

# 2024 Annual Report





# Contents

Chairman’s Statement	2
At a Glance	4



<b>Overview</b>	<b>6</b>	<b>Sustainability Snapshot</b>	<b>20</b>
About EMSTEEL	8	Sustainability Performance Highlights	22
Highlights and Achievements in 2024	10		
Geographic Footprint	12		
Our Value Chains	14		
Our Products	16		

<b>Corporate Governance Report</b>	<b>24</b>	<b>Financial Statements</b>	<b>58</b>
1. Corporate Governance Overview	26	Board of Directors’ Report to the Shareholders	60
2. Share Dealings of Board Members	29	Independent Auditor’s Report	62
3. Formation of the Board of Directors	30	Consolidated Statement of Financial Position	66
4. Committees of the Board of Directors	36	Consolidated Statement of Profit or Loss	68
5. Insider Trading Supervision Committee (ITSC)	42	Consolidated Statement of Comprehensive Income	68
6. Assessment of the Board of Directors	44	Consolidated Statement of Changes in Equity	69
7. Organizational Structure and Executive Management	45	Consolidated Statement of Cash Flows	70
8. External Auditor	47	Notes to the Consolidated Financial Statements	72
9. Internal Control Systems	48		
10. Details of Violations during 2024	51		
11. Community Support & Environmental Contributions	51		
12. General Information	52		

# Chairman's Statement

**Hamad Al Hammadi**

Chairman of EMSTEEL



Looking ahead, our strategic priorities include accelerating regional and international expansion, expanding our product portfolio, and delivering long-term value for our customers and shareholders.

I am pleased to report another year of solid performance at EMSTEEL, despite macroeconomic challenges, which is a strong testament to the resilience and adaptability of our organization.

AED **8.3** billion  
revenue

AED **3.5** billion  
contributed to National  
ICV Program

We believe our continued focus on operational efficiency, strategic investments in Industry 4.0 technologies, and the strength of our far-reaching geographical footprint - serving customers in more than seventy countries - has enabled us to maintain our positive trajectory.

As a result of this focus and by effectively leveraging the unique capabilities of our divisions - Emirates Steel and Emirates Cement - we have achieved a revenue of AED 8.3 billion.

We remain aware of our responsibility in contributing to the nation's economy, supporting the UAE's 'Operation 300bn' industrial strategy, and leading decarbonisation efforts both nationally and regionally. Equally important is our dedication to fostering local talent and promoting economic self-sufficiency, ensuring that our progress directly benefits the UAE's broader socio-economic objectives. In line with this, we achieved an Emiratisation rate of 52%

in our workforce and contributed nearly AED 3.5 billion to the National In-Country Value (ICV) Program.

Driven by the global imperative for a more sustainable future, we are also advancing decarbonisation initiatives that place us at the forefront of the industry. In collaboration with Masdar, we launched the MENA region's first green hydrogen demonstration project for the steel sector. In parallel, we are progressing a feasibility study for a low carbon iron hub with our ecosystem partners. These initiatives will enable us to meet the growing demand for environmentally friendly steel while contributing to the UAE's Net Zero 2050 strategy.

To ensure we remain well-positioned for long-term success, we are in the process of launching our Value+ Transformation Program to enhance operational efficiency, unlock new market opportunities and foster innovation, allowing us to advance our strategic objectives. This comprehensive initiative will drive performance across all

value creation levers throughout 2025-2027, equipping us with the tools to capitalize on emerging opportunities and sustain our competitive advantage.

As we move into 2025, we do so as EMSTEEL, embodying our renewed brand identity launched in 2024. This transformation builds on the solid foundation established by the 2021 merger of Emirates Steel and Arkan. Looking ahead, our strategic priorities include accelerating regional and international expansion, expanding our product portfolio, and delivering long-term value for our customers and shareholders.

On behalf of the Board of Directors, I extend our sincere gratitude to our management team, employees, shareholders, customers, and all stakeholders whose invaluable contributions have been instrumental to our success.

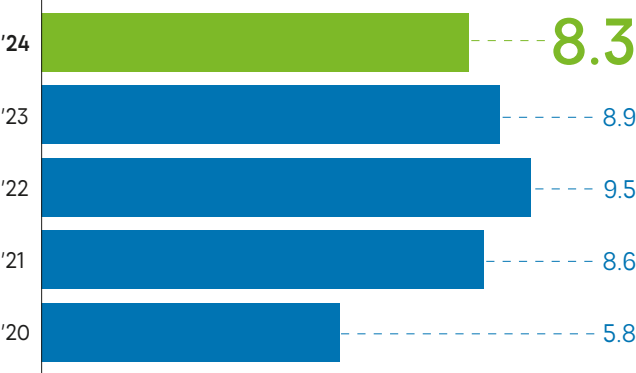
We look forward to continuing our journey of sustainable growth and delivering a positive impact alongside each of you.



At a Glance<sup>1</sup>

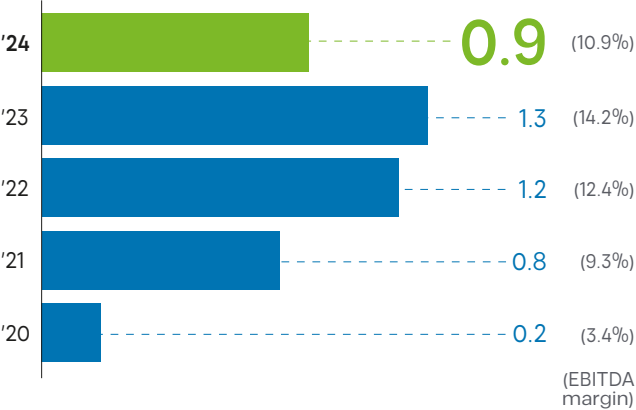
Financial Highlights

Revenue (AED bn)



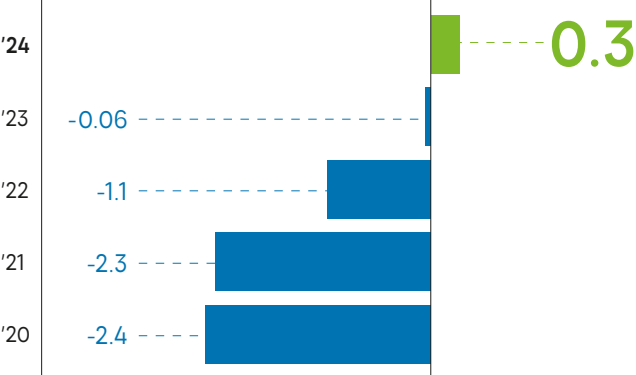
During 2024, EMSTEEL maintained overall steel production volumes in line with the level attained during 2023. The Group delivered total revenues of AED 8.3 billion, approximately 6% lower than the AED 8.9 billion reported for 2023. This decrease in revenue is due to various factors, including fluctuations in global steel prices, increased competition and changing demand trends driven by economic uncertainties in key markets.

EBITDA (AED bn)



EMSTEEL's profitability margins have been affected by an increase in low-priced Chinese steel exports, which have directly or indirectly impacted prices in several of the Group's key markets, including the GCC and important export destinations like Europe and the US. In 2024, EMSTEEL recorded EBITDA of AED 892 million, with a margin of 10.9%, compared to 14.2% in 2023. EMSTEEL's FY24 profitability was supported by a significant improvement of the Group's EBITDA during the fourth quarter of the year, amounting to AED 247 million, up 81% compared to the third quarter of 2024.

Net bank cash / (debt) (AED bn)



During the year the Group has further improved its net borrowing position and as of the end of 2024, EMSTEEL maintained a robust liquidity position of AED 0.3 billion Net Cash Position, compared to Net Bank Debt of AED 63 million as of 31 December 2023.

<sup>1</sup> All financial and operational results of the Group for 2021, and 2020 in this Integrated Report, excluding "Consolidated Financial Statements" chapter, are presented pro-forma.

Operational Highlights

Steel

Production (kt)	2024	2023	Change, %	2022	2021	2020
Crude Steel	3,254	3,237	+0.5%	3,211	3,021	2,722
• Finished Steel Products	2,835	2,695	+5.2%	2,711	2,486	2,275

Sales (kt) <sup>2</sup>	2024	2023	Change, %	2022	2021	2020
Finished Steel Products + Billets	3,100	3,101	n/a	3,159	2,835	2,661
• Billets	252	391	-35.5%	447	358	335
• Finished Steel Products, including:	2,848	2,710	+5.0%	2,712	2,477	2,325
– Rebar	1,770	1,635	+8.3%	1,676	1,552	1,359
– Wire Rod and Rebar in Coil	489	517	-5.4%	513	477	489
– Heavy Sections and Sheet Piles	589	558	+5.6%	523	448	477

Cement and Clinker

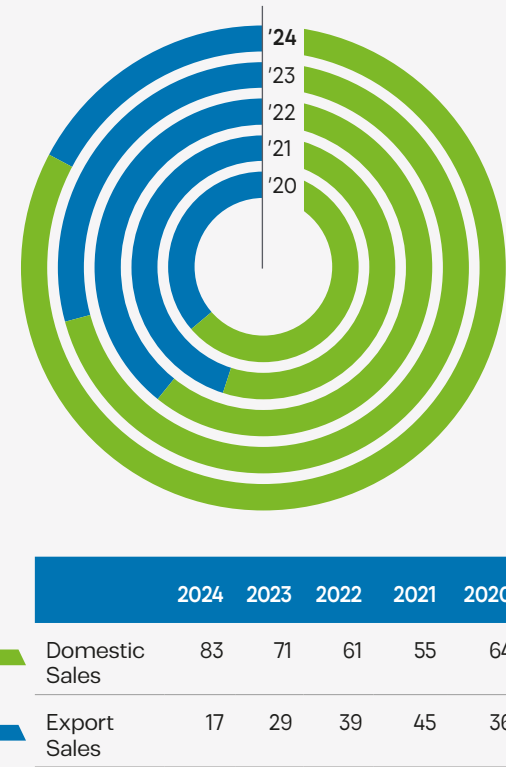
Production (kt)	2024	2023	Change, %	2022	2021	2020
Clinker <sup>3</sup>	2,294	2,964	-22.6%	3,244	2,798	2,653
Cement <sup>4</sup>	1,839	1,878	-2.0%	1,760	2,093	2,440

Sales (kt)	2024	2023	Change, %	2022	2021	2020
Clinker <sup>3</sup>	1,386	1,592	-12.9%	1,764	1,476	986
Cement <sup>4</sup>	1,673	1,738	-3.7%	1,662	1,925	2,299

<sup>2</sup> In 2024, the Company has also sold 325 kt of DRI and other steel products, -37.0% vs 2023.  
<sup>3</sup> Cement products are: Ordinary Portland Cement (OPC), Sulphate Resistant Cement, (SRC), Portland Limestone Cement, Slag and Dry Mortar  
<sup>4</sup> Clinker constitutes: Clinker OPC and Clinker SRC

Sales

Steel sales geography, %



In 2024, the Group achieved solid financial results despite challenging global market conditions, which exerted significant pressure on profitability across the global steel industry. One of the key factors was EMSTEEL's ability to leverage increased UAE construction activity in the second part of the year, which supported rebar demand and allowed the Group to maximize capacity utilization, while at the same time improving price realization in this core segment.

# Overview

8	About EMSTEEL
10	Highlights and Achievements in 2024
12	Geographic Footprint
14	Our Value Chains
16	Our Products






# About EMSTEEL


EMSTEEL Building Materials PJSC is a public joint stock company and the UAE's largest steel and building materials manufacturer.

ADX: EMSTEEL


Utilising cutting-edge rolling mill technologies, EMSTEEL supplies both domestic and international markets with high-quality finished products, including:




WIRE RODS



REBARS



HEAVY SECTIONS



SHEET PILES

In addition, the Group produces premium cement, blocks, pipes, and dry mortar, creating a one-stop-shop for the manufacturing and construction sectors.

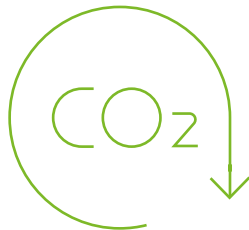
The Group was established through the combination of Emirates Steel and Arkan Building Materials in 2021. The merger created the UAE's leading steel and building materials company with significant growth potential. During the AGM in April 2023, shareholders approved the change of the legal name of the Group to 'EMSTEEL Building Materials PJSC' ('EMSTEEL'). Three years on since the merger, the Group is at the forefront of driving a sustainable and diversified national economy.

Currently, EMSTEEL is the largest producer of heavy and jumbo sections and the sole producer of hot rolled sheet piles in the region. It is also the fourth steelmaker in the world to receive the ASME accreditation to produce nuclear grade rebar. The Group works with customers worldwide to provide tailored solutions, delivered in a timely manner. These solutions support the construction of cleaner, safer, and more durable buildings and infrastructure.


Furthermore, EMSTEEL is the first manufacturing Company in the Middle East to be verified for the LEED (Leadership in Energy and Environmental Design) green building system documentation. The Group is committed to leveraging cutting-edge technologies to further reduce its carbon footprint and to introduce innovative, low-carbon production to the market, including ES600, a sustainable product that sets new standards in the construction industry.

By delivering market-leading products to local industries, creating job opportunities for UAE nationals, and advancing its sustainable practices, the Group actively supports the UAE's industrial strategy 'Operation 300 billion'. With people at its core, EMSTEEL prioritises the health and wellbeing of its employees, aiming to set leading industry standards for safety, while also contributing to the professional growth and development of its workforce.

EMSTEEL is also a global leader in low-carbon steel production and the first steelmaker in the world to capture its CO<sub>2</sub> emissions, enabling it to operate with approximately 45% less carbon intensity in the steel division compared to WSA global average.



EMSTEEL is majority owned by ADQ, one of the region's largest holding companies with a broad portfolio of major enterprises spanning key sectors of Abu Dhabi's diversified economy.

 For more information, please visit our website: [www.emsteel.com](http://www.emsteel.com)



# Highlights and Achievements in 2024

In 2024, EMSTEEL delivered strong performance, demonstrating resilience and operational efficiency. As the UAE's largest steel and building materials company, the Group is committed to advancing the UAE's industrial strategy, contributing to sustainable growth in line with national climate goals, and fostering a more diversified economy.



## New Brand Identity and Extending Global Presence

EMSTEEL launched its new brand as part of a broader strategy to accelerate its operational transformation and extend its global presence. These changes are set to enable the seamless addition of new divisions, supporting growth into new markets and product lines.



## Strategic Advancements in Low-Carbon Iron Joint Venture Project

The Group has made significant progress in advancing its ambitious Low-Carbon Iron Joint Venture project. A comprehensive feasibility study is currently underway for this transformative initiative, with the goal of positioning Abu Dhabi as a global leader in sustainable steel production.



## Continuous Commitment to Modernisation of Existing Assets

The Group continues to upgrade its current assets to better address the evolving requirements of the market and respond to the increasing demand for higher-grade steel. These strategic enhancements underscore EMSTEEL's commitment to innovation, quality, and customer satisfaction.



## Developing Green Hydrogen Project

EMSTEEL collaborated with Masdar on the successful completion of a pilot project demonstrating the use of green hydrogen to produce green steel, paving the way for more sustainable steel manufacturing. This first-of-its-kind project in the Middle East and North African region uses green hydrogen to extract iron from iron ore, a key step in steelmaking.



## Developing and Marketing New Sustainable Steel Products

The Group successfully marketed its new Z-type and U-type sheet piles as sustainable flood defence solutions to strengthen communities against floods.



## Building New Partnerships

In line with its long-term strategy and growth objectives, the Group entered into a framework memorandum with its Omani counterparts to collaboratively explore green metal project prospects.



## Taking on Leadership Roles in Industry Decarbonisation

The Group was appointed as co-chair of the Alliance for Industry Decarbonisation (AFID) led by the International Renewable Energy Agency (IRENA). EMSTEEL will be co-chairing the renowned global industrial alliance alongside Siemens Energy, replacing TATA Steel within the alliance leadership role.



## Progress in Digital Transformation

Over the past two years, EMSTEEL has successfully implemented more than 30 different AI use-case projects with incredible impact. The Group's adoption of Industry 4.0 technologies was recognised with five prestigious 'UAE Industry 4.0 Digital Leader' titles from the Ministry of Industry and Advanced Technology (MoIAT).



## Recognition & Awards

EMSTEEL was further recognised as the 2024 Steel Sustainability Champion by the World Steel Association for its pioneering efforts in decarbonising steel production. The World Economic Forum recognised EMSTEEL for its outstanding efforts in decarbonising the iron and steel industry, placing it among the top five leading steel companies worldwide that have received this recognition. Finally, at the 'Make it in the Emirates Awards 2024', the Group's contributions to the UAE's industrial sector were recognised with the Best Sustainable Manufacturing Award and the ICV Excellence Award.

# Geographic Footprint

With global attention focusing on decarbonisation efforts, EMSTEEL is well-positioned to capitalise on the unprecedented demand growth for low carbon steel and sustainable building materials.

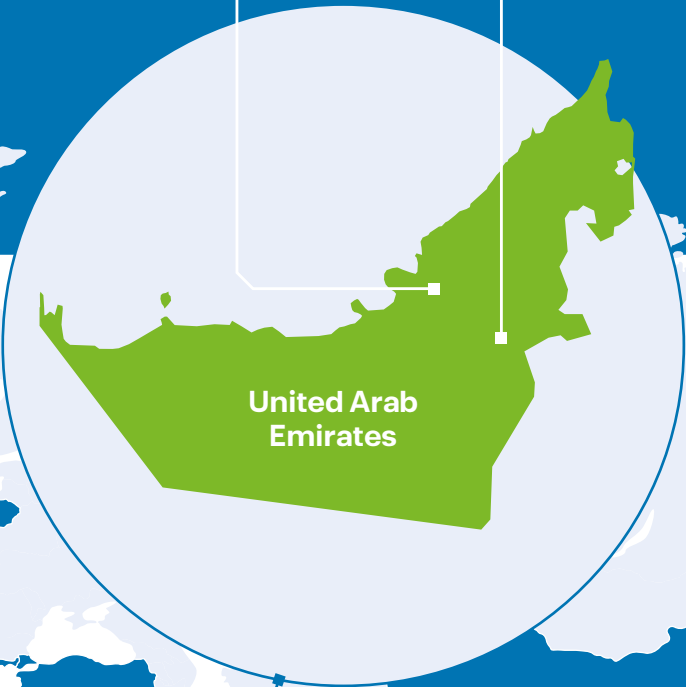


**Emirates Steel Division**  
Abu Dhabi



**Emirates Cement Division**  
Al Ain

The Group supplies a range of products within the UAE and has experience in exporting to more than 70 countries, including Europe, America, Asia, Middle East, and North Africa.



