 2019**

Bayanat for Mapping and Surveying Services LLC

Report of the chief executive officer and financial statements for the year ended 31 December 2019

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Bayanat for Mapping and Surveying Services LLC

Report of the chief executive officer for the year ended 31 December 2019

The chief executive officer submits his report together with the audited financial statements of Bayanat for Mapping and Surveying Services LLC (the "Company") for the year ended 31 December 2019.

Principal activities

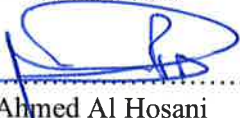
The principal activities of the Company are the provision of data preparation, data collection, data storing and recovering, maps and drawings copying services, survey planning, air photography and information management systems engineering consultancy, maps and atlas printing, marine survey engineering consultancy, geographical maps drawing technical consultancy and work measurement and space services.

During 2017, all the operations of the Company were transferred to its shareholder – Emirates Defence Industries PJSC (Parent Company). Therefore, the Company did not have any operations for the years ended 31 December 2019 and 2018.

Auditors

The financial statements for the year ended 31 December 2019 have been audited by PricewaterhouseCoopers, who retire and, being eligible, offer themselves for reappointment.

On behalf of the board


.....
Hasan Ahmed Al Hosani
Chief Executive Officer

30 May 2021



Independent auditor's report to the shareholders of Bayanat for Mapping and Surveying Services LLC

Report on the audit of the financial statements

Our opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Bayanat for Mapping and Surveying Services LLC ("the Company") as at 31 December 2019, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

What we have audited

The Company's financial statements comprise:

- the statement of financial position as at 31 December 2019;
- the statement of comprehensive income for the year then ended;
- the statement of changes in equity for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in *the Auditor's responsibilities for the audit of the financial statements section of our report*.

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

Independence

We are independent of the Company in accordance with the International *Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code)* and the ethical requirements that are relevant to our audit of the financial statements in the United Arab Emirates. We have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

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Mohamed ElBorno, Jacques Fakhoury, Douglas O'Mahony and Rami Sarhan are registered as practising auditors with the UAE Ministry of Economy



Independent auditor's report to the shareholders of Bayanat for Mapping and Surveying Services LLC (continued)

Report on the audit of the financial statements (continued)

Other information

The chief executive officer is responsible for the other information. The other information comprises the Report of the chief executive officer (but does not include the financial statements and our auditor's report thereon), which we have obtained prior to date of the auditor's report.

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

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management and those charged with governance for the financial statements

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

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.



Independent auditor's report to the shareholders of Bayanat for Mapping and Surveying Services LLC (continued)

Report on the audit of the financial statements (continued)

Auditor's responsibilities for the audit of the financial statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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



Independent auditor's report to the shareholders of Bayanat for Mapping and Surveying Services LLC (continued)

Report on other legal and regulatory requirements

Further, as required by the UAE Federal Law No. (2) of 2015, we report that for the year ended 31 December 2019:

- (i) we have obtained all the information we considered necessary for the purposes of our audit;
- (ii) the financial statements have been prepared and comply, in all material respects, with the applicable provisions of the UAE Federal Law No. (2) of 2015;
- (iii) the Company has maintained proper books of account;
- (iv) the financial information included in the Report of the chief executive officer is consistent with the books of account of the Company;
- (v) Note 11 to the financial statements discloses material related party transactions, and the terms under which they were conducted;
- (vi) as disclosed in Note 1 to the financial statements, the Company has not purchased or invested in shares during the financial year ended 31 December 2019;
- (vii) as disclosed in Note 1 to the financial statements, the Company did not make any social contributions during the financial year ended 31 December 2019; and
- (viii) as disclosed in Note 2, as the accumulated losses exceeded half of the Company's share capital as at 31 December 2019, in order to comply with the provisions of Article 301 of UAE Federal Law No. (2) of 2015, the Company's shareholders should vote on a resolution for the continuation of the Company at the forthcoming Annual General Assembly. Noting the above, based on the information that has been made available to us, nothing else has come to our attention which causes us to believe that the Company has contravened during the financial year ended 31 December 2019 any of the applicable provisions of the UAE Federal Law No. (2) of 2015 or in respect of the Company, its Articles of Association which would materially affect its activities or its financial position as at 31 December 2019.