83%  
Domestic steel sales volume

17%  
Export steel sales volume

70+  
Countries



# Our Value Chains

## Production Process

### Inputs

#### Emirates Steel Division

Three Direct Reduction Plants

4.2 MTPA

direct reduction capacity

Iron oxide pellets



Direct reduction iron



#### Emirates Cement Division



Limestone Quarry

- Extraction:** raw materials are used to manufacture cement (limestone and clay).
- Transport:** raw materials are loaded into a dumper.
- Crushing and transportation:** raw materials, after crushing, are transported to the plant by conveyor.

### Process

Three Steel-Making Plants

3.5 MTPA

steel-making capacity

Steel Rolling

Capacity



Heavy section mill

1.0 Mt



Three rebar mills

2.0 Mt



Wire rod mill

0.5 Mt

4.6 MTPA

cement production capacity

- Raw grinding:** raw materials are very finely ground to produce raw mix.
- Burning:** raw mix is preheated before it goes into the kiln. The raw mix burns at 1500 °C, producing clinker.
- Grinding:** the clinker and the gypsum are very finely ground giving a 'pure cement'.

### Sales in 2024

#### EMSTEEL

Steel products:

2,848 kt

finished steel products

252 kt

billets

325 kt

DRI and other steel products



Cement products:

1,386 kt

clinker

1,673 kt

cement products



### Value Created in 2024



Financial:

AED 8.3 billion  
revenue

AED 0.9 billion  
EBITDA



Suppliers:

1,365  
UAE suppliers

AED 6.8 billion  
in total procurement spending  
(AED 3.3 billion on UAE suppliers,  
equivalent to 48%)



Employees:

3,703  
total workforce

AED 619 million  
of salary paid across the Group



# Our Products

EMSTEEL delivers an extensive range of products, services and solutions that cater to a wide variety of sectors and industries, including construction, energy, and transportation.

The Group's finished products, manufactured in Abu Dhabi, have been shipped to more than 70 countries worldwide and are used in applications including maritime engineering, skyscrapers and building construction, and various infrastructure projects in the United States.



Production capacity of  
**2 million**  
tonnes annually

Leading producer of high-quality rebar



Steel billets which are processed into rebar, wire rod or coil in the Group's rolling mills



Rebar in coils provides greater efficiencies and cost savings



Production capacity of  
**550,000 million**  
tonnes annually

Prominent wire rod producer in the GCC



Production capacity of  
**1 million**  
tonnes annually

Largest producer of heavy and jumbo sections in the GCC



Only producer of hot rolled sheet piles in the MENA region



Clinker production capacity of  
**3.1 million**  
tonnes annually

Cement production capacity of  
**4.6 million**  
tonnes annually

High-quality clinker and cement production



Production capacity of  
**33,000**  
tonnes annually

GRP and PVC Pipes through the largest centrifugal casting pipe factory in the world



Production capacity of  
**85 million**  
concrete blocks annually

Concrete blocks and dry mortar used in local construction



Production capacity of  
**62 million**  
sacks annually

Producer of bags



# Applications

EMSTEEL products are used to create some of the most important and iconic structures and developments worldwide, serving clients both in the UAE and across the globe.

## Rebar



Burj Khalifa



Baraka Nuclear Power Plant

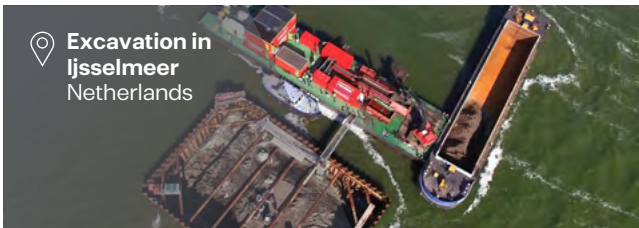


Museum of the Future



Dubai Frame

## Sheet Piles



Excavation in IJsselmeer Netherlands



Khalifa Port (Kizad) Abu Dhabi, UAE



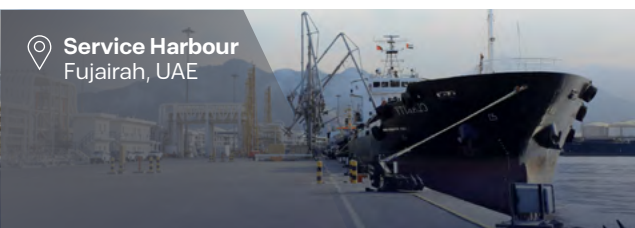
Second Suez Canal Egypt



Dubai Island Dubai, UAE



McDermott Aramco KSA MCCL



Service Harbour Fujairah, UAE

## Steel Sections



Golden Pass LNG Texas, USA



Hanmaek Power Plant South Korea



NEOM 'Trojena Ski Village', Saudi Arabia



Dubai EXPO 2020 Dubai, UAE



Guggenheim Abu Dhabi



# Sustainability Snapshot

## 22 Sustainability Performance Highlights

02



# Sustainability Performance Highlights

Decreasing trend   Increasing trend   Same as last year

**Decarbonisation & Environmental Stewardship**

Zero

environmental or non-compliance issues

➤

0.67 tCO<sub>2</sub>e/t

(market-based) is the GHG Scope 1 and 2 intensity for Emirates Steel, (lowest since 2019)

➤

86%

of electricity consumed in Emirates Steel from clean and renewable sources

➤

14%

of electricity consumed in Al Ain Cement Factory from clean and renewable source

➤

2%

energy intensity reduction across Emirates Steel

➤

1%

energy intensity reduction across Al Ain Cement Factory

➤

8%

reduction in waste directed to landfill

➤

B

Climate Change CDP rating (improving from B-)

➤

**Commitment to Our People & Communities**

0.36 TRIFR

(reduced by 36% at Group level from 2023)

➤

14%

women in management

➤

13%

increase of average training hours per employee in 2024

➤

3%

increase in employee and contractor HSE training in 2024

➤

35%

more employees trained on environment, sustainability and decarbonisation than in 2023

➤

51.7%

in focus Emiratisation rate

➤

17%

increase in community initiative expenditures over 2023

➤

67

nationalities (6% increase over 2023)

➤

**A Trusted & Responsible Partner**

Zero

incidents of non-compliance with ethical, moral, or regulatory matters

➤

29%

female representation on the Board of Directors

➤

+30

AI-driven solutions successfully implemented in 2024

➤

41%

of total procurement spent on local suppliers (10% increase over 2023)

➤

1,365

local suppliers engaged

➤

86%

of new suppliers for Emirates Steel and 34% for Emirates Cement are ICV certified

➤

100%

of new suppliers screened using environmental and social criteria

➤

## HIGHLIGHTS

- Launched our ESG and Decarbonisation Strategies
- Establishment of ESG & Sustainability and Ethics & Compliance Functions, and R&D Department
- 1st of-a-kind pilot project in MENA region using green hydrogen to produce green steel
- Increased our clean and renewable electricity sourcing through I-REC certificates
- 1st steel-maker worldwide to capture part of our CO<sub>2</sub> emissions

For details, see [EMSTEEL 2024 Sustainability Report](#)



# Corporate Governance Report

26	1. Corporate Governance Overview
29	2. Share Dealings of Board Members
30	3. Formation of the Board of Directors
36	4. Committees of the Board of Directors
42	5. Insider Trading Supervision Committee (ITSC)
44	6. Assessment of the Board of Directors
45	7. Organizational Structure and Executive Management
47	8. External Auditor
48	9. Internal Control Systems
51	10. Details of Violations during 2024
51	11. Community Support & Environmental Contributions
52	12. General Information

Based on the Securities and  
Commodities Authority's  
Board Resolution No. (03/  
RM) of 2020 Pertaining  
to Corporate Discipline  
and Public Joint Stock  
Companies' Governance.

03



# 1. Corporate Governance Overview

The Board of Directors (“**BoD**”), entrusted by the shareholders, oversees the affairs of EMSTEEL Group, which comprises EMSTEEL Building Materials PJSC, its subsidiaries (including Emirates Steel Industries Co. PJSC) and associate investments (collectively referred to as “**EMSTEEL Group**”).

EMSTEEL Group embraces its responsibility as a corporate citizen by upholding the highest standards of corporate governance. Through its firm commitment to transparency, accountability, and ethical business practices, EMSTEEL Group aims to create enduring value for its shareholders. EMSTEEL Group consistently strives to align its activities with best practices in corporate governance, fostering a culture of integrity and operational excellence.

The corporate governance framework at EMSTEEL Group is designed to empower management to direct and control the Group’s operations efficiently, ensuring sustainable value creation. This approach is guided by the core values of people, innovation and accountability, the principles that form the foundation of EMSTEEL Group’s vision.

EMSTEEL Group firmly believes that robust corporate governance and ethical leadership are critical to maintaining its competitive edge and realizing the full potential of the EMSTEEL Group. This commitment is driven by disciplined oversight from the Board of Directors, a leadership team of unwavering integrity, having a focus on meaningful engagement with all shareholders and stakeholders.

By integrating strong business fundamentals, corporate social responsibility, and health, safety, and environmental stewardship into its operations, EMSTEEL Group aims to create sustainable value that benefits not only its stakeholders but also the wider community.

EMSTEEL Group complies with the requirements of the ‘Chairman of Authority’s Board of Directors’ Resolution No. 3 of 2020 concerning the approval of joint-stock companies and any subsequent amendments thereto.

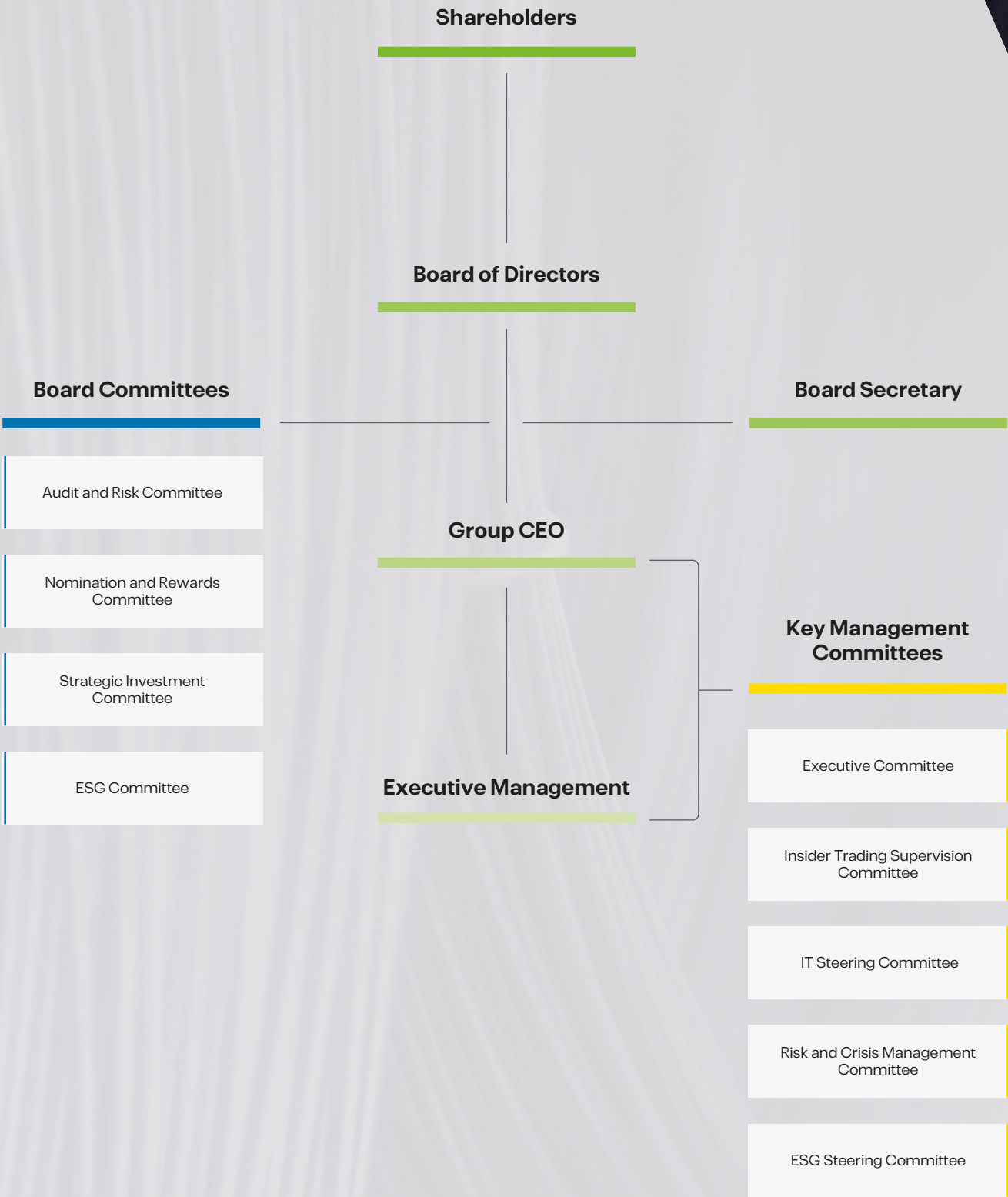
## a. Pillars of Corporate Governance

The following Corporate Governance Pillars serve as the foundation for ethical decision-making, operational integrity, and sustainable business growth at EMSTEEL Group:



## b. Group Governance Structure

An overview of the corporate governance structure of the EMSTEEL Group is set out below:



c. Elements of Corporate Governance

- Board Governance:** The Board of Directors demonstrates a strong commitment to independence, with 86% of its members classified as independent. This high percentage of independence ensures that board decisions at EMSTEEL Group are made with objectivity, free from undue influence, and aligned with the best interests of the EMSTEEL Group. A board charter has been developed defining the roles, responsibilities, and operating procedures of the Board of Directors, setting out clearly the BoD mandate to provide strategic guidance for the EMSTEEL Group and effective oversight of its management and operations in attaining the EMSTEEL Group's business objectives.
- Board Committees:** The Board of Directors has established the Audit and Risk Committee, Nomination and Rewards Committee, Strategic Investment Committee, and Environment, Social, and Governance Committee. These Board Committees include independent board members and operate under clearly defined Committee charters.
- Management Committees:** Charters and relevant policies and procedures are in place for the effective operation of the Management Committees such as the Executive Committee, Insider Trading Supervision Committee, Information Technology Steering Committee, Risk and Crisis Management Committee, Pricing Committee, Procurement Committee and ESG Steering Committee.
- Delegation of Authorities:** A comprehensive Delegation of Authorities Manual, approved by the BoD, outlines the authority structure for the Board and EMSTEEL Group's management across all significant transactions.
- Policies & Procedures:** Key business functions, such as finance, information technology, people, legal, risk management, supply chain, and commercial, are governed by Board-approved policies. In addition, supporting procedures are in place to ensure effective and structured mandates for each key business function. Each of such supporting procedures prescribes mandatory review of procedure documents every two years.
- Ethics & Compliance:** EMSTEEL Group has established a dedicated Ethics and Compliance function, which has oversight over compliance matters, such as whistleblowing, compliance with the EMSTEEL Group's code of conduct, anti-bribery and corruption, conflict of interest and related party transactions, fraud control, trade sanctions and other compliance-related matters.
- Risk Management and Business Continuity:** The Risk Management and Business Continuity function operates under a Risk Policy and procedures aligned with ADX and SCA standards for public listed companies. The function is mandated by the BoD which has oversight responsibilities pertaining to EMSTEEL Group's risk management framework. In particular, the Board is mandated to approve the Risk Policy including the Risk Appetite and Risk Tolerance Limits of EMSTEEL Group, ensure that risk management is incorporated into the culture of EMSTEEL Group and delegate power to the Audit and Risk Committee for executing responsibilities assigned for risk management activities.
- Internal Audit:** The Internal Audit (IA) function is well-structured and robust, ensuring effective oversight and accountability. The Group Head of Internal Audit directly reports to the Audit and Risk Committee, reinforcing independence and transparency. IA activities are conducted in accordance with a risk-based Internal Audit Plan, with additional advisory services provided upon stakeholder request. The executive management closely monitors the implementation of IA findings to ensure timely and effective action.
- Business Plan:** The annual business plan is developed and formally approved by the Board of Directors.
- Corporate Performance:** A Corporate Balanced Scorecard is in place, approved by the Board of Directors at the start of the year. It incorporates key financial and non-financial indicators, addressing all critical performance dimensions.

d. Developments during 2024

To effectively support and implement the EMSTEEL Group's Governance Structure, the Corporate Governance & Board Secretariat function has been established as a sub-function under Group Legal, which among other mandates, will focus on developing, enhancing and harmonizing governance practices across the EMSTEEL Group.

2. Share Dealings of Board Members

All members of the Board of Directors are committed to comply with all applicable laws, regulations and decisions issued pursuant to their dealings in the EMSTEEL's securities. The following are the insider trades and statement reports for the year ended 31 December 2024 as provided in the letter received from Abu Dhabi Securities Exchange (ADX) on 11 January 2025:

Name	Position / Relationship	Shares Owned as at 31 December 2024	Total Sales	Total Buying
Saeed Ghumran Saeed Salem Alremeithi	Member of the Board of Directors	125	--	--
Fatima Abdulla Mohamed Sharif Abdulla Alfahim	Member of the Board of Directors	1,500	--	--





# 3. Formation of the Board of Directors

## a. Composition of Board of Directors

The composition of the Board of Directors of EMSTEEL Group was reformed during the Extraordinary General Assembly Meeting held on 22 October 2024.



**Hamad Abdulla Mohamed  
Alshorafa Alhammadi**

Independent non-executive member

**Experience**

- 19+ yrs

**Qualifications**

- Bachelor's Degree in Business Administration (Accounting and Finance)

**Tenure as Company Board Member from First Election**

- From 4 November 2021 to date
- Re-elected on 22 October 2024

**Membership and Designations in any Other Joint Stock Companies**

- Member of the Board of Directors of Pure Health Holding LLC
- Member of the Board of Directors of the Emirates Water and Electricity Company (EWEC)
- Member of the Board of Directors of the Abu Dhabi National Energy Company (TAQA)
- Member of the Board of Directors of Mudon
- Member of the Board of Directors of Abu Dhabi Chemical Derivatives Company RSC Ltd (TA'ZIZ)

**Designations in any Other Supervisory, Government or Other Commercial Offices**

- Deputy Group CEO of Abu Dhabi Developmental Holding Company (ADQ)



**Ahmed Ali Mohamed  
Ali Alshamsi**

Independent non-executive member

**Experience**

- 15+ yrs

**Qualifications**

- Bachelor's Degree in Economic and Social Studies
- Master's Degree in International Development: Public Policy & Management

**Tenure as Company Board Member from First Election**

- Elected on 22 October 2024

**Membership and Designations in any Other Joint Stock Companies**

- Member of the Board of Directors of Tadweer
- Member of the Board of Directors of the Emirates Water and Electricity Company (EWEC)
- Member of the Board of Directors of Zero Two
- Member of the Board of Directors of ADNOC International



**Abdulaziz Abdulla Ismail  
Mohamed Alhajri**

Independent non-executive member

**Experience**

- 35+ yrs

**Qualifications**

- Bachelor's Degree in Chemical Engineering from the University of Texas at Austin

**Tenure as Company Board Member from First Election**

- From 4 November 2021 to date
- Re-elected on 22 October 2024

**Membership and Designations in any Other Joint Stock Companies**

- Member of the Board of Directors of the Abu Dhabi National Energy Company (TAQA)





Saeed Ghumran Saeed  
Salem Alremeithi

Non-independent executive member

Experience

- 24+ yrs

Qualifications

- Bachelor's Degree in Electrical Engineering from California State University

Tenure as Company Board Member from First Election

- From 27 April 2017 to 21 April 2021 and from 4 November 2021 to date
- Re-elected on 22 October 2024

Membership and Designations in any Other Joint Stock Companies

- Chairman of the Board of Directors of Al Gharbia Pipe Company (UAE)
- Chairman of Emirates Steel Industries Co. PJSC
- Member of World Steel Association and Member of Audit Committee
- Member of the Board of Directors of the Arab Iron and Steel Union

Designations in any Other Supervisory, Government or Other Commercial Offices

- Group CEO of EMSTEEL Building Materials PJSC
- Head of the Economic Committee of the World Iron and Steel Organisation



Fatima Abdulla Mohamed  
Sharif Abdulla Alfahim

Independent non-executive member

Experience

- 17+ yrs

Qualifications

- Bachelor of Science in Business Administration (Management and Marketing) from American University of Sharjah
- Master of Business Administration in Finance and Operations from University of Pennsylvania

Tenure as Company Board Member from First Election

- From 4 November 2021 to date
- Re-elected on 22 October 2024

Designations in any Other Supervisory, Government or Other Commercial Offices

- Director – Technology at Mubadala Investment Company



Farah Abdulla Mohamed  
Ali Almazrui

Independent non-executive member

Experience

- 15+ yrs

Qualifications

- Bachelor's Degree in Economics from Queen Mary University of London
- Master's Degree in Risk Management and Financial Engineering from Imperial College London

Tenure as Company Board Member from First Election

- From 4 November 2021 to date
- Re-elected on 22 October 2024

Membership and Designations in any Other Joint Stock Companies

- Member of the Board of Directors of Etihad Aviation Group
- Member of the Board of Directors of RAK Ceramics
- Member of the Board of Directors of National Bank of Umm Al Quwain (NBQ)
- Member of the Board of Directors at Aliph Capital Limited & its portfolio companies

Designations in any Other Supervisory, Government or Other Commercial Offices

- Head of Investments at Aliph Capital Limited



Nabeel  
Qadir

Independent non-executive member

Experience

- 22+ yrs

Qualifications

- Chartered Financial Analyst – CFA
- Bachelor of Administrative Studies York University, Canada

Tenure as Company Board Member from First Election

- From 4 November 2021 to date
- Re-elected on 22 October 2024

Membership and Designations in any Other Joint Stock Companies

- Member of the Board of Directors of Abu Dhabi Chemicals Derivatives Company RSC Ltd (TA'ZIZ)

Designations in any Other Supervisory, Government or Other Commercial Offices

- Senior Partner, Lunate



b. Representation of Women

The female representation on the Group's Board of Directors as of 31 December 2024 was 29%.

c. Board Remuneration for 2023

Remuneration paid to BoD Members for 2023

The remuneration of Board members is determined as per Article 29.8 of EMSTEEL's Articles of Association which sets out that the remuneration of the Chairman, and the Board members, shall be a percentage of the net profits that shall not exceed 10% of the net profits of EMSTEEL Group for the concerned financial year. Additional amounts can be paid as expenses, fees, additional remuneration or a monthly salary in amounts determined by the BoD for any of its members if such member is also a member of any of the Board Committees or exerts any special efforts or carries out any additional work for the benefit of EMSTEEL Group that is in addition to his/her normal duties as a member of the Board of Directors. No allowance shall be paid to the Chairman or any member of the Board of Directors for attending board meetings.

The Annual General Assembly at its meeting held on 23 April 2024 approved a total remuneration for the board and its committees in an amount of AED 6,445,000 for the year ended 31 December 2023.

Proposed Remuneration for BoD in 2024

The Board is scheduled to meet on 11 March 2025 where the remuneration fees for the Board and Board Committees' members will be discussed for the year ending 31 December 2024, and duly presented for the approval of the shareholders of EMSTEEL Group at the Annual General Assembly meeting.

Allowance for attending meetings of the committees

The details of allowances for attending the meetings of the Board Committees that took place during 2024 are set out below:

Name of Committee	Allowance (AED)	Number of meetings
Audit and Risk Committee	245,000	7
Nomination and Rewards Committee	340,000	10
Strategic Investment Committee	410,000	10
Environment, Social and Governance Committee	140,000	4

Details of additional allowances, salaries, or fees paid to Board of Directors

There are no additional allowances, salaries or fees paid to the Board members other than the allowance for attending Board and board committees' meetings.

d. Board of Directors' Meetings

#	Meeting Date	No. of Attendees	No. of Attendees by Proxy	Absent Members' Names
1	12 February 2024	7	-	-
2	5 March 2024	7	-	-
3	7 May 2024	7	-	-
4	1 August 2024	7	-	-
5	31 October 2024	7	-	-

e. Board Resolutions by Circulation

Fifteen (15) Board resolutions were passed by circulation during the financial year of 2024 as set out below:

Date	No of resolutions
19 January 2024	2
24 January 2024	1
23 May 2024	1
12 June 2024	1
2 August 2024	1
17 September 2024	2
20 September 2024	1
21 October 2024	1
22 October 2024	2
23 October 2024	1
11 December 2024	1
18 December 2024	1



# 4. Committees of the Board of Directors

## a. Audit and Risk Committee (ARC)

### Acknowledgment

Abdulaziz Abdulla Ismail Mohamed Alhajri, the Chairman of the Audit and Risk Committee, acknowledges his responsibility for the ARC's role and mandate within the corporate governance structure of EMSTEEL Group and for the review of efficiency of the Committee's operations.

### Members of the Audit and Risk Committee

The current Audit and Risk Committee was reformed on 28 October 2024. The Audit and Risk Committee currently comprises the following three (3) members who are all independent and non-executive Board members:

1. Abdulaziz Abdulla Ismail Mohamed Alhajri – Chairman
2. Fatima Abdulla Mohamed Sharif Abdulla Alfahim – Member
3. Nabeel Qadir – Member

### Meetings of the Audit and Risk Committee

During 2024, the Audit and Risk Committee convened seven (7) meetings, as set out below:

Name	26 Jan 24	9 Feb 24	29 Feb 24	6 May 24	16 Jul 24	29 Jul 24	29 Oct 24	Attendance
Abdulaziz Abdulla Ismail Mohamed Alhajri	●	●	●	●	●	●	●	7/7
Fatima Abdulla Mohamed Sharif Abdulla Alfahim	●	●	●	●	●	●	●	7/7
Nabeel Qadir	●	●	●	●	●	●	●	7/7

### Key responsibilities

The roles and responsibilities of the Audit and Risk Committee are defined in its Charter which is approved by the Board of Directors. The Charter defines the roles and responsibilities of the Audit and Risk Committee in terms of:

- Review of financial statements.
- Internal controls, governance and Risk Management Framework.
- Reports from external agencies including Government.
- Compliance, whistleblowing and fraud.
- Internal Audit.
- External auditor.
- Risk management.
- Self-evaluation of the Committee's performance on an annual basis.
- Reporting to the Board of Directors.

### Annual Audit Committee report

#### Significant matters considered in relation to the financial statements

Key Audit Matters (KAMs) are those matters that, in the auditor's professional judgment, were of significant importance in the finalization of the financial statements. These matters were discussed in detail during the quarterly ARC meetings, involving both management and external auditors, ensuring that they were appropriately addressed. For further details, please refer to the Independent Auditors report in the Financial Statements for 2024.

#### Independence and effectiveness in approach for the appointment and reappointment of external auditors and tenure of the current audit firm

The appointment and reappointment of the external auditor is conducted in compliance with regulatory guidelines and best practices. The ARC evaluated proposals from audit firms based on their expertise, experience, industry knowledge, and compliance requirements. A recommendation was made to the Board of Directors and shareholders for final approval at the General Assembly meeting based on a techno-commercial assessment, considering independence aspects.

The ARC also monitors the length of tenure of the external auditor, to ensure compliance with mandatory auditor rotation requirements, and maintains transparency in the selection process. The Company's external audit services are currently provided by Ernst & Young, which has been engaged since 30 June 2024 and has been appointed for the year ending 31 December 2024.

#### Committee's recommendation regarding the appointment, reappointment, or dismissal of the external auditor

The Group Head of Internal Audit and Secretary of the ARC presented the results of the techno-commercial evaluation during the ARC meeting held on 9 February 2024. It was emphasized that the evaluation was conducted in accordance with the Statutory Auditors Appointment Rules issued by the Abu Dhabi Accountability Authority. Following this, the ARC endorsed the appointment of Ernst & Young as the Company's auditors for the year 2024. Based on the evaluation, Ernst & Young was shortlisted as a suitable candidate for the role and appointed with effect from 30 June 2024.

#### Independence of the external auditor when providing non-audit services to the Company

External auditors are required to confirm their independence annually through a formal declaration. Further, the ARC regularly reviews the nature and extent of non-audit services provided by the external auditor. For details on non-audit services provided by auditors, please refer to section 8 of this Annual Corporate Governance Report 2024.

#### Internal control and risk management

**Internal Audit:** The Annual Audit Plan for the Company has been developed based on the risk assessment conducted by the Internal Audit (IA) team and approved by the ARC. Significant findings from relevant reports are presented to the ARC on a quarterly basis to keep them informed and seek their guidance on enhancing control measures.

**Compliance:** The ARC actively oversees the organization's compliance framework to ensure adherence to regulatory requirements, internal policies, and industry best practices. Any compliance deficiencies identified through compliance audits, regulatory inspections, or monitoring mechanisms are promptly addressed through targeted action plans. The key initiatives and achievements pertaining for year 2024 are:

- The Compliance Policy, Whistleblowing Policy, Conflict of Interest & Related Party Policy, Anti-Bribery & Corruption Policy, and the Fraud Control Policy have been reviewed and updated to ensure alignment with current regulatory requirements, industry best practices, and organizational objectives. This comprehensive review process included an assessment of existing controls, the identification of gaps, and the implementation of necessary enhancements to strengthen the overall ethics and compliance framework.
- The Ethics and Compliance Function has developed comprehensive Ethics and Compliance Awareness and an annual Training Plan for 2025.
- The Ethics and Compliance Function actively conducts trade sanctions screening on counterparties as an integral part of the vendor and customer onboarding process, ensuring compliance with regulatory requirements and mitigating risks.
- The Ethics and Compliance Function conducts investigations and reports on the findings of whistleblowing cases that are being reported through the dedicated whistleblowing channels, and which are being investigated and concluded as per the Group compliance policies and procedures, including Whistleblowing Policy, Investigation Manual, Compliance Policy, and Fraud Control Policy.



**Risk Management:** The ARC is proactive in identifying, assessing, and mitigating potential risks that could impact the organization's objectives. Regular risk reviews and scenario analysis exercises are conducted to ensure preparedness against emerging threats. The key Risk and Business Continuity Management activities for year ending on 31 December 2024 were:

- Review and roll out of the revised Risk Policy, new Crisis Management Procedure to ensure alignment of risk and Business Continuity activities with organizational objectives of the Group. This process included a detailed evaluation of existing risk management frameworks, identification of areas for improvement, and the implementation of necessary enhancements to reinforce risk mitigation and crisis response strategies.
- The Risk and Business Continuity Function has successfully completed its planned annual activities for 2024, including a comprehensive review of the Risk Registers, conduct of tabletop exercises to test Business Continuity Plans (BCPs), review of the Business Impact Analysis (BIA), and performing the Annual Call Tree Test to ensure effective communication during emergency situations.
- The successful implementation of the Archer platform for the Risk Management Function, ensuring that Risk and Business Continuity Function adopts a more structured and efficient approach to risk oversight. Additionally, the initial phases of transitioning Business Continuity Management (BCM) from the Orbit GRC platform to the Archer platform commenced during 2024, focusing on improving operational efficiency and ensuring seamless alignment of the BCM with organizational requirements.

**Review of Internal Audit reports with medium and high risks and corrective action plans to address substantial deficiencies in risk management and internal control systems**  
The ARC reviewed the findings, recommendations and action plans agreed by management in response to matters raised by Internal Audit related to the audits performed in 2024 in accordance with the Internal Audit Plan as approved by the ARC. A total of 10 reports were issued during the year with 32 High, 154 Medium and 20 Low agreed action plans.

The ARC also received and reviewed the follow-ups relating to the actions agreed in response to Internal Audit reports issued during the period of Jan-2022 to Dec 2024. 637 agreed actions including 95 identified to be of High Significance were closed during 2024. The overall closure rate for the referred period is 93%. As on 31 December 2024, there were no high significance actions outstanding for more than 365 days.

The Risk and Business Continuity Function has closed outstanding audit points and reported to the ARC in late December 2024 regarding signing of the revised Crisis Management Plan Procedure and placement of new standalone Crisis Communication Plan.

**Review of transactions with related parties**  
Related party transactions were presented to the ARC by the Group Chief Financial Officer (GCFO). GCFO confirmed that proper internal controls over financial reporting are established to ensure completeness and compliance. Related party transactions and the associated controls have been audited by the external Audit provider. The ARC had reviewed related party transactions presented; no significant conflicts of interest were identified. Please refer to section 5 of this Annual Corporate Governance Report for 2024.

b. Nomination and Rewards Committee (NRC)

Acknowledgment

Ahmed Ali Mohamed Ali Alshamsi, the Chairman of the Nominations and Rewards Committee, acknowledges his responsibility for the NRC's role and mandate within the corporate governance structure of EMSTEEL Group and for the review of efficiency of Committee's operations.

Members of the Nominations and Remuneration Committee

The current Nomination and Rewards Committee was reformed on 28 October 2024. The Nomination and Rewards Committee currently comprises the following three (3) members who are all independent and non-executive Board members:

- Ahmed Ali Mohamed Ali Alshamsi – Chairman
- Farah Abdulla Mohamed Ali Almazrui – Member
- Fatima Abdulla Mohamed Sharif Abdulla Alfahim – Member

Meetings of the Nomination and Rewards Committee

During 2024, the Nomination and Rewards Committee convened 10 meetings/interviews as set out below:

Name	6 Feb 24	1 Mar 24	12 Mar 24 (Interview)	13 Mar 24 (Interview)	26 Mar 24 (Interview)	18 Apr 24	15 May 24	8 Jul 24	26 Jul 24	15 Nov 24	Attendance
Ahmed Ali Mohamed Ali Alshamsi	-	-	-	-	-	-	-	-	-	●	1/1
Farah Abdulla Mohamed Ali Almazrui	●	●	●	●	●	●	●	●	●	-	9/10
Fatima Abdulla Mohamed Sharif Abdulla Alfahim	-	-	-	-	-	-	-	-	-	●	1/1
Jamal Salim Al Dhaheri <sup>1</sup>	●	●	●	●	●	●	●	●	●	-	9/9
Nabeel Qadir <sup>2</sup>	●	●	●	●	●	●	●	●	●	-	9/9

Key Responsibilities

The roles and responsibilities of the Nomination and Rewards Committee are defined in its Charter which is approved by the Board of Directors. The Charter defines the roles and responsibilities of the NRC Committee in terms of:

- Nomination of membership of the BoD and executive management.
- Formulation and annual review of EMSTEEL policy on granting rewards/remuneration, benefits, incentives and salaries for Board Members and employees and make recommendations regarding the general compensation philosophy for EMSTEEL Group, as well as the budget for annual incentives to be awarded.
- Annual performance evaluation of the BoD and Board Committees.
- Verification of independence of Board Members.

- Development and awareness/induction programs for BoD members.
- Review of the performance measurement framework for EMSTEEL Group and its Business Units, reviewing/ endorsing the Group's scorecard results, and determining targets for performance-related compensation schemes.
- Endorsement and overseeing the implementation of the Group's People Policy, as well as endorsing changes in People Policy and high-level organisational structure.
- Self-evaluation of the Board Committee's performance on an annual basis.
- Reporting and updating the Board on significant Board Committees' activities.

<sup>1</sup> Acted as Chairman of Nomination and Rewards Committee until October 2024.

<sup>2</sup> Served as member of Nomination and Rewards Committee until October 2024.



c. Strategic Investment Committee (SIC)

Acknowledgement

Nabeel Qadir, the Chairman of the Strategic Investment Committee, acknowledges his responsibility for the SIC's role and mandate within the governance structure of EMSTEEL Group and for the review of efficiency of Committee's operations.