Further, as required by the Resolution of the Chairman of the Abu Dhabi Accountability Authority No. (1) of 2017 pertaining to Auditing the Financial Statements of Subject Entities, we report that based on the procedures performed and information provided to us, except to the fact that the Company's financial statements have not been issued within the 90 days period from the end of the fiscal year as stated in Article 36 of Financial Law No. (1) of 2017, nothing else has come to our attention that causes us to believe that the Company has not complied, in all material respects, with any of the provisions of the following laws, regulations and circulars as applicable, which would materially affect its activities or the financial statements as at 31 December 2019:

- (i) Law No. (1) of 2017 concerning the Financial System of the Government of Abu Dhabi and instructions issued by the Department of Finance pertaining to the preparation and implementation of the annual budget of Subject Entities; and
- (ii) relevant provisions of the applicable laws, resolutions and circulars organising the Company's operations.

PricewaterhouseCoopers

30 MAY 2021

Rami Sarhan
Registered Auditor Number 1152
Abu Dhabi, United Arab Emirates

Bayanat for Mapping and Surveying Services LLC

Statement of financial position

	Note	As at 31 December	
		2019 AED	2018 AED
ASSETS			
Non-current assets			
Property, plant and equipment	6	-	-
Intangible assets	7	-	-
Total assets		<u>-</u>	<u>-</u>
EQUITY AND LIABILITY			
Equity			
Share capital	8	3,000,000	3,000,000
Legal reserve	9	1,500,000	1,500,000
Accumulated losses		<u>(6,670,145)</u>	<u>(6,670,145)</u>
Total equity		<u>(2,170,145)</u>	<u>(2,170,145)</u>
LIABILITIES			
Non-current liabilities			
Provision for employees' end of service benefits	10	-	-
Current liabilities			
Due to a related party	11	<u>2,170,145</u>	<u>2,170,145</u>
Total liabilities		<u>2,170,145</u>	<u>2,170,145</u>
Total equity and liabilities		<u>-</u>	<u>-</u>

The financial statements have been approved and authorised by the Board of Directors on 30 May 2021 and signed on its behalf by:


.....
Hasan Ahmed Al Hosani
Chief Executive Officer

Bayanat for Mapping and Surveying Services LLC

Statement of comprehensive income

	Year ended 31 December	
	2019	2018
Note	AED	AED
Profit for the year	-	-
Other comprehensive income for the year	-	-
Total comprehensive income for the year	<u>-</u>	<u>-</u>

The Company did not have any operations during the years ended 31 December 2019 and 2018, therefore, no revenue and expenses have been recognised in the statement of comprehensive income.

Bayanat for Mapping and Surveying Services LLC

Statement of changes in equity

	Note	Share capital AED	Legal reserve AED	Accumulated losses AED	Total AED
At 1 January 2018		3,000,000	1,500,000	(6,670,145)	(2,170,145)
Total comprehensive income for the year		-	-	-	-
At 31 December 2018		3,000,000	1,500,000	(6,670,145)	(2,170,145)
Total comprehensive income for the year		-	-	-	-
At 31 December 2019		3,000,000	1,500,000	(6,670,145)	(2,170,145)

The attached notes on pages from 10 to 22 are an integral part of these financial statements

(8)

Bayanat for Mapping and Surveying Services LLC

Statement of cash flows

	Note	Year ended 31 December	
		2019 AED	2018 AED
Cash flows from operating activities			
Profit for the year		-	-
Net change in cash and cash equivalents		-	-
Cash and cash equivalents, beginning of the year		-	-
Cash and cash equivalents, end of the year		-	-

During 2017, all the operations of the Company were transferred to its shareholder – Emirates Defence Industries PJSC (Parent Company). Therefore, the Company does not have any cash and cash equivalents as at 31 December 2019 and 2018.

Bayanat for Mapping and Surveying Services LLC

Notes to the financial statements for the year ended 31 December 2019

1 General information

Bayanat for Mapping and Surveying Services LLC (“the Company”) is registered as a limited liability company in the Emirate of Abu Dhabi. The Company was incorporated on 4 February 2008 and effectively commenced operations on 17 October 2010. The parent company is Emirates Defence Industries Company PJSC (‘the EDIC’ or ‘the Parent Company’).

The principal activities of the Company are the provision of data preparation, data collection, data storing and recovering, maps and drawings copying services, survey planning, air photography and information management systems engineering consultancy, maps and atlas printing, marine survey engineering consultancy, geographical maps drawing technical consultancy and work measurement and space services.

As part of the re-structuring of the Emirates Defence Industries Company PJSC the Company entered into an Asset Transfer Agreement with EDIC to transfer legal title and possession of assets to EDIC along with all the rights and liabilities thereto in accordance with the terms and conditions set in the Asset Transfer Agreement at book value, and for a consideration which is equivalent to the difference between the the book value of total assets and total liabilities as at 1 January 2017.

During 2019 and 2018, the Company had no commercial activities, furthermore during 2017, all of its employees were transferred to EDIC.

The Company has not purchased or invested in any shares during the year ended 31 December 2019. Furthermore, the Company has not made any social contribution during the year ended 31 December 2019.

Federal Decree Law No. 26 of 2020 which amends certain provisions of Federal Law No. 2 of 2015 on Commercial Companies was issued on 27 September 2020 and the amendments came into effect on 2 January 2021. The Company is in the process of reviewing the new provisions and will apply the requirements thereof no later than one year from the date on which the amendments came into effect.

2 Going concern

The Company has transferred all its assets and liabilities apart from a related party balance to the Parent Company (Note 1). Furthermore, the Company did not have any operations during the year ended 31 December 2019 and 2018. As at 31 December 2019 the Company had accumulated losses of AED 6,670,145 (2018: AED 6,670,145) and had a net current liability position of AED 2,170,145 (2018: AED 2,170,145).

Subsequent to year ended 31 December 2019 and effective 1 January 2020, EDIC entered into an Asset Transfer Agreement with the Company to transfer back the legal title and possession of assets to the Company along with all the rights and liabilities thereto in accordance with the terms and conditions set in the Asset Transfer Agreement. The net assets transferred back to the Company amounted to AED 17,473,138. Furthermore, effective 1 January 2020, EDIC sold its interest in the Company to Group 42.

Bayanat for Mapping and Surveying Services LLC

Notes to the financial statements for the year ended 31 December 2019 (continued)

2 Going concern (continued)

Considering the above events and revenue generating activities during the year 2020, the Board of Directors are of the view that the future net cash inflows from operations will be sufficient for the Company to enable it to meet both its liabilities as they fall due and to carry on its business without a significant curtailment of operations in the foreseeable future. Accordingly, these financial statements have been prepared on a going concern basis.

Further, as the accumulated losses exceeded half of the share capital of the Company as at 31 December 2019, to comply with the provisions of Article 301 of UAE Federal Law No. (2) of 2015, the Company's shareholders have the intention to vote on a resolution for the continuation of the Company at the forthcoming Annual General Meeting.

3 Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

3.1 Basis of preparation

The financial statements of the Company have been prepared in accordance with the International Financial Reporting Standards (IFRS) and IFRIC Interpretations under the historical cost convention.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 5.

(a) *New and amended standards adapted by the Company*

The following standards and amendments have been adopted by the Company for the first time for the financial year beginning on 1 January 2019:

- IFRS 16 Leases;
- Prepayment Features with Negative Compensation – Amendments to IFRS 9;
- Long-term Interests in Associates and Joint Ventures – Amendments to IAS 28;
- Annual Improvements to IFRS Standards 2015 – 2017 Cycle;
- Plan Amendment, Curtailment or Settlement – Amendments to IAS 19; and
- Interpretation 23 Uncertainty over Income Tax Treatments.