Members of the Strategic Investment Committee

The current Strategic Investment Committee was reformed on 28 October 2024. The Strategic Investment Committee currently comprises the following five (5) members:

- 1. Nabeel Qadir – Chairman
- 2. Abdulaziz Abdulla Ismail Mohamed Alhajri – Member
- 3. Ahmed Ali Mohamed Ali Alshamsi - Member
- 4. Farah Abdullah Mohamed Ali Almazrui – Member
- 5. Sami Najati - Member

Meetings of the Strategic Investment Committee

During 2024, the Strategic Investment Committee convened 10 meetings as set out below:

Name	24 Apr 24	24 Jun 24	8 Jul 24	2 Aug 24	10 Sep 24	11 Sep 24	18 Sep 24	4 Dec 24	5 Dec 24	10 Dec 24	Total Participation
Nabeel Qadir	●	●	●	●	●	●	●	●	●	●	10/10
Abdulaziz Abdulla Ismail Mohamed Alhajri	●	●	●	●	●	●	●	●	●	●	10/10
Ahmed Ali Mohamed Ali Alshamsi	-	-	-	-	-	-	-	●	●	●	3/3
Farah Abdulla Mohamed Ali Almazrui	●	●	●	●	●	●	●	●	●	●	10/10
Sami Najati	-	-	-	-	-	-	-	●	●	●	3/3

Key Responsibilities

The roles and responsibilities of the Strategic Investment Committee are defined in its Charter which is approved by the Board of Directors. The Charter defines amongst other things:

- Endorsing the corporate strategy, medium- and long-term business plans including the 5-year business plan.
- Endorsing annual plan and budget and amendments thereto (including assumptions).
- Endorsing project feasibility studies and budgets.
- Endorsing the changes in capital structure - incremental bank/credit facilities and guarantees, issue of shares and issue of bonds/sukuk.

- Investment protocols (investment in equity or debt instruments, derivatives, associates, REIT and others).
- Self-evaluation of the Committee's performance on an annual basis.

The SIC Charter, as approved by the Board of Directors, outlines the scope of the SIC's activities by detailing its roles and responsibilities pertaining to investment activities across 3 main categories: organic growth investments, inorganic growth investments, and treasury investments. The SIC is not a permanent Board Committee and is to be convened on a 'need to have' basis at the discretion of the Board.

d. Environment, Social & Governance Committee

Acknowledgement

Fatima Abdalla Mohamed Sharif Abdulla Alfahim, the Chairperson of the Environment, Social & Governance Committee, acknowledges her responsibility for the ESG Committee's role and mandate within the corporate governance structure of EMSTEEL Group and for the review of efficiency of Committee's operations.

Members of the Environment, Social & Governance Committee

The current ESG Committee (ESGC) was reformed on 28 October 2024. The ESG Committee currently comprises the following three (3) members:

- 1. Fatima Abdalla Mohamed Sharif Abdulla Alfahim – Chairperson
- 2. Abdulaziz Abdulla Ismail Mohamed Alhajri – Member
- 3. Majid Al Zarooni – Member

Meetings of the Environment, Social & Governance Committee during 2024

During 2024, the ESG convened 4 meetings as set out below:

Name	1 Mar 24	11 Jul 24	30 Oct 24	17 Dec 24	Attendance
Fatima Abdulla Mohamed Sharif Abdulla Alfahim	●	●	●	●	4/4
Abdulaziz Abdulla Ismail Mohamed Alhajri	●	●	●	●	4/4
Majid Al Zarooni	-	-	-	●	1/2
Jamal Salem Al Dhaheri <sup>1</sup>	●	●	-	-	2/2

Key responsibilities

The ESG Committee has been formed by the Board of Directors to assist in overseeing EMSTEEL Group's programs, policies, and practices related to ESG, health and safety, sustainability, and corporate social responsibility (CSR). The ESG Committee ensures these matters align with EMSTEEL's mission and vision, addressing issues such as climate change impacts, energy conservation, biodiversity, human rights, diversity, responsible sourcing, and more.

The Committee's responsibilities include:

- Reviewing and recommending ESG and sustainability policies and practices.
- Monitoring key political and regulatory trends related to ESG.
- Providing oversight on ESG and CSR strategies and their implementation, including climate change mitigation, resource conservation, and biodiversity.
- Assessing performance on ESG-related metrics, including diversity, equity, inclusion, and responsible sourcing.
- Overseeing environmental, health, and safety performance.

- Reviewing significant ESG-related incidents or litigation.
- Reviewing ESG-related disclosures and sustainability reports.
- Supporting communication and engagement with stakeholders on ESG and sustainability matters.
- Approve annual Decarbonization and CSR budget as it pertains to ESG matters.
- Ensuring management allocates sufficient resources to achieve ESG goals.
- Self-evaluation of the Committee's performance on an annual basis.
- Other material ESG topics.

The ESGC Charter, as approved by the Board of Directors, outlines the scope of the ESG Committee's activities by detailing its roles and responsibilities pertaining to ESG activities. The ESG Committee is not a permanent Board Committee and is to be convened on a 'need to have' basis at the discretion of the Board.

e. Board duties and mandates performed by a Board member or a member of executive management

There were no special tasks delegated to any of the Board members or executive management during 2024, other than those delegated in the normal course of business.

<sup>1</sup> Served as member of ESG Committee until October 2024.



# 5. Insider Trading Supervision Committee (ITSC)

### Acknowledgment

Mark Tonkens, the Chairman of the Insider Trading Supervision Committee, acknowledges his responsibility for the ITSC's role and mandate within the corporate governance structure of EMSTEEL Group and for review of efficiency of Committee's operations.

### Members of the committee tasked with monitoring and supervising transactions of stakeholders

During 2024, the Insider Trading Supervision Committee constitution has been changed following appointment of new members of the Committee. The Insider Trading Supervision Committee currently comprises the following four (4) members:

- 1. Mark Tonkens (Group Chief Financial Officer) – Chairman
- 2. Zhanara Bateson (Group General Counsel) – Member
- 3. Kartikeyay Nath (Group Head of Internal Audit) – Member
- 4. Gleb Diachkov-Gertcev (Director Investor Relations) – Member

### Meetings of the Insider Trading Supervision Committee

During 2024, the Insider Trading Supervision Committee convened 3 meetings as set out below:

Name	23 January 24	6 August 24	10 Dec 24	Attendance
Mark Tonkens <sup>1</sup>	-	-	●	1/3
Kartikeyay Nath	-	-	●	1/3
Zhanara Bateson	-	●	●	2/3
Gleb Diachkov-Gertcev	●	●	●	3/3
Stephen Pope <sup>2</sup>	●	●	-	2/3
Vikas Puri	●	●	-	2/3
Walid El Helaly	●	-	-	1/3

### Key Responsibilities

The ITSC is responsible for establishing, publishing and enforcing effective procedures applicable to the purchase and sale of EMSTEEL's securities by insiders, designed not only to prevent improper trading, but also to avoid any question of the propriety of insider purchases or sales. The ITSC shall undertake the following roles and responsibilities:

- Preserve the reputation and integrity of EMSTEEL Group as well as that of all persons affiliated with EMSTEEL Group.
- Ensure no person with material, non-public information about EMSTEEL Group can purchase or sell any of EMSTEEL's securities.

- Maintain and monitor the Insiders' Register on a quarterly basis (i.e., an updated list of insiders/covered persons and their owned securities, investor numbers (if available), undertakings, pre-clearance of trade) and inform the Board regarding any changes to the list of the Register.
- Provide an updated list of insiders/covered persons to relevant authorities at the beginning of the fiscal year and whenever amendments are made.
- Review changes to the applicable laws frequently and update the Insider Trading Policy accordingly.
- Establish a pre-clearance procedure of all trades by all officers, directors and certain employees to protect employees from insider trading liability.

- Define trading blackout periods during which employees trading is prohibited (especially during announcements of financial results or transaction-based events, such as a merger).
- Communicate the requirements of Insider Trading Policy (if applicable) to all employees regularly and conduct routine trainings.
- Define the non-compliance consequences for violating Insider Trading Policy (i.e., disciplinary action up to termination of employment, relationship or lawsuit).

## Related Parties Transactions

Statement of Related Party	Nature of relationship	Type of Transaction	Value of Transaction (AED)
Intercompany Transactions			
Abu Dhabi Distribution Company PJSC	Sister Company	Electricity and water expenses	596,455,479
Abu Dhabi Ports Company PJSC	Sister Company	Clearance and export charges	28,423,488
Abu Dhabi Marine Services Safeen LLC (ADPMS)	Sister Company	Trans-shipment charges	93,581,948
Zones Corp Infrastructure Fund	Sister Company	Purchase - natural gas and rent	54,001,466
Al Ain Foods & Beverages PJSC	Sister Company	Drinking water	1,184,103
Contango Management Consultancy LLC ICP	Sister Company	Consultancy fees	11,151,166
Transactions with related parties			
Abu Dhabi National Oil Company	Under common control	Purchase - natural gas	541,325,548
National Health Insurance Company PJSC (Daman)	Under common control	Medical insurance cost	26,422,773
Abu Dhabi Retirement and Pension Fund (UCC)	Under common control	Pension	26,431,086
Abu Dhabi National Exhibitions Company PJSC (ADNEC)	Under common control	Exhibitions	216,005

Related parties' transactions that exceeded 5% of capital in 2024:

- 1. **Abu Dhabi Distribution Company PJSC** – AED 596,455,479 (6.8% of capital)
- 2. **Abu Dhabi National Oil Company** – AED 541,325,548 (6.2% of capital)

<sup>1</sup> Chairman of the Committee from September 2024.

<sup>2</sup> Chairman of the Committee until September 2024.



## 6. Assessment of the Board of Directors

### Annual assessment of the performance of the Board of Directors, its members and committees

The Nomination and Rewards Committee has successfully completed the annual performance assessment of the Board, its members and its Committees for the year 2024. The comprehensive review process was designed to evaluate the effectiveness of governance practices, adherence to strategic objectives, and the overall contribution of the Board and its members. The assessment

identified several areas of strength, while also highlighting opportunities for further enhancement to ensure continued excellence in governance and oversight. These insights will inform targeted initiatives to strengthen the Board and its Committees' performance, foster greater engagement, and align with the Group's long-term strategic goals.

### Assessment of the BoD by an independent professional entity

The assessment of the Board of Directors has been performed during 2024 by an independent external party with the following key observations:

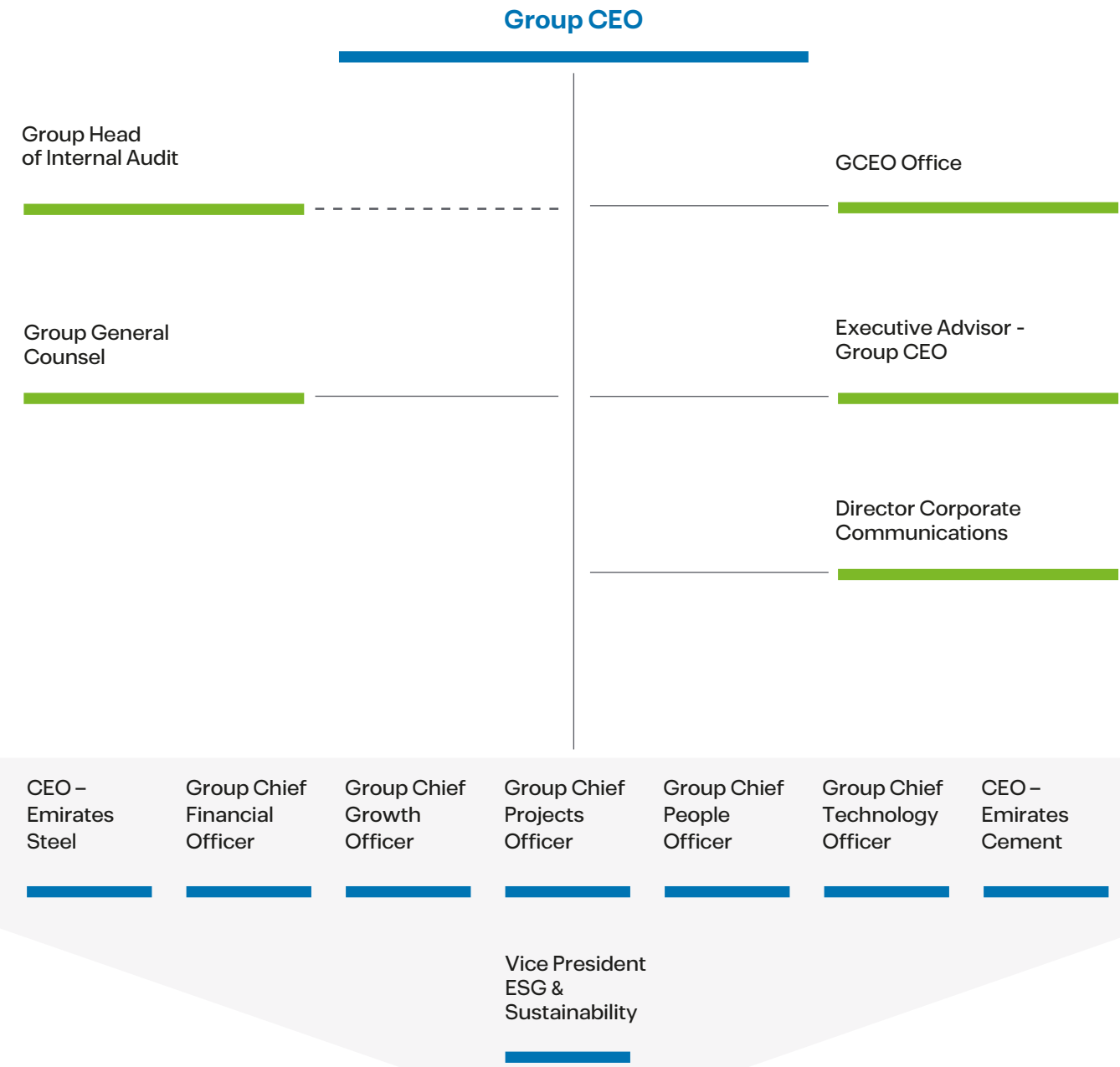
- EMSTEEL's Board perceives itself as functioning adequately and harmoniously.
- BoD Members believe that there has been a significant effort made to uplift the efficiency of operations of each of the Board Committees.
- ESG Committee was inaugurated to develop a competitive advantage.

- Further improvement in the quality and cadence of reporting of Board Committees is needed.

## 7. Organizational Structure and Executive Management

### Organisation Chart

The Internal Audit function reports directly to the Audit and Risk Committee and administratively to the Group CEO. Ethics and Compliance and Risk Management functions have a functional reporting line to the Audit and Risk Committee.



## Senior Executive Management and Remuneration

#	Name	Designation	Nationality	Joining Date	Total Salaries and Allowances Paid for 2024 (AED)	Total Bonuses Paid in 2024 (AED)
1	Saeed Ghumran Saeed Salem Alremeithi	Group Chief Executive Officer	UAE National	7 Jan 2001	3,314,800	2,362,500
2	Saeed Khalfan Ali Al Ghafri	Chief Executive Officer – Emirates Steel	UAE National	6 Jun 2006	2,361,600	730,575
3	Hassan Salim Rawhi Sha'sha'a	Group Chief Projects Officer	Jordan	1 Aug 2007	1,896,000	675,000
4	Jasem Mohamed Rashed Al Khateri	Group Chief People Officer	UAE National	2 Apr 2017	1,723,200	607,500
5	Vladimir Arshinov	Group Chief Technology Officer	Slovenia	18 Apr 2023	1,550,304	377,405
6	Hugo Losada	Chief Executive Officer – Building Materials	Venezuela	2 Oct 2023	1,771,200	-
7	Mark Tonkens	Group Chief Financial Officer  (from 2 September 2024)	Netherlands	2 Sep 2024	694,167	-
8	Stephen Pope	Group Chief Financial Officer  (until 2 September 2024)	United Kingdom	5 Mar 2007	2,188,000	742,500
9	Lalit Kumar	Group Chief Growth Officer  (from 3 October 2024)	Luxembourg	3 Oct 2024	416,944	-

All values are actual cash paid in the year 2024 excluding gratuity, employer contribution to pension, and medical and life insurance for continuing senior executives. There are no any other cash/in-kind bonus paid in 2024.

## 8. External Auditor

### About the External Auditor

Ernst & Young (EY) MENA has been operating in the region since 1923. The headquarters of EY are in London, United Kingdom. It employs more than 395,000 professionals in over 700 offices in more than 150 countries. They provide global services in four main areas: Assurance, Consulting, Tax and Strategy & Transactions. The Group appointed EY

as its external auditor on 23 April 2024 i.e., since the second quarter of 2024. During 2024, the external auditor did not provide any services other than reviewing the quarterly financial statements of the Group, auditing the Group consolidated financial statements for year end and providing assurance report on internal controls over financial reporting.

### Fees of the audit or the services provided by the external auditor

Name of the firm	Ernst & Young (EY) MENA
Number of years lapsed as Group's external auditor	1 year
Number of years lapsed for auditing of the Group accounts by the same audit partner	-1 Year
Total audit fees including quarterly review fees for 2024	AED 983,398
Fees and costs of other special services other than auditing financial statements for 2024	AED 231,000
Details and nature of other rendered services	A report on the effectiveness of the Internal Control Systems for the preparation of financial statements in accordance with the requirements of the Abu Dhabi Accountability Authority, at a cost of AED 231,000
Statement of other services provided by another external auditor other than the Group's external auditor during 2024	None

### Qualifications that the Group's auditor included in the interim and annual financial statements

- Q1, 2024: There are no qualifications included in the auditor's review report on the Group's interim consolidated financial statements for the first quarter of 2024, reviewed by Deloitte & Touche (M.E.).
  - Q2, 2024: There are no qualifications included in the auditor's review report on the Group's interim consolidated financial statements for the second quarter of 2024.
- Q3, 2024: There are no qualifications included in the auditor's review report on the Group's interim consolidated financial statements for the third quarter of 2024.
  - 2024 Annual Report: The auditor's report for 2024 has been issued with a clean opinion.



# 9. Internal Control Systems

## Acknowledgment

The Group's Internal Control System is designed to support the Board of Directors and management to achieve the Group's business goals and contribute to protecting shareholders' investments and the Group's assets. The objective of the Group's Internal Control Framework is to ensure that internal controls are established, policies and procedures are properly documented, maintained, and adhered to, and are incorporated by the Group within its normal management and governance processes. It also acknowledges that this system is designed to reduce the risks of failure to achieve the Group's business goals and not eliminate them permanently and thus provides reasonable and not absolute assurance of the error of financial statements or serious losses. The Group has also established formal procedures whereby the main risks faced by the Group are continuously identified and managed with an estimate of their potential impact. The Board of Directors acknowledges its responsibility for the Internal Control System, its independence in the Group, and its review and effectiveness.

Complementing the Internal Control System, EMSTEEL's risk management and governance framework, is reinforced by the Three Lines of Defense model, adopted from the Institute of Internal Auditors. This model serves as a fundamental pillar in ensuring robust oversight, accountability, and effective risk management. The first line of defence comprises operational management, responsible for identifying, assessing, and managing risks within their day-to-day activities. The second line of defence includes risk management and compliance functions, which provide oversight, guidance, and support to ensure risks are managed in alignment with EMSTEEL's policies and regulatory requirements. The third line of defence is the internal audit function, which independently evaluates the effectiveness of the first and second lines, providing assurance to the Board and senior management on the adequacy of risk management, control, and governance processes. Together, these three lines work cohesively to safeguard EMSTEEL's objectives, enhance decision-making, and ensure compliance with legal and regulatory standards, thereby strengthening our overall corporate governance framework.

## Group Head of Internal Audit

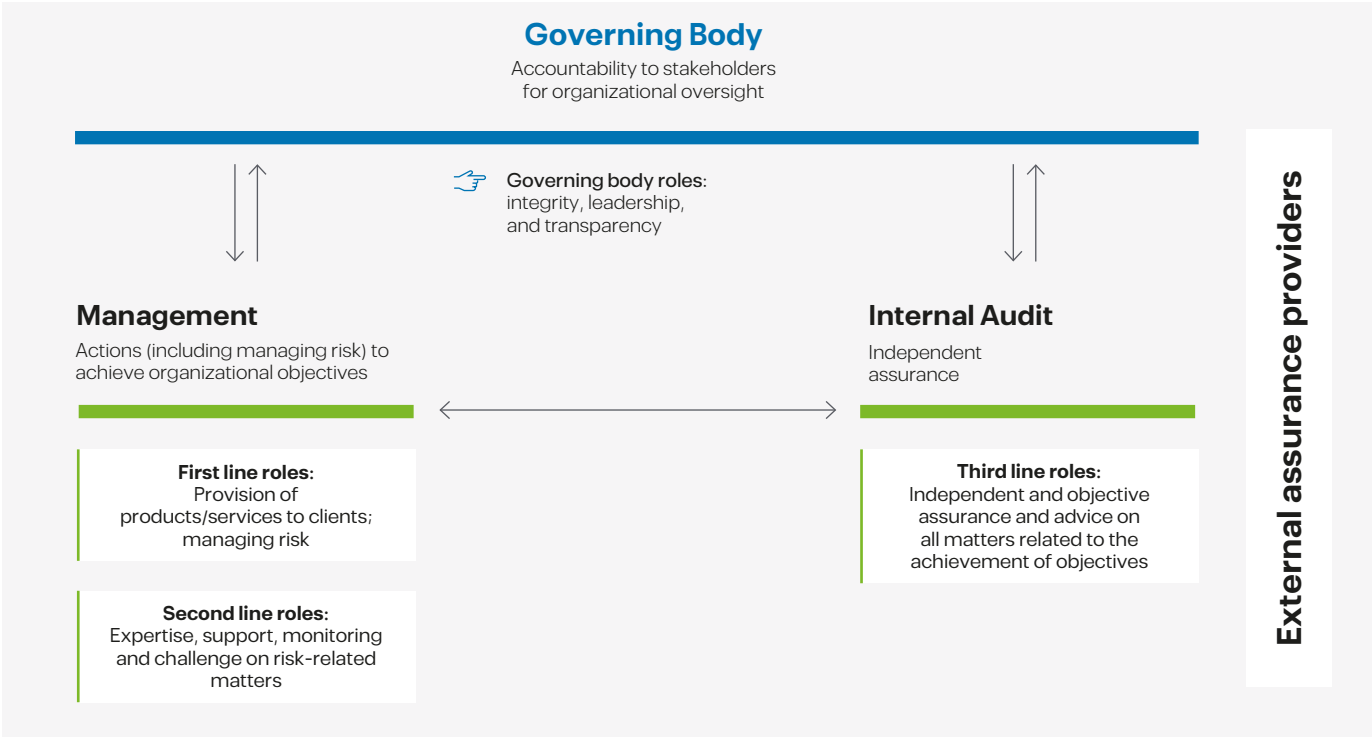
Kartikeya Y Nath has been appointed as the Group Head of Internal Audit, effective October 2024, following the authority granted to the Audit and Risk Committee by the Board of Directors. Prior to this role, he served as the Head of Global Internal Audit and Chief Risk Officer for major steel manufacturing companies with a global presence. Kartikeya Y Nath has over two decades of professional experience with Big 4 consulting firms and steel manufacturing companies. Throughout his career, he has gained extensive expertise in various areas, including

internal audits, internal controls, risk management, corporate governance, IFRS, financial reporting, assurance, transaction services, corporate finance, regulatory compliance, financial advisory, investigations, policy development, and management audits and consulting. His experience spans a broad range of industries. In addition to being a qualified Chartered Accountant of India (CA), Kartikeya Y Nath holds a Bachelor of Law (LLB) and a Bachelor of Commerce (B. Com) degree.

## Ethics and Compliance Officer

Mohammad AlSuwaidi was appointed as Compliance Officer at the Group, effective 9 October 2024. He has extensive experience in regulatory compliance, is a certified Anti-Money Laundering Specialist (ACAMS) and holds certifications in Global Financial Compliance from the Chartered Institute of Securities and Investments (CISI). With 8 years of professional experience in regulatory compliance, he has held key roles at leading UAE regulatory authorities. At the Securities and Commodities Authority (SCA), he oversaw regulatory compliance frameworks for licenced financial institutions, investment funds, and capital market

intermediaries ensuring adherence to the UAE laws and SCA regulations. At the Ministry of Economy, he contributed to the development of Anti-Money Laundering (AML) policies and conducted regulatory examinations for Designated Non-Financial Businesses and Professions (DNFBPs). His efforts enhanced the national AML Framework, supporting the UAE's commitment to international standards. In addition, he served on the Appeals Committee Member at the UAE's Ombudsman Unit that has been established by the Central Bank of the UAE, addressing consumer complaints and disputes with licenced financial institutions.



## Dealing with Important Problems / Issues

### Internal Audit

The Internal Audit department provides independent assurance and consulting services using a disciplined systematic approach to improve the effectiveness of risk management, internal control and governance processes across the Group's operations. It also aims to assist management in achieving its goals by making the necessary effort to positively improve the efficiency and effectiveness of operations. The Internal Audit department abides by the rules and regulations that define its work and exercises independence that enables it to perform its duties and work in accordance with the relevant requirements of the Authority Board Resolution number (03/RM) of 2020 and any subsequent amendments thereto.

The scope and frequency of audits depend on several factors, including, for example: the results of previous years' audits, the results of the business risk assessment related to the various activities in the Group, the materiality,

the efficiency of the Internal Control Systems, and the resources available to implement internal audits. The Internal Audit department works in accordance with the directives of the Audit and Risk Committee, and the ARC plays a fundamental role in matters related to auditing and governance through review, approval of the risk-based annual audit plan and the participation of the Chairman, the Board of Directors and Executive Management in discussing the audit results. On the administrative side, the Group Head of Internal Audit reports to the Group CEO.

### Ethics and Compliance

The Ethics and Compliance function is responsible for monitoring the compliance of EMSTEEL Group and its employees with the applicable laws, regulations, statutory requirements, resolutions, policies and procedures, and rules of business through effective coordination with all internal and external stakeholders. The Ethics and Compliance function

has a direct reporting line to the Audit and Risk Committee and reports operationally to the Group Chief Executive Officer. The Ethics and Compliance function is responsible for:

- Reviewing the employees' compliance with the Code of Business Conduct.
- Reviewing the appropriateness of practices and procedures for compliance with applicable laws, regulations, and resolutions.
- Reviewing and assessing effectiveness of the Ethics and Compliance System with inclusion and disclosure requirements and other legal and legislative requirements related to the Group's activities.

- Developing and updating key compliance procedures related to Anti Money Laundering (AML) and Sanctions Screening of key counterparties.

The Group has developed a comprehensive Ethics and Compliance Framework to monitor and manage key risks associated with our dynamic business environment. The Ethics and Compliance team ensures that the Framework is adequately designed and adapted to our business and operational needs. Below are the key areas of the Framework with details in the following respective sections:

<b>Anti-Bribery &amp; Corruption</b>	<b>Conflicts of Interest and Related Party</b>	<b>Gifts, Hospitality and Entertainment (GHE)</b>
Ensuring compliance with all Anti-Bribery and Corruption laws and regulations applicable on our business and operations.	Ensuring that all conflicts of interest are properly identified and managed.	Ensuring ethical and transparent practices for receiving and giving Gifts, Hospitality and Entertainment.
<b>Sanctions &amp; Export Controls</b>	<b>Third-Party Risk Management</b>	<b>Whistleblowing, Investigation and Ethics Review Committee</b>
Ensuring compliance with applicable and evolving sanctions and export controls and screening key-counterparties before any business transactions.	Ensuring that all third-party risks are managed with effective understanding of third-party operations.	Maintaining anonymity and safeguarding whistleblowers in compliance matters to maintain trust among employees and other stakeholders.
<b>Inside Information Management and Insider Dealing</b>	<b>Fraud Control - Prevention, Detection and Response</b>	<b>Data Privacy &amp; Protection</b>
Ensuring compliance with SCA and ADX regulations regarding inside information and insiders' dealing.	Ensuring effective controls are in place for fraud prevention, detection and response.	Ensuring all personal data is protected to maintain trust of employees and other stakeholders.

Risk

EMSTEEL Group has implemented an effective Risk Management Framework that is consistent with the Group achieving its corporate objectives. Risk Management deals with understanding, documenting, and managing the Group's risk exposure and taking mitigation measures, where necessary, to ensure that those risks are contained to acceptable levels consistent with the Group's risk appetite. Risk Management is a critical function within EMSTEEL Group. The Risk Policy is applicable for all business lines, departments, and sections. It is also applicable for strategic and corporate governance activities that are undertaken by the Executive Management.

The Board of Directors has an oversight responsibility pertaining to the Group's Risk Management Framework. The BoD has approved the Risk Policy and provides the necessary support to ensure that adequate and robust risk management is incorporated into the culture of EMSTEEL Group. The Risk Management (RM) section has been established to facilitate the implementation of the Risk Management Framework and Risk Policy. The Audit and Risk Committee provides an oversight to the RM section. The Risk function has a direct reporting line to the Audit and Risk Committee and reports operationally to the Group General Counsel. Until August 2024, this oversight was provided by the Strategic Investment and Risk Committee.

Reports issued by the Internal Audit Department to the Group's Board of Directors

During 2024, reports related to 10 engagements were issued by the Internal Audit department based on the Group Internal Audit Plans approved by the Audit and Risk Committee.

10. Details of Violations during 2024

EMSTEEL Group ensures full compliance with all applicable laws, resolutions and regulations and has not been subject, during the year 2024, to any sanctions, limitations, or violations whether from the Securities and Commodities Authority (SCA) or any other UAE regulatory authority.

11. Community Support & Environmental Contributions

Below is a statement of monetary and in-kind contributions made by the Group during 2024. These initiatives reflect the Group's strong commitment to environmental sustainability, community enrichment, and social responsibility. Throughout the year, EMSTEEL Group carried out impactful Corporate Social Responsibility (CSR) activities, directly benefiting **7,810 individuals**, with a total expenditure of **AED 605,765** and the support of **150 dedicated volunteers**.

- In March, EMSTEEL Group conducted a plastic recycling workshop during a safety event to raise awareness about recycling and its environmental impact. This initiative benefited 20 participants, with a cost of AED 5,680 and the support of two volunteers.
- During Ramadan, EMSTEEL Group undertook several initiatives to support the community. A Ramadan tent was sponsored to provide daily Iftar meals for 100 individuals, benefiting a total of 3,000 people at a cost of AED 75,000 with the assistance of one volunteer. Additionally, food parcels were distributed to 550 families in need across the UAE as part of the 'We Give You a Smile' campaign. This initiative incurred a cost of AED 54,698 and was supported by 97 volunteers.
- As part of its commitment to inclusion, EMSTEEL Group invited People of Determination to participate in a planting workshop alongside employees in March. This initiative benefited 150 participants, with a cost of AED 10,000 and the support of five volunteers.
- Furthermore, Iftar meals were distributed to 600 laborers in ICAD, costing AED 5,712 and involving ten volunteers. EMSTEEL Group also organized Iftar meals for 500 laborers in a dedicated tent, with active participation from senior management. This effort cost AED 6,000 and involved ten volunteers.
- In May, EMSTEEL Group sponsored the Multiple Sclerosis Walkathon to raise awareness about the condition. This event benefited 280 participants, with a cost of AED 55,000 and the support of ten volunteers.
- To bring joy and happiness to orphans during Eid, EMSTEEL Group organized the Keswat El Eid initiative in June, which included shopping trips for 85 children to buy clothes and enjoy entertainment activities. This initiative cost AED 20,000 and involved five volunteers.
- In collaboration with SEHA, EMSTEEL Group organized a blood donation campaign, 'Drop of Giving', in July. This initiative encouraged 125 employees to donate blood and support the community, with the involvement of four volunteers.
- In September, EMSTEEL Group constructed a tent over the mosque platform in ICAD to provide shade for worshippers during the summer heat. This project benefited 1,500 individuals at a cost of AED 123,675.
- As a strategic partner of the national 'Let's Share Together' initiative, EMSTEEL Group participated in a tree-planting campaign in December. The EMSTEEL Group contributed to planting 1,000 mangrove trees, a vital step in combating climate change. This effort benefited 1,000 individuals, with a total cost of AED 100,000 and the involvement of six volunteers.

These initiatives showcase EMSTEEL Group's dedication to fostering sustainability, enhancing community well-being, and empowering individuals to make a positive societal impact.

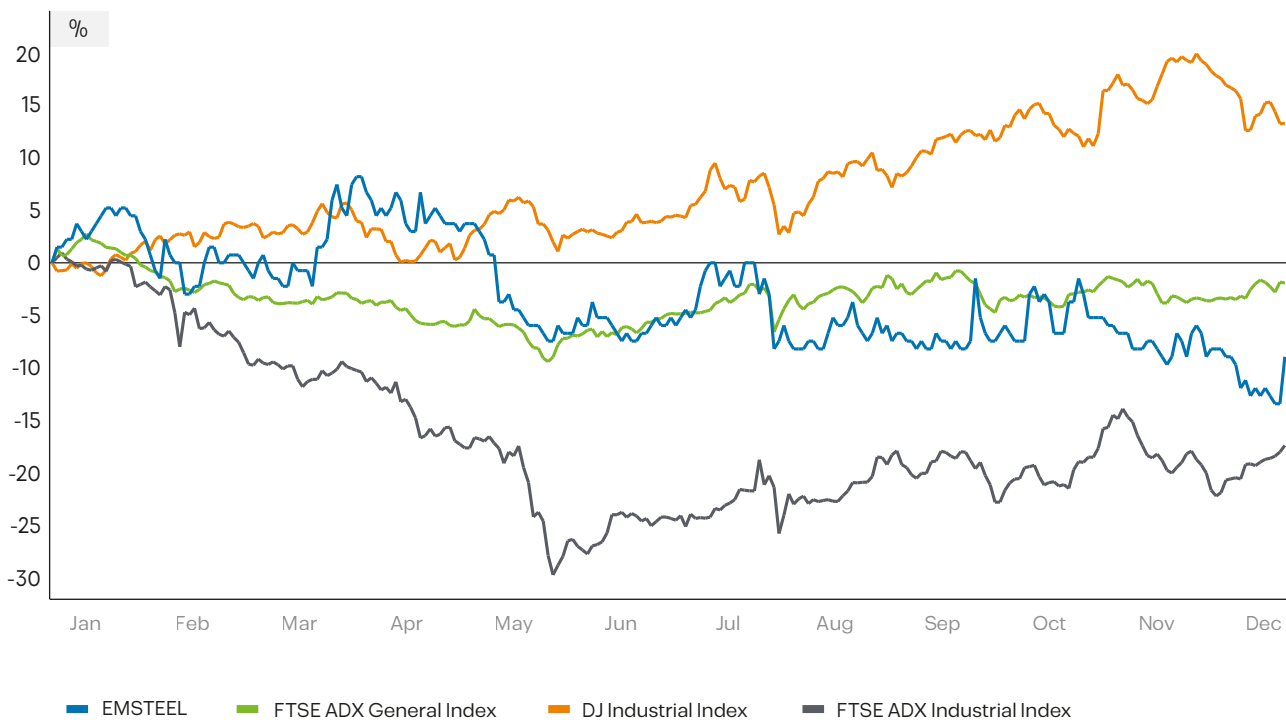


## 12. General Information

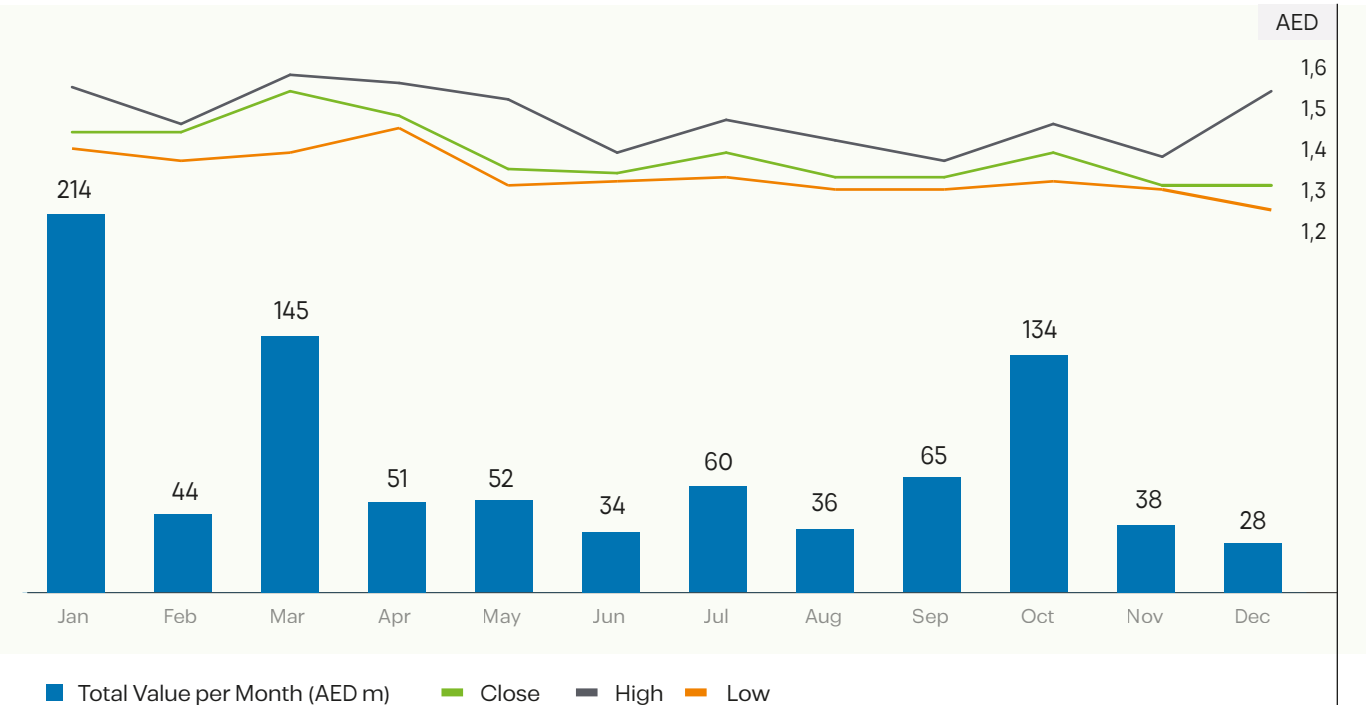
### a. Monthly Share price on the market