The Company does not have any operating lease commitments as at 1 January and 31 December 2019, therefore the impact of adoption of IFRS 16 is Nil.

Bayanat for Mapping and Surveying Services LLC

Notes to the financial statements for the year ended 31 December 2019 (continued)

3 Summary of significant accounting policies (continued)

3.1 Basis of preparation (continued)

(a) *New and amended standards adapted by the Company* (continued)

Other amended standards listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

(b) *New standards, amendments and interpretations issued but not effective for the financial year beginning 1 January 2019 and not early adopted*

There are no other IFRSs or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the Company's financial statements.

3.2 Financial instruments

(a) *Classification*

The Company classifies its financial assets to be measured at amortised cost. The classification depends on the Company's business model for managing the financial assets that whether the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and the contractual terms of the cash flows that whether contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Management determines the classification of its investment at initial recognition.

(b) *Recognition and derecognition*

Regular purchases and sales of financial assets are recognised on trade-date, the date on which the Company commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all the risks and rewards of ownership.

(c) *Measurement*

Financial assets at amortised cost are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method.

(d) *Impairment of financial assets*

The Company recognises a loss allowance for expected credit losses (ECL) on financial assets measured at amortised cost. The amount of expected credit losses is updated at the end of each reporting period to reflect changes in credit risk since initial recognition of the respective financial instrument.

Bayanat for Mapping and Surveying Services LLC

Notes to the financial statements for the year ended 31 December 2019 (continued)

3 Summary of significant accounting policies (continued)

3.2 Financial instruments (continued)

(d) Impairment of financial assets (continued)

The Company recognises lifetime expected credit loss for trade receivables and contract assets, using the simplified approach. The expected credit losses on these financial assets are estimated using a provision matrix based on the Company's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date.

Impairment losses on trade receivables are presented as net impairment losses within operating profit. Subsequent recoveries of amounts previously written off are credited against the same line item.

For all other financial assets, the Company recognises lifetime expected credit loss when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on the financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12 months ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition, instead of on evidence of a financial asset being credit-impaired at the end of the reporting period or an actual default occurring.

3.3 Financial liabilities

Financial liabilities within the scope of IFRS 9 are classified as loans and borrowings. The Company determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings, net of directly attributable transaction costs.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of comprehensive income.

3.4 Share capital

Ordinary shares are classified as equity.

Bayanat for Mapping and Surveying Services LLC

Notes to the financial statements for the year ended 31 December 2019 (continued)

3 Summary of significant accounting policies (continued)

3.5 Property, plant and equipment

Property, plant and equipment are stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the asset.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance expenses are charged to the statement of comprehensive income during the financial period in which they are incurred.

Depreciation is calculated using the straight-line method to allocate their cost or revalued amounts to their residual values over their estimated useful lives, as follows:

	Years
Furniture and fixtures	3
Office equipment	3
Computers	3
Special survey and other equipment	3-7

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the statement of comprehensive income.

3.6 Impairment of non-financial assets

Assets that are subject to depreciation or amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non financial assets that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

3.7 Cash and cash equivalents

Cash and cash equivalents comprise of cash in hand and cash at bank with an original maturity of three months or less, net of bank overdrafts and margin deposits, if any.

Bayanat for Mapping and Surveying Services LLC

Notes to the financial statements for the year ended 31 December 2019 (continued)

3 Summary of significant accounting policies (continued)

3.8 Employee benefits

A provision is made for the estimated liability for employees' entitlement to annual leave and leave passage as a result of services rendered by eligible employees up to the reporting date. The provision for employees' end of service benefits is made on the basis prescribed in the UAE Labour Law, for accumulated period of service up to the reporting date. The provision related to annual leave and leave passage is disclosed as a current liability, while that related to end of service benefits is disclosed as a non-current liability.

3.9 Foreign currency translation

(a) *Functional and presentation currency*

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The financial statements are presented in United Arab Emirates Dirhams ('AED'), which is the Company's functional and presentation currency.