Month	Close AED	High AED	Low AED	Total Value per Month AED million	Total Volume per Month (# of shares, million)
January	1.39	1.50	1.35	214	154
February	1.39	1.41	1.32	44	32
March	1.49	1.53	1.34	145	97
April	1.43	1.51	1.40	51	36
May	1.30	1.47	1.26	52	40
June	1.29	1.34	1.27	34	26
July	1.34	1.42	1.28	60	45
August	1.28	1.37	1.25	36	28
September	1.28	1.32	1.25	65	51
October	1.34	1.41	1.27	134	100
November	1.26	1.33	1.25	38	30
December	1.26	1.49	1.20	28	22

### b. Comparative performance of share to the general market index and a relevant industrial index



### EMSTEEL Performance during 2024



### c. Ownership distribution of shareholders on 31 December 2024

No.	Shareholder	% of Shares Held		
		Individuals	Corporates	Government
1	UAE	7.71%	2.43%	88.25%
2	Arabs	0.53%	0.22%	-
3	Foreigners	0.13%	0.73%	-
Total		8.37%	3.38%	88.25%

### d. Shareholders holding 5% or more

No.	Shareholder	Quantity	Citizenship	%
1	General Holding Corporation PJSC ("SENAAT")	5,992,500,000	UAE	87.48

e. Shareholding distribution according to the volume of shares

No.	Shareholding (shares)	No. of Shareholders	Shares Held	Held Shares Ratio to Total Capital
1	Less than 50,000	76,104	161,311,599	2.35%
2	From 50,000 to less than 500,000	506	76,426,148	1.12%
3	From 500,000 to less than 5,000,000	106	140,158,214	2.05%
4	More than 5,000,000	33	6,472,104,039	94.48%
Total		76,749	6,850,000,000	100

f. Investors relations

Investor relations in-charge and contact details:

Gleb Diachkov-Gertcev is Director of Investor Relations. The Investor Relations department can be contacted via [ir@emsteel.com](mailto:ir@emsteel.com)

Investor relations web page on the Group’s website:

A webpage designated for investors relation has been developed within the EMSTEEL’s website, available via the link <https://www.emsteel.com/investor-relations/>. It is updated and maintained to keep abreast with international best practice including investor relations information and contact details together with all reports and presentations relating to EMSTEEL’s financial results, General Assembly minutes, annual corporate governance reports and any other significant information of assistance to existing shareholders and potential investors.

g. Statement of special resolutions proposed at General Assembly

No special resolutions were presented at the General Assembly convened during 2024.

h. Board Secretary

Name of Board’s Secretary	Mahmoud El Gharabawy
Appointment Date	3rd March 2023
Qualification and Experience	<ul style="list-style-type: none"><li>• Mahmoud is a Partner in the Corporate Commercial practice at Hadeef &amp; Partners’ Abu Dhabi office.</li><li>• Mahmoud has over 17 years of experience in the legal field, during which he focuses mainly on corporate, commercial, capital markets, M&amp;A and finance transactions.</li><li>• Mahmoud has extensive experience in corporate, merger and acquisitions and capital markets, including restructuring, IPOs, private placement, bonds/sukuk issuance, tender offers and right issues.</li></ul>
Job Description	<ul style="list-style-type: none"><li>• Proposing the agenda of board meetings, organising and recording the activities of board meetings and sub-committees.</li><li>• Provide sound and professional advice to the Chairman of the board on matters related to corporate governance.</li><li>• Ensure that the quorum of the board and its committees is achieved and that the related documents are distributed in a timely manner.</li><li>• Ensure effective management of all logistical arrangements related to the board’s activities.</li><li>• Ensure accurate and effective records are kept of board decisions in compliance with legal requirements.</li><li>• Record the minutes of all meetings of the BoD, ensuring that all procedures have been duly observed, recording the time and place of the meeting, the names of the attendees or representatives at the meeting in the minutes and retain the original copies of the minutes at the Group’s headquarters.</li><li>• Keeping the BoD and EMSTEEL Group executives fully informed of current and new legislative requirements.</li><li>• Prepare for the Annual General Meeting of shareholders.</li><li>• Follow up on board affairs (decision and requests), track and coordinate board requests between the board and management.</li><li>• Maintain strict confidentiality of all tasks performed.</li><li>• Perform all duties that may be required by law, EMSTEEL’s Articles of Association or internal regulations, and any other matters which may be assigned to him from time to time by the BoD.</li></ul>

i. Major events and important disclosures encountered during 2024

No significant events and disclosures to report outside usual business activities.



j. Emiratization percentage in the Group

A comprehensive review of the Emiratization strategy for 2024 has been conducted to ensure alignment with best practices followed by Abu Dhabi Government entities, focusing on targeted nationalized positions. The Group's Emiratization approach has been refined with a methodology that prioritizes nationalized roles. This strategic enhancement reflects a dedication to industry best practices, ensuring that Emiratization efforts contribute meaningfully to organizational goals and the wider sector. Below is the attained Emiratization figures based on the new approach:

Year	Emiratisation
2022	52%
2023	54%
2024	51.7%

k. Innovative Projects and Initiatives Undertaken

The management presented several initiatives that would add value to EMSTEEL Group's business that are under review and evaluation by the executive management and the Board of Directors. Selected initiatives are set out below:

2024 Initiative	Impact Category	Description	Benefits	Status
Operational Excellences Improvement in EC	<ul style="list-style-type: none"><li>Environment/Long term Business Sustainability</li><li>Energy Cost Savings.</li><li>Productivity Improvement.</li><li>Quality Improvement</li></ul>	Enhancement of EC efficiency, reducing costs, and minimizing environmental impact through energy optimization, automation, raw materials substitution, and product quality improvement. It focuses on sustainability, process optimization, and improved asset management.	<ul style="list-style-type: none"><li>CO<sub>2</sub> footprint reduction.</li><li>Reduction in Energy Cost.</li><li>Enhanced Productivity.</li><li>Improved Quality.</li></ul>	Started/Ongoing
Waste-to-Fuel Project with TADWEER	<ul style="list-style-type: none"><li>Environmental/ Long Term Business Sustainability</li><li>Production and Energy Cost Reduction.</li></ul>	Converting waste into sustainable energy for cement production and using construction waste as raw materials, by focusing on harnessing TADWEER Group's production of Refuse Derived Fuels (RDF) and Construction and Demolition Waste (CDW) in EMSTEEL Group's plants, including Al Ain Cement Plant and Emirates Block Factory.	<ul style="list-style-type: none"><li>CO<sub>2</sub> footprint reduction.</li><li>Reduction in Energy Cost.</li><li>Reduce dependency on fossil fuels.</li></ul>	Signed MOU with TADWEER, targeting Q1 2026 for the AF pilot project launch.
ES Weighbridge Automation	<ul style="list-style-type: none"><li>Productivity</li><li>Cost Reduction</li><li>CO<sub>2</sub> Emission</li><li>Digital Automation</li></ul>	Automating weighbridge operations to reduce truck waiting times, eliminate manual interventions and instantly generate invoices.	<ul style="list-style-type: none"><li>Faster processing and increased accuracy.</li></ul>	In progress. Launched Q4 2024
ES External Inbound Container Offloading	<ul style="list-style-type: none"><li>Cost Reduction</li><li>Efficiency Improvement</li><li>CO<sub>2</sub> Emission</li></ul>	Directly offloading inbound containers at ESA to eliminate extra handling and transportation costs by installing a unique customized container offloading platform at the yard.	<ul style="list-style-type: none"><li>Reduced costs and improved operational efficiency.</li></ul>	Platform installation completed Q4 2024.

**Hamad Abdulla Mohamed Alshorafa Alhammadi**  
Chairman – Board of Directors

**Abdulaziz Abdulla Ismail Mohamed Alhajri**  
Chairman – Audit and Risk Committee

**Ahmed Ali Mohamed Ali Alshamsi**  
Chairman – Nomination and Rewards Committee

**Kartikeyay Nath**  
Group Head of Internal Audit



# Financial Statements

60	Board of Directors' Report to the Shareholders
62	Independent Auditor's Report
66	Consolidated Statement of Financial Position
68	Consolidated Statement of Profit or Loss
68	Consolidated Statement of Comprehensive Income
69	Consolidated Statement of Changes in Equity
70	Consolidated Statement of Cash Flows
72	Notes to the Consolidated Financial Statements



# Board of Directors' Report to the Shareholders for the Year Ended 31 December 2024

On behalf of EMSTEEL Building Materials PJSC's Board of Directors ("EMSTEEL", the "Company" or the "Group"), I am pleased to present the Board of Directors' report and the audited consolidated financial statements for the year ended 31 December 2024.

The change of the legal name of the Company to EMSTEEL Building Materials PJSC, from Arkan Building Materials Company (Arkan) PJSC, was approved at the General Meeting of Shareholders held on 10 April 2023. The name EMSTEEL better reflects the nature of our expanded business following the integration of Emirates Steel Industries Co. PJSC ("Emirates Steel") into the Group in October 2021.

The acquisition of Emirates Steel created the largest steel and building materials manufacturing and distribution business in the UAE, a regional champion that is globally competitive. The transaction facilitated a significant expansion in the scope of the Group's scale and provided diversification in the scope of its operations. Despite the global economic headwinds, the increasing reach of our products is a clear testament to our customers' trust and preference for 'Made in UAE' products.

The Group's performance in 2024 reflected its resilience and efficiency amidst challenging market conditions. The financial performance for the year underscores the Group's strengths across the value chain, differentiating it from other players in the steel and building materials sectors and reinforcing the Group's commitment to 'Operation 300 Billion', the UAE's Industrial Strategy.

This performance has been delivered without losing sight of ensuring the most rigorous health, safety, and environmental protocols across the business units. As evidence of this, during 2024 the Group preserved its Lost Time Injury Frequency Rate at a record low of 0.16, significantly lower than the World Steel Association average of 0.65 as well as the average of the top twenty-five cement producers globally which stands at 0.69.

Overall Group revenues in 2024 totaled AED 8,337.3 million, compared to AED 8,899.4 million for the year 2023.

The Group recorded a net profit before tax of AED 431.7 million for the year; this compares with a net profit of AED 601.9 million as reported in 2023.

## Review of Operations

### Steel Division

Despite the head-winds faced by the global steel sector, on a stand-alone basis the Steel division generated revenues of AED 7,576.6 million in 2024 compared to AED 8,028.5 million in 2023; generated earnings before interest, tax, depreciation and amortisation of AED 679.5 million, compared to AED 1,022.8 million in 2023; and a net profit before tax for the year of AED 287.3 million compared to a net profit of AED 457.2 million in 2023, the former being stated after the partial reversal of impairment losses, initially recorded in 2020, in an amount of AED 207.3 million.

### Cement, Blocks, Pipes & Others

Revenue from the Cement and Blocks division was AED 760.7 million in 2024, compared to AED 870.9 million in 2023.

In 2021, as a consequence of the uncertainty associated with the longer-term operating model for the Al Ain Cement plant, the Group booked an impairment loss of AED 700 million against the related goodwill and assets. Following a similar assessment at 31 December 2022 management determined that no additional impairment provision was required and following a further assessment at 31 December 2023 a release of AED 83.45 million was made from the provision carried as a consequence of the improved performance of the business. Based on a further assessment at December 2024 management determined that no additional impairment provision was required.

As a result of significant over-supply in the domestic market, an impairment loss of AED 150 million was booked in 2022 against the goodwill and operating assets associated with Emirates Blocks, the division's downstream business comprising the manufacture of blocks, paving stones and dry mortar. Following a similar assessment at 31 December 2023, management determined that an additional impairment provision of AED 83.45 million was required against this business. Based on a further assessment at December 2024 management determined that no additional impairment provision was required.

The Group is planning the disposal of the non-core Anabeeb division, comprising the PVC Pipes, GRP Pipes and Bags business units. A binding offer was received for the division in the final quarter of 2024.

Before the impairment charges in both 2024 and 2023 the division, comprising the Cement, Blocks and the Anabeeb business units, recorded a net profit before tax of AED 144.3 million as compared to a profit of AED 144.5 million in 2023.

## Liquidity

Bank borrowings totaled AED 485.8 million as at 31 December 2024 (31 December 2023: AED 489.3 million). In addition, the Group held cash and cash equivalents of AED 823.3 million as of 31 December 2024 (31 December 2023: AED 425.8 million).

## Total Assets & Shareholders' Equity

The Group's total assets were AED 11,259 million as at 31 December 2024 (31 December 2023: AED 11,029 million). The value of shareholders' equity was AED 8,720 million as of 31 December 2024 compared to AED 8,332 million as at 31 December 2023.

## Directors

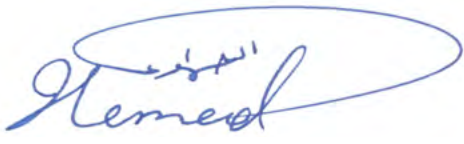
The Directors who held office during the financial year subject to review, and through to the date of this report, are detailed below.

- Hamad A. Al Hammadi - Chairman
- Ahmed Ali Al Shamsi - Vice Chairman (appointed 22 October 2024)
- Jamal S. Al Dhaheri - Vice Chairman (retired 21 October 2024)
- Abdulaziz Al Hajri
- Farah Abdulla Al Mazrui
- Fatima Abdulla Al Fahim
- Nabeel Qadir
- Saeed G. Al Remeithi - Group Chief Executive Officer

## Auditor

The Directors release from liabilities the external auditor, Ernst & Young Middle East, in connection with their duties for the year ended 31 December 2024.

For and on behalf of the Board of Directors



**Hamad A. Al Hammadi**  
Chairman

11 March 2025



**Ernst & Young Middle East**  
**(Abu Dhabi Branch)**  
P.O. Box 136  
Nation Towers, Tower 2, Floor 27  
Corniche Road West  
Emirate of Abu Dhabi  
United Arab Emirates

Tel: +971 2 417 4400  
+971 2 627 7522  
Fax: +971 2 627 3383  
abudhabi@ae.ey.com  
ey.com  
  
CL No. 1001276

# Independent Auditor's Report to the Shareholders of EMSTEEL Building Materials PJSC

## Report on the Audit of the Consolidated Financial Statements

### Opinion

We have audited the consolidated financial statements of EMSTEEL Building Materials PJSC ("EMSTEEL" or the "Company") and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position as at 31 December 2024, and the consolidated statement of profit or loss, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year ended 31 December 2024, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2024, and its consolidated financial performance and its consolidated cash flows for the year ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IASB).

### 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 consolidated financial statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants International Code of Ethics for Professional Accountants (including International Independence Standards) (the "IESBA Code") together with the ethical requirements that are relevant to our audit of the consolidated financial statements in the United Arab Emirates, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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

### Impairment of property, plant and equipment and right of use assets

As at 31 December 2024, the carrying amount of the Group's property, plant and equipment and right of use assets was AED 6,630 million, representing 59% of total assets. A reversal of impairment provision of AED 207,321 thousand was recorded in the consolidated statement of profit or loss during the year ended 31 December 2024.

We considered this to be a key audit matter as the determination of the recoverable amount requires management to apply significant judgements and make significant estimates that are affected by expected future market or economic conditions including, inter alia, expected future cash flows, utilisation rates, the associated discount rate applied and long-term growth rates based on management's view of future business prospects.

Refer to notes 5 and 6 to the consolidated financial statements for more details relating to this matter.

The audit procedures performed to address this key audit matter include the following:

- assessed the design and tested the implementation of the Group's controls relating to the determination of the recoverable amount of the steel, cement and blocks business;
- reconciled the net carrying amount of the CGU to the Group's accounting records;
- involved our valuation specialist to assess the discount rate and growth rates applied by benchmarking against independent data;

- evaluated each of the management's key assumptions, including budget estimates underlying the cash flows used in the valuation models. For this purpose, we also compared the estimates of cash flow projections of previous periods with actual corresponding results, to assess the pertinence and reasonableness of the process for making forecasts;
- evaluated management's sensitivity analysis in relation to the key inputs used in the model used to determine the recoverable amount, as well as performing our own sensitivity analysis of the factors and assumptions used;
- reperformed the arithmetical calculations of the valuations used by the Group;
- agreed the results of the impairment models to the amounts reported in the consolidated financial statements; and
- assessed the adequacy of disclosures in the consolidated financial statements relating to this matter against the requirements of IFRSs.

### Other matter

The consolidated financial statements of the Group for the year ended 31 December 2023 were audited by another auditor who expressed an unmodified audit opinion on those consolidated financial statements on 5 March 2024.

### Other information

Other information consists of the information included in the Board of Directors' report and the annual report other than the consolidated financial statements and our auditor's report thereon. We obtained the Board of Directors' report prior to the date of our audit report and we expect to obtain the annual report after the date of our auditor's report. Management is responsible for the other information.

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

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



Responsibilities of management and the Board of Directors for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS Accounting Standards and in compliance with the applicable provisions of the Company's Articles of Association and the UAE Federal Law No. (32) of 2021, and for such internal control as management determines is necessary to enable the preparation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditor's responsibilities for the audit of the consolidated financial statements

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting

- from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
  - Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
  - Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
  - Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
  - Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for the purposes of the group audit. We remain solely responsible for our audit opinion.

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.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, action taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key

audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated

in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

- Further, as required by the UAE Federal Law No. (32) of 2021, we report that for the year ended 31 December 2024:
- (i) the Group has maintained proper books of account;
  - (ii) we have obtained all the information and explanations we considered necessary for the purposes of our audit;
  - (iii) the consolidated financial statements have been prepared and comply, in all material respects, with the applicable provisions of the UAE Federal Law No. (32) of 2021, and the Article of Association of the Company;
  - (iv) the financial information included in the Board of Directors' report is consistent with the books of account of the Group;
  - (v) the Company has not purchased or invested in any shares or stocks during the year;
  - (vi) note 13 reflects material related party transactions and the terms under which they were conducted;
  - (vii) based on the information that has been made available to us, nothing has come to our attention which causes us to believe that the Company has contravened during the period any of the applicable provisions of the UAE Federal Law No. (32) of 2021 or of its Article of Association which would materially affect its activities or its financial position as at 31 December 2024; and
  - (viii) during the year, the Group made social contributions of AED 606 thousand.

Pursuant to the requirements of Article 5 of Abu Dhabi Accountability Authority ("ADAA") Chairman Resolution No. 88 of 2021 regarding the examination of internal controls over financial reporting, we have been engaged to perform an assurance engagement to provide a reasonable assurance report on effectiveness of internal controls over financial reporting for the Group.

Further, as required by the Abu Dhabi Accountability Authority Chairman Resolution No. 88 of 2021 pertaining to Auditing the Financial Statements of Subject Entities, we report that based on the information provided to us, nothing has come to our attention that causes us to believe that the Company has not complied, in all material respects, with the law of establishment of the Company and relevant provisions of the applicable laws, resolutions and circulars organising the Company's operations, which would materially affect its activities or the consolidated financial statements of the Company as at 31 December 2024.

For Ernst & Young



Ahmad Al Dali

Registration No 5548

11 March 2025

Abu Dhabi, United Arab Emirates

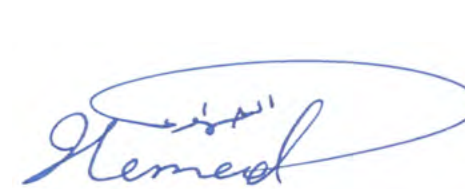
# Consolidated Statement of Financial Position as at 31 December 2024

AED'000	Notes	2024	2023
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	5	6,415,683	6,563,831
Right-of-use assets	14	214,278	228,557
Investment in associates	7	-	94,018
Investment property	8	11,846	12,555
Intangible assets	9	44,799	10,345
<b>Total non-current assets</b>		<b>6,686,606</b>	<b>6,909,306</b>
<b>Current assets</b>			
Inventories	10	1,543,426	1,935,147
Trade and other receivables	11	2,068,554	1,758,551
Cash and bank balances	12	796,660	425,808
		<b>4,408,640</b>	<b>4,119,506</b>
Assets held for sale	18	163,278	-
<b>Total current assets</b>		<b>4,571,918</b>	<b>4,119,506</b>
<b>TOTAL ASSETS</b>		<b>11,258,524</b>	<b>11,028,812</b>

AED'000	Notes	2024	2023
<b>EQUITY AND LIABILITIES</b>			
<b>Capital and reserves</b>			
Share capital	15	6,850,000	6,850,000
Statutory reserve	16	235,900	196,661
Merger reserve	17	1,092,817	1,092,817
Capital reserve	17	3,783	3,783
Other reserves	17	43,566	47,907
Retained earnings		494,421	141,268
<b>Net equity</b>		<b>8,720,487</b>	<b>8,332,436</b>
<b>Non-current liabilities</b>			
Lease liabilities	22	321,113	333,017
Provision for employees' end of service benefits	19	154,946	200,772
Deferred tax provision	32	18,659	-

AED'000	Notes	2024	2023
<b>Total non-current liabilities</b>		<b>494,718</b>	<b>533,789</b>
<b>Current liabilities</b>			
Bank borrowings	20	485,789	489,307
Trade and other payables	21	1,483,431	1,662,084
Corporate tax payable	32	20,600	-
Lease liabilities	22	12,196	11,196
		<b>2,002,016</b>	<b>2,162,587</b>
Liabilities directly associated with assets held for sale	18	41,303	-
<b>Total current liabilities</b>		<b>2,043,319</b>	<b>2,162,587</b>
<b>Total liabilities</b>		<b>2,538,037</b>	<b>2,696,376</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>11,258,524</b>	<b>11,028,812</b>

To the best of our knowledge, the financial information included in these consolidated financial statements fairly presents in all material respects the financial condition, results of operation and cash flows of the Group as of 31 December 2024, and for the periods presented in the report. These consolidated financial statements were approved by the Board of Directors on 11 March 2025 and are signed on its behalf by:



**Hamad A. Al Hammadi**

Chairman



**Saeed G. Al Remeithi**

Director and  
Group Chief Executive Officer



**Mark J.S. Tonkens**

Group Chief Financial Officer

The accompanying notes form an integral part of these consolidated financial statements.



## Consolidated Statement of Profit or Loss for the year ended 31 December 2024

AED'000	Notes	2024	2023
Revenue	23	8,337,315	8,899,393
Cost of sales	24	(7,577,683)	(7,802,085)
<b>Gross profit</b>		<b>759,632</b>	<b>1,097,308</b>
Selling and distribution expenses	25	(44,251)	(53,580)
General and administrative expenses	26	(416,760)	(390,162)
Share of profit of associates	7	-	16,479
Profit on disposal of associates	7	4,982	-
Finance income	27	14,003	7,805
Finance costs	27	(96,087)	(105,366)
Other income	28	2,811	29,432
Reversal of impairment loss on property, plant and equipment	5, 6	207,321	-
<b>Profit before tax</b>		<b>431,651</b>	<b>601,916</b>
Income tax expense	32	(39,259)	-
<b>Profit for the year</b>		<b>392,392</b>	<b>601,916</b>
<b>Basic and diluted earnings per share (AED)</b>	<b>34</b>	<b>0.057</b>	<b>0.088</b>

The accompanying notes form an integral part of these consolidated financial statements.

## Consolidated Statement of Comprehensive Income for the year ended 31 December 2024

AED'000	Note	2024	2023
<b>Profit for the year</b>		<b>392,392</b>	<b>601,916</b>
<b>Other comprehensive income/(loss)</b>			
<i>Items that will not be reclassified subsequently to profit or loss:</i>			
Re-measurement of provision for employees' end of service benefits	19	(4,341)	2,147
<b>Total comprehensive income for the year</b>		<b>388,051</b>	<b>604,063</b>

The accompanying notes form an integral part of these consolidated financial statements.

## Consolidated Statement of Changes in Equity for the year ended 31 December 2024

AED'000	Share capital	Statutory reserve	Merger reserve	Capital reserve	Other reserves	(Accumulated losses) / retained earnings	Net equity
<b>As at 1 January 2023</b>	<b>6,850,000</b>	<b>136,469</b>	<b>1,092,817</b>	<b>3,783</b>	<b>45,760</b>	<b>(400,456)</b>	<b>7,728,373</b>
Profit for the year	-	-	-	-	-	601,916	601,916
Other comprehensive income	-	-	-	-	2,147	-	2,147
Total comprehensive income for the year	-	-	-	-	2,147	601,916	604,063
Transfer to statutory reserve	-	60,192	-	-	-	(60,192)	-
<b>As at 1 January 2024</b>	<b>6,850,000</b>	<b>196,661</b>	<b>1,092,817</b>	<b>3,783</b>	<b>47,907</b>	<b>141,268</b>	<b>8,332,436</b>
Profit for the year	-	-	-	-	-	392,392	392,392
Other comprehensive loss	-	-	-	-	(4,341)	-	(4,341)
Total comprehensive income for the year	-	-	-	-	(4,341)	392,392	388,051
Transfer to statutory reserve	-	39,239	-	-	-	(39,239)	-
<b>As at 31 December 2024</b>	<b>6,850,000</b>	<b>235,900</b>	<b>1,092,817</b>	<b>3,783</b>	<b>43,566</b>	<b>494,421</b>	<b>8,720,487</b>

The accompanying notes form an integral part of these consolidated financial statements.

# Consolidated Statement of Cash Flows

## for the year ended 31 December 2024

AED'000	Notes	2024	2023
<b>Cash flows from operating activities</b>			
Profit before tax for the year		431,651	601,916
Adjustments for:			
• Depreciation of property, plant and equipment	5	553,843	532,811
• Depreciation of right-of-use assets	14	14,279	135,447
• Depreciation of investment property	8	709	709
• Amortisation of intangible assets	9	11,679	2,961
• Impairment of property, plant and equipment and right-of-use assets	5, 14	-	83,450
• Reversal of impairment of property, plant and equipment and right-of-use assets	5, 14	(207,321)	(83,450)
• Impairment loss on financial assets (net)	11	(5,453)	(233)
• Employees' end of service benefits charge, net	19	(28,343)	23,757
• Share of profit of associates	7	-	(16,479)
• Impairment loss on asset held for sale	18	4,818	-
• Gain on sale of associates	7	(4,982)	-
• Gain on disposal of property, plant and equipment		-	(7,067)
• Finance income	27	(14,003)	(7,805)
• Finance cost	27	96,087	105,366
• Impairment loss on inventories (net)	10	13,580	439
<b>Operating cash flows before movements in working capital</b>		<b>866,544</b>	<b>1,371,822</b>
Decrease in inventories	10	332,624	131,027
Increase in trade and other receivables	11	(372,931)	(102,147)
(Decrease) increase in trade and other payables	21	(133,581)	54,932
<b>Cash generated from operations</b>		<b>692,656</b>	<b>1,455,634</b>
Employees' end of service benefits paid	19	(20,092)	(9,981)
<b>Net cash generated from operating activities</b>		<b>672,564</b>	<b>1,445,653</b>

AED'000	Notes	2024	2023
<b>Cash flows from investing activities</b>			
Payments for purchase of property, plant and equipment	5	(237,289)	(182,449)
Payments for purchase of intangible assets	9	(46,133)	(7,405)
Proceeds from sale of property, plant and equipment	5	-	13,708
Proceeds from sale of investment in associates	7	99,000	-
Interest received	27	14,003	7,805
Dividends received from associates	7	-	10,000
<b>Net cash used in investing activities</b>		<b>(170,419)</b>	<b>(158,341)</b>
<b>Cash flows from financing activities</b>			
Repayment of borrowings	20	(2,467,354)	(4,280,627)
Proceeds from borrowings	20	2,463,836	3,318,898
Repayment of shareholder loan	13	-	(18,361)
Interest paid		(68,280)	(88,078)
Payment of lease liabilities	22	(32,861)	(150,378)
<b>Net cash used in financing activities</b>		<b>(104,659)</b>	<b>(1,218,546)</b>
<b>Net increase in cash and cash equivalents</b>		<b>397,486</b>	<b>68,766</b>
Cash and cash equivalents at the beginning of the year	12	425,808	357,042
<b>Total cash and cash equivalents at the end of the year</b>	<b>12</b>	<b>823,294</b>	<b>425,808</b>

The accompanying notes form an integral part of these consolidated financial statements.



# Notes to the Consolidated Financial Statements

## for the year ended 31 December 2024

### 1. General information

EMSTEEL Building Materials PJSC ("EMSTEEL" or the "Company") was incorporated in Abu Dhabi, United Arab Emirates ("UAE") as a Public Joint Stock Company pursuant to Ministerial Resolution No. 228 for the year 2006.

The change in the legal name of the Company to EMSTEEL Building Materials PJSC from Arkan Building Materials Company (Arkan) PJSC was approved at the General Meeting of Shareholders held on 10 April 2023.

General Holding Corporation PJSC (SENAAT) (the "Parent Company") owned 51% of the Company's shares; this ownership interest was increased to 87.5% on 6 October 2021 as a result of the sale of SENAAT's 100% interest in the issued share capital of Emirates Steel Industries Co. PJSC to the Company for the issue of 5.1 billion additional

ordinary shares. The ultimate parent company of EMSTEEL is Abu Dhabi Developmental Holding Company PJSC ("ADQ") which is wholly owned by the Government of Abu Dhabi.

These consolidated financial statements include the financial performance and financial position of the Company and its subsidiaries (collectively referred to as the "Group") and the Group's interest in associates.

The principal activities of the Group include operating, trading and investing in industrial projects and commercial companies involved in the steel and building materials sectors.

The principal activity, country of incorporation and operation, and ownership interest of the Company in its subsidiaries is set out below:

Name of subsidiary	Country of incorporation	Proportion of ownership interest and voting held by the Group		Principal activity
		2024	2023	
Emirates Steel Industries Co. PJSC <sup>1</sup>	UAE	100%	100%	Production and sale of long-steel products
Emirates Blocks Factory <sup>2</sup>	UAE	100%	100%	Production and sale of cement block
Emirates Cement Factory <sup>3</sup>	UAE	100%	100%	Production and sale of packed and bulk cement
Al Ain Cement Factory <sup>2</sup>	UAE	100%	100%	Production and sale of packed and bulk cement
Anabeeb PVC LLC <sup>4</sup>	UAE	100%	100%	Production and sale of pipes, and paper bags

The Group made no purchases or investments in shares during the financial years ended 31 December 2024 or 31 December 2023.

<sup>1</sup> Emirates Steel Industries Co. PJSC ("Emirates Steel") was acquired on 6 October 2021 from a related party for the issue of 5,100,000,000 ordinary shares (note 15).

<sup>2</sup> These subsidiaries are all operating divisions of the Company.

<sup>3</sup> The operations of Emirates Cement Factory were discontinued in December 2016 and currently the company is not operational.

<sup>4</sup> Anabeeb PVC LLC owns 100% of the issued share capital of Anabeeb GRP Factory LLC.

## 2. Application of new and revised International Financial Reporting Standards (IFRS Accounting Standards) (IFRSs)

### 2.1 New and revised IFRSs applied with no material effect on the consolidated financial statements

In the current year, the Group has applied a number of amendments to IFRS Accounting Standards issued by the International Accounting Standards Board (IASB) that are mandatorily effective for an accounting period that begins on or after 1 January 2024.

- Classification of Liabilities as Current or Non-current and Non-current Liabilities with Covenants - Amendments to IAS 1;
- Lease Liability in a Sale and Leaseback - Amendments to IFRS 16; and
- Disclosures: Supplier Finance Arrangements - Amendments to IAS 7 and IFRS 7.

Their adoption has not had any material impact on the disclosures or on the amounts reported in these consolidated financial statements.

### 2.2 New and revised IFRSs in issue but not yet effective

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Group's consolidated financial statements are disclosed below. The Group intends to adopt these new and amended standards and interpretations, if applicable, when they become effective.

- Amendments to IAS 21: Lack of exchangeability;
- Issuance of IFRS 18 (replacing IAS 1): Presentation and Disclosure in Financial Statements; and
- Issuance of IFRS 19: Subsidiaries without Public Accountability: Disclosures.

The Group does not expect that the adoption of these new and amended standards and interpretations will have a material impact on its consolidated financial statements.

## 3. Material accounting policy information

### Statement of compliance

These consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS Accounting Standards) (IFRSs) and applicable provisions of UAE Federal Law No. (32) of 2021.

### Basis of preparation

These consolidated financial statements have been prepared on the historical cost basis except for provisions for employees' end of service benefits which are measured on an actuarial basis. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received on sale of an asset or paid on transfer of a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique.

The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability; or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible to by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

For financial reporting purposes, fair value measurements are categorised into level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which is described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within level 1, that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 inputs are unobservable inputs for the asset or liability that are derived from valuation techniques.

The material accounting policies adopted by the Group are set out below.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and the entities controlled by the Company (its subsidiaries). Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Company reassesses 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 listed above.

When the Company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally.

The Company considers all relevant facts and circumstances in assessing whether or not the Company’s voting rights in an investee are sufficient to give it power, including:

- the size of the Company’s holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Company, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders’ meetings.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated

statement of profit or loss and consolidated statement of comprehensive income from the date when the Company gains control until the date when the Company ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interest even if this results in the non-controlling interest having deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flow relating to transactions between members of the Group are eliminated in full on consolidation.

Subsidiaries

Subsidiaries are investees that are controlled by the Group. The Group controls the investee if it meets the control criteria. The Group reassesses whether it has control if, there are changes to one or more of the elements of control. This includes circumstances in which protective rights held become substantive and lead to the Group having power over an investee. The financial statements of subsidiaries are included in these consolidated financial statements from the date that control commences until the date that control ceases.

Business combination

*Acquisition accounting*

Business combinations falling within the scope of IFRS 3 are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interest in the acquiree. For each business combination, the Group elects whether it measures the non-controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree’s identifiable net assets. Acquisition costs incurred are expensed in the consolidated statement of profit or loss.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer’s previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through consolidated statement of profit or loss.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed an asset or liability will be recognised in accordance with IFRS 9 either in consolidated statement of profit or loss or as a charge to consolidated statement of comprehensive income. If the contingent consideration is classified as equity, it will not be remeasured. Subsequent settlement is accounted for within equity. In instances where the contingent consideration does not fall within the scope of IFRS 9, it is measured in accordance with the appropriate IFRS.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interest over the fair value of net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognised in consolidated statement of profit or loss as a gain on bargain purchase.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group’s cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill forms part of a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports in its consolidated financial statements provisional amounts for the items for which the accounting is incomplete. During the measurement period, the Group adjusts the provisional amounts recognised at the acquisition date to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the measurement of the amounts recognised as of that date.