(b) *Transactions and balances*

Transactions denominated in foreign currencies are translated into functional currency at the rates of exchange prevailing at the date of the transaction. Foreign exchange gains and losses resulting from the settlement of such transactions and from translation, at year end exchange rates, of monetary assets and liabilities denominated in foreign currencies, are recognised in the statement of comprehensive income.

4 Financial risk management

4.1 Financial risk factors

The Company's activities expose it to a variety of financial risk, market risk (including currency risk and cash flow and fair value interest rate risk), credit risk and liquidity risk. The Company's overall risk management programme seeks to minimise potential adverse effects of these risks on the Company's financial performance.

(a) *Market risk*

(i) Foreign exchange risk

The Company has no significant exposure to foreign exchange risk. Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities in the financial statements denominated in currency other than the functional currency. The management considers that the Company is not exposed to significant currency risks.

Bayanat for Mapping and Surveying Services LLC

Notes to the financial statements for the year ended 31 December 2019 (continued)

4 Financial risk management (continued)

4.1 Financial risk factors (continued)

(a) *Market risk (continued)*

(ii) Price risk

The Company has no significant exposure to commodity price risk.

(iii) Cash flow and fair value interest rate risks

As at 31 December 2019, the Company has no significant interest-bearing assets or liabilities, the Company's transactions and operating cash flows are substantially independent of changes in interest rates.

(b) *Credit risk*

Credit risk arises from cash and cash equivalents and deposits with banks and financial institutions. The Company's policy is to place cash and cash equivalents and term deposits with reputable banks and financial institutions.

(c) *Liquidity risk*

Prudent liquidity risk management implies maintaining sufficient cash and cash equivalents and the availability of adequate funding. Due to the nature of the Company's business and support from the shareholders, liquidity risk is not deemed to be significant.

4.2 Fair value estimation

The carrying value of financial assets and liabilities of the Company approximates their fair value at the reporting date.

4.3 Capital risk management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital. The policies are based on management assessment of available options in conjunction with the shareholders.

Bayanat for Mapping and Surveying Services LLC

Notes to the financial statements for the year ended 31 December 2019 (continued)

5 Critical accounting estimates

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. There are no major estimates and assumptions that have significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Bayanat for Mapping and Surveying Services LLC

**Notes to the financial statements
for the year ended 31 December 2019 (continued)**

6 Property, plant and equipment

Cost	Office equipment AED	Furniture and fixtures AED	Computers AED	Special survey and other equipment AED	Total AED
At 31 December 2018	-	-	-	-	-
At 31 December 2019	-	-	-	-	-
Accumulated depreciation					
At 31 December 2018	-	-	-	-	-
At 31 December 2019	-	-	-	-	-
Net book amount					
At 31 December 2019	-	-	-	-	-
At 31 December 2018	-	-	-	-	-

Bayanat for Mapping and Surveying Services LLC

Notes to the financial statements for the year ended 31 December 2019 (continued)

7 Intangible assets

	Software AED	Others AED	Total AED
Cost			
At 31 December 2018	-	-	-
At 31 December 2019	-	-	-
Accumulated Amortisation			
At 31 December 2018	-	-	-
At 31 December 2019	-	-	-
Net book amount			
At 31 December 2019	-	-	-
At 31 December 2018	-	-	-

8 Share capital

	2019 AED	2018 AED
Authorised, issued and fully paid up 3,000 shares of AED 1,000 each	3,000,000	3,000,000

	31 December 2019			31 December 2018		
	No. of shares	%	AED	No. of shares	%	AED
Emirates Defence Industries Company PJSC	2,970	99	2,970,000	2,970	99	2,970,000
Emirates Defence Industries Operations Company LLC	30	1	30,000	30	1	30,000
	3,000	100	3,000,000	3,000	100	3,000,000

Refer to Note 14 for the change in shareholding subsequent to the year ended 31 December 2019.

9 Legal reserve

As required by the UAE Federal Law No. (2) of 2015 and the articles of association of the Company, 10% of the annual profit is required to be transferred to a legal reserve until such reserve reaches 50% of the paid-up capital of the Company. No amount was transferred during the years ended 31 December 2019 and 2018.

Bayanat for Mapping and Surveying Services LLC

Notes to the financial statements for the year ended 31 December 2019 (continued)

10 Provision for employees' end of service benefits

	2019 AED	2018 AED
At 1 January	-	-
Payments during the year	-	-
At 31 December	-	-

11 Related party balances and transactions

Related parties represent the shareholders, associated companies, directors and key management personnel of the Company and entities controlled, jointly controlled or significantly influenced by such parties. Pricing policies and terms of these transactions are approved by the Company's management.

Balances with related parties included in the statement of financial position comprise of the following:

	2019 AED	2018 AED
Related party balances		
<i>Due to a related party</i>		
Emirates Defence Industries Company PJSC (Parent Company)	2,170,145	2,170,145

12 Financial instruments by category

The accounting policies for financial instruments have been applied to the line items below:

	2019 AED	2018 AED
Financial liability:		
Due to a related party	2,170,145	2,170,145

13 Transfer of assets and liabilities

As stated in Note 1, effective 1 January 2017, EDIC entered into an Asset Transfer Agreement with the Company to transfer the legal title and possession of assets of the Company to EDIC along with all the rights and liabilities thereto in accordance with the terms and conditions set in the Asset Transfer Agreement at book value, and for a consideration which is equivalent to the difference between the book value of total assets and total liabilities as at 1 January 2017.

Bayanat for Mapping and Surveying Services LLC

Notes to the financial statements for the year ended 31 December 2019 (continued)

13 Transfer of assets and liabilities (continued)

The details of the assets transferred/liabilities assumed is as follows:

	AED
ASSETS	
Non-current assets	
Property and equipment	4,837,437
Intangible assets	1,225,710
	<u>6,063,147</u>
Current assets	
Inventories	1,952,731
Trade and other receivables	2,695,757
Due from related parties	27,307,409
Cash and bank balances	11,831,407
	<u>43,787,304</u>
Total assets	<u>49,850,451</u>
LIABILITIES	
Non-current liabilities	
Provision for employees' end of service benefits	2,123,651
Deferred government grants	1,640,566
	<u>3,764,217</u>
Current liabilities	
Trade and other payables	42,708,362
Deferred government grants	3,576,192
Due to related parties	1,971,825
	<u>48,256,379</u>
Total liabilities	<u>52,020,596</u>
Total net liabilities assumed by the Parent Company	<u>(2,170,145)</u>

Bayanat for Mapping and Surveying Services LLC

Notes to the financial statements for the year ended 31 December 2019 (continued)

14 Subsequent events

(a) COVID - 19

The existence of coronavirus (COVID-19) was confirmed in early 2020 and has spread across the globe, causing disruptions to businesses and economic activity. The Company considers this outbreak to be a non-adjusting post balance sheet event.

As the situation is fluid and rapidly evolving, the management do not consider it practicable to provide a quantitative estimate of the potential impact of this outbreak on the Company. However, management continues to monitor the situation closely, including the potential impacts on results, transfers with other exchange houses and employees. The situation could change at any time and there can be no assurance that the COVID-19 outbreak will not have a material adverse impact on the future results of the Company.

(b) Transfer of assets

Subsequent to the year ended 31 December 2019 and effective 1 January 2020, EDIC entered into an Asset Transfer Agreement with the Company to transfer back the legal title and possession of assets to the Company along with all the rights and liabilities thereto in accordance with the terms and conditions set in the Asset Transfer Agreement. The net assets transferred back to the Company amounted to AED 17,473,138.

(c) Change in shareholding

Effective 1 January 2020, Emirates Defence Industries Company PJSC and Emirates Defence Industries Operations Company LLC, based on the instruction of the Government of Abu Dhabi transferred their interest in the Company to Group 42.