The measurement period ends as soon as the Group receives the necessary information about the facts and circumstances that existed as of the acquisition date or learns that

the information is not obtainable. However, the measurement period cannot exceed one year from the acquisition date.

*Business combinations between entities under common control*

Acquisition of interest in entities that are under common control of the ultimate shareholder which lack commercial substance and are based on a decision by the shareholder are accounted for in accordance with the pooling of interest method of accounting using predecessor values method. Under the pooling of interests method, the consolidated financial statements of the combined entities are presented as if the business had been combined from the date when the combining entities were first brought under common control, without restating and presenting prior periods. The assets and liabilities are accounted for at the carrying amounts previously recorded in the books of the transferor, except for necessary adjustments related to adopting the Group’s accounting policies.

The financial information for periods prior to the business combination are not restated, the transferred business continues within the combined entity as if pooling had been applied since the combining parties were under common control of the same controlling party (or parties). The pre-combination history of the assets and liabilities of the transferred business are carried over as at the date of transaction and are reflected in the post-combination consolidated financial statements of the receiving entity.

Associated transaction costs paid for such combinations is recognised directly in equity and any difference between the fair value of the consideration paid and the corresponding net assets acquired is recognised in equity as merger reserve.

Disposals of interest in entities to parties under common control of the shareholder, which lack commercial substance and are based on a decision by the shareholder are accounted for on the date of transfer without restatement of prior years. Any gain or loss arising on such transaction is recorded directly in equity.

Acquisition of interest in entities that are under common control of the Shareholder which have commercial substance are accounted for using the acquisition accounting method.

Revenue recognition

For contracts determined to be within the scope of revenue recognition, the Group is required to apply a five-step model to determine when to recognise revenue, and at what amount. Revenue is measured based on the consideration to which the Group expects to be entitled in a contract with a customer and excludes amounts collected on behalf of third parties. The Group recognises revenue when it transfers control of a product or service to a customer.



The Group recognises revenue from contracts with customers based on the five-step model set out in IFRS 15:

Step 1: Identify the contract(s) with a customer

A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria for every contract that must be met.

Step 2: Identify the performance obligations in the contract

A performance obligation is a unit of account and a promise in a contract with a customer to transfer a good or service to the customer.

Step 3: Determine the transaction price

The transaction price is the amount of consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

Step 4: Allocate the transaction price to the performance obligations in the contract

For a contract that has more than one performance obligation, the Group will allocate the transaction price to each performance obligation in an amount that depicts the consideration to which the Group expects to be entitled in exchange for satisfying each performance obligation.

Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

The Group satisfies a performance obligation and recognises revenue over time, if one of the following criteria is met:

- The customer simultaneously receives and consumes the benefits provided by the Group's performance as and when the Group performs; or
- The Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or
- The Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

For performance obligations where one of the above conditions is not met, revenue is recognised at the point in time at which the performance obligation is satisfied.

Revenue is measured at an amount that reflects the considerations, to which an entity expects to be entitled in exchange for transferring goods or services to customer, excluding amounts collected on behalf of third parties. Revenue is adjusted for expected discounts and volume discounts, which are estimated based on the historical data or forecast and projections. The Group recognises revenue when it transfers control over goods or services to its customers.

Revenue is recorded net of value added tax (VAT).

Based on IFRS 15, management concluded that, it would be more appropriate to reflect transportation services as principal rather than agent, impacting revenue, direct costs and other income. Accordingly, for revenue contracts where the control of the goods transfers to customer on receipt by the customer (e.g., FOB destination), the Group considers to be the principal in the transportation service.

The Group is in the business of sale of steel and building material products. Building material products include cement, blocks, GRP and PVC pipes and bags. Revenue is recognized on these sales at a point in time when the performance obligation to deliver the products to the customers has been satisfied.

Property, plant and equipment

Property, plant and equipment are stated at historical cost, less accumulated depreciation and accumulated impairment losses, if any. Cost includes expenditures that are 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 Group and the cost of the item can be measured reliably. All other repairs and maintenance expenses are charged to profit or loss in the period in which they are incurred.

Depreciation is calculated so as to write off the cost of property, plant and equipment over their estimated useful lives using the straight-line method on the following basis:

	Years
Leasehold improvements and buildings	4-40
Plant and equipment	2-25
Furniture and fixtures	4-6
Motor vehicles	4-7

The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis.

The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the disposal proceeds and the carrying amount of the asset and is recognised in profit or loss.

Capital work in progress

Properties or assets in the course of construction for production, supply or administrative purposes are carried at cost, less any recognised impairment loss. Cost includes all direct costs attributable to the design and construction of the asset including related staff costs, and for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy. When the assets are ready for intended use, the capital work in progress is transferred to the appropriate property, plant and equipment or intangible asset category and is depreciated or amortised in accordance with the Group's policies.

Investment property

The investment property is a property held to earn rental income and for capital appreciation, but not for sale in the ordinary course of business, for use in the production or supply of goods or services or for administrative purposes. The investment property was evaluated by a third-party professional valuer on initial recognition and subsequently carried at cost less accumulated depreciation. Depreciation on the investment property, excluding the value of the freehold land, is calculated using the straight-line method to bring it to the residual value, assumed at AED nil, over the estimated useful life of 20 years.

Any gain or loss on disposal of an investment property (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in the consolidated statement of profit or loss.

Intangible assets

*Intangible assets acquired separately*  
Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets primarily comprise the Group's investment in its SAP based ERP systems and are amortised over 4 years. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

*Intangible assets acquired in a business combination*  
Intangible assets acquired in a business combination and recognised separately from goodwill are recognised initially at their fair value at the acquisition date (which is regarded as their cost).

Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

*De-recognition of intangible assets*  
An intangible asset is de-recognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is de-recognised.

Impairment of tangible and intangible assets excluding goodwill

At each reporting date, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with an indefinite useful life are tested for impairment at least annually and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

Investment in associates

An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results and assets and liabilities of associates are incorporated in these consolidated financial statements using the equity method of accounting, except when the investment is classified as held for sale, in which case it is accounted for in accordance with IFRS 5.

Under the equity method, an investment in an associate is recognised initially in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate. When the Group's share of losses of an associate exceeds the Group's interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

An investment in an associate is accounted for using the equity method from the date on which the investee becomes an associate. On acquisition of the investment in an associate, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

The requirements of IAS 36 are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment in an associate. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with IAS 36 as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognised is not allocated to any asset, including goodwill that forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with IAS 36 to the extent that the recoverable amount of the investment subsequently increases.

The Group discontinues the use of the equity method from the date when the investment ceases to be an associate. When the Group retains an interest in the former associate and the retained interest is a financial asset, the Group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition in accordance with IFRS 9. The difference between the carrying amount of the associate at the date the equity method was discontinued, and the fair value of any retained interest and any proceeds from disposing of a part interest in the associate is included in the determination of the gain or loss on disposal of the associate. In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that associate on the same basis as would be required if that associate had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that associate would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) when the associate is disposed of. When the Group reduces its ownership interest in an associate but the Group continues to use the equity method, the Group reclassifies to profit or loss the proportion of the gain or loss that had previously been recognised in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be reclassified to profit or loss on the disposal of the related assets or liabilities. When a Group entity transacts with an associate of the Group, profits and losses resulting from the transactions with the associate are recognised in the Group's consolidated financial statements only to the extent of interests in the associate that are not related to the Group.

Goodwill

Goodwill is initially recognised and measured as set out in the business combination policy.

Goodwill is not amortised but is reviewed for impairment at least annually. For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or groups of cash-generating units) expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period.

On disposal of a cash generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

Leases

The Group as lessee

The Group assesses whether contract is or contains a lease, at inception of the contract. The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. For these leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise:

- fixed lease payments (including in-substance fixed payments), less any lease incentives;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the amount expected to be payable by the lessee under residual value guarantees;
- the exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is presented as a separate line item in the consolidated statement of financial position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Group remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- the lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revise discount rate is used).
- a lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.

The right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use of asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The right-of-use of assets are presented as a separate line in the consolidated statement of financial position.

The Group applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for an identified impairment loss as described in the 'Impairment of tangible and intangible assets excluding goodwill' policy.

Variable rents that do not depend on an index or rate are not included in the measurement of the lease liability and the right-of-use asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs and are included in the line 'Other expenses' in the consolidated statement of profit or loss.



*The Group as lessor*

Leases for which the Group is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

**Inventories**

Inventories are stated at the lower of cost and net realisable value. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Cost is calculated using the weighted average method.

Net realisable value represents the estimated selling price, less the estimated cost of completion and costs to be incurred in marketing, selling and distribution. Provision is made for obsolete and slow-moving inventories.

**Provision for employees' end of service benefits**

End of service benefits obligation is estimated using the Projected Unit Credit method. Under this method each participant's benefits under the plan are attributed to years of service, taking into consideration future salary increases.

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

*(a) Bonus and long-term incentive plans*

The Group recognises the liability for bonuses and long-term incentives in profit and loss on an accrued basis. The benefits for the management are subject to the Board's approval and are linked to business performance.

*(b) Defined contribution plan*

Monthly pension contributions are made in respect of UAE National employees, who are covered by the Law No. 2 of 2000. The pension fund is administered by the Government of Abu Dhabi, Finance Department, represented by the Abu Dhabi Retirement Pensions and Benefits Fund.

*(c) Defined benefit plan*

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Group currently operates an unfunded scheme for defined benefits in accordance with the applicable provisions of the UAE Federal Labour Law and is based on periods of cumulative service and levels of employees' final basic salaries. The Group's net obligation in respect of defined benefit plan is calculated by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods discounted to determine its present value. Any unrecognised past service costs are deducted. The discount rate is the yield at the valuation date on US AA-rated corporate bonds, which in the absence of a deep market in corporate bonds within the UAE is the relevant proxy market as determined by the actuaries.

The calculation of defined benefit obligation is performed regularly by a qualified actuary using the projected unit credit method. When benefits of the plan are improved, the portion of the increased benefit related to past service by employees is recognised in the profit or loss on a straight-line basis over the average period until the benefits become vested. To the extent that the benefits vest immediately, the expense is recognised immediately in the profit or loss. The Group recognises all actuarial gains and losses arising from defined benefit plans in other comprehensive income and all expenses related to defined benefit plans within profit or loss.

**Foreign currencies**

For the purpose of these consolidated financial statements, UAE Dirhams (AED) is the functional and the presentation currency of the Group.

Transactions in currencies other than AED (foreign currencies) are recorded at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences are recognised in profit or loss in the period in which they arise.

**Provisions**

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made

of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows. When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received, and the amount of the receivable can be measured reliably.

**Financial instruments**

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instrument. The Group's financial assets include trade and other receivables and cash and bank balances. The Group's financial liabilities include trade and other payables, lease liabilities and bank borrowings.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in the consolidated statement of profit or loss.

**Classification of financial assets and liabilities**

**Initial recognition**

On initial recognition, a financial asset is classified as measured at: amortised cost or fair value through profit or loss ("FVTPL").

*Financial assets at amortised cost*

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at fair value through profit or loss account:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

*Financial assets at FVTPL*

On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost as FVTPL, if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

All other financial assets are classified as measured at FVTPL.

*Business model assessment*

The Group entities make an assessment of the objective of a business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed, and information is provided to management. The information considered includes:

- the frequency, volume and timing of trades of financial assets in prior periods, the reasons for such trades and its expectations about the future trading activity, however; information about trading activity is not considered in isolation, but as part of an overall assessment of how the Group's stated objective for managing the financial assets is achieved and how cash flows are realised;
- how the performance of the portfolio is evaluated and reported to the management; and
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed.

Financial assets that are held for trading and whose performance is evaluated on a fair value basis are measured at FVTPL because they are neither held to collect contractual cash flows, nor held both to collect contractual cash flows and to sell financial assets.

*Assessment whether contractual cash flows are solely payments of principal and interest*

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition.

'Interest' is defined as consideration for the time value of money and for the credit risk associated with the outstanding principal.

In assessing whether the contractual cash flows are solely payments of principal and interest on the outstanding principal, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition.

*Financial liabilities*

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative

or it is designated as such on initial recognition. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term.

Financial liabilities, at initial recognition, may be designated at FVTPL if the following criteria are met:

- the designation eliminates or significantly reduces the inconsistent treatment that would otherwise arise from measuring the liabilities or recognising gains or losses on them on a different basis;
- the liabilities are part of a group of financial liabilities which are managed and their performance evaluated on fair value basis, in accordance with a documented risk management strategy; or
- the financial liability contains an embedded derivative that would otherwise need to be separately recorded.

Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in consolidated statement of profit or loss.

Subsequent measurement and gain or losses

**Financial assets at amortised cost**  
These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in the consolidated statement of profit or loss. Any gain or loss on derecognition is recognised in the consolidated statement of profit or loss.

**Financial assets at FVTPL**  
These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in the consolidated statement of profit or loss.

**Financial liabilities at FVTPL**  
These liabilities are subsequently measured at fair value and net gains or losses are recognised in the consolidated statement of profit or loss.

**Financial liabilities at amortised cost**  
Mainly includes borrowings and trade and other payables. After initial recognition, the aforementioned liabilities are subsequently measured at amortised cost using the effective interest rate ("EIR") method. Gains and losses are recognised in the statement of profit or loss when the liabilities are de-recognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the consolidated statement of profit or loss.

Reclassification

**Financial assets**  
The Group reclassifies financial assets if, and only if, the objective of the business model for managing those financial assets is changed. Such changes are expected to be very infrequent as these changes must be significant to the Group's operations and demonstrable to external parties.

**Financial liabilities**  
The Group determines the classification of financial liabilities on initial recognition. Subsequent reclassification is not permitted.

Modifications of financial assets and financial liabilities

**Financial assets**  
If the terms of a financial asset are modified, the Group evaluates whether the cash flows of the modified asset are substantially different. If the cash flows are substantially different, then the contractual rights to cash flows from the original financial asset are deemed to have expired. In this case, the original financial asset is de-recognised, and a new financial asset is recognised at fair value.

If the cash flows of the modified asset carried at amortised cost are not substantially different, then the modification does not result in derecognition of the financial asset. In this case, the Group recalculates the gross carrying amount of the financial asset and recognises the amount arising from adjusting the gross carrying amount as a modification gain or loss in the consolidated statement of profit or loss.

**Financial liabilities**  
If the terms of a financial liability are modified and the cash flows of the modified liability are substantially different then, a new financial liability based on the modified terms is recognised at fair value. The difference between the carrying amount of the financial liability extinguished and the new financial liability with modified terms is recognised in the consolidated statement of profit or loss.

De-recognition

**Financial assets**  
A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is de-recognised when:

- the rights to receive cash flows from the asset have expired; or
- the Group retains the right to receive cash flows from the asset, but assumes an obligation to pay them in full without material delay to a third party under a "pass-through" arrangement; or
- the Group has transferred its rights to receive cash flows from the asset and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Any interest in transferred financial assets that qualify for de-recognition that is created or retained by the Group is recognised as a separate asset or liability.

The Group enters into transactions whereby it transfers assets recognised on its consolidated statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets or a portion of them. In such cases, the transferred assets are not de-recognised.

In transactions in which the Group neither retains nor transfers substantially all of the risks and rewards of ownership of a financial asset and it retains control over the asset, the Group continues to recognise the asset to the extent of its continuing involvement, determined by the extent to which it is exposed to changes in the value of the transferred asset.

**Measured at amortised cost**  
Any gain or loss on derecognition of financial assets measured at amortised cost is recognised in the consolidated statement of profit or loss.

**Financial liabilities**  
The Group de-recognises a financial liability when its contractual obligations are discharged or cancelled or expired.

Impairment of financial assets

IFRS 9 replaces the 'incurred loss' model under IAS 39 with a forward-looking 'expected credit losses' ('ECL') model. Assessing how changes in economic factors affect ECL requires considerable judgement. ECL are determined on a probability-weighted basis.

The Group recognises loss allowances for ECLs on the following instruments that are not measured at FVTPL:

- financial assets measured that are debt instruments carried at amortised cost or FVOCI; and
- financial guarantee contracts issued.

The Group measures loss allowances either using a general or simplified approach as considered appropriate.

Under the general approach, loss allowances are measured at an amount equal to 12-month expected credit loss except when there has been a significant increase in credit risk since inception. In such cases, the Group measures loss allowances at an amount equal to lifetime expected credit loss.

Under the simplified approach, loss allowances are always measured at an amount equal to lifetime expected credit loss.

**Lifetime ECL:** These losses are the ECL that result from all possible default events over the expected life of a financial instrument, if there is significant increase in credit risk or under simplified approach.

**12-month ECL:** These losses are the portion of ECL that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

**Measurement of ECL**  
ECL are a probability-weighted estimate of credit losses. It is measured as follows:

- financial assets that are not credit-impaired: as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive); and
- financial assets that are credit-impaired: as the difference between the gross carrying amount and the present value of estimated future cash flows.

**Definition of default**  
The Group considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that financial assets that meet either of the following criteria are generally not recoverable:

- when there is a breach of financial covenants by the debtor; or
- information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collateral held by the Group).

Irrespective of the above analysis, the Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.



Reversals of impairment

If the amount of an impairment loss decreases in a subsequent period, and the decrease can be related objectively to an event occurring after the impairment was recognised, the excess is written back by reducing the loan impairment allowance account accordingly. The write-back is recognised in the consolidated statement or profit or loss.

Write-off

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

Disposal group

The Group classifies non-current assets as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. Non-current assets and subsidiaries classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Costs to sell are the incremental costs directly attributable to the disposal of an asset (disposal group), excluding finance costs and income tax expense.

The criteria for held for sale classification is regarded as met only when the sale is highly probable, and the asset or disposal group is available for immediate sale in its present condition. Actions required to complete the sale should indicate that it is unlikely that significant changes to the sale will be made or that the decision to sell will be withdrawn. Management must be committed to the plan to sell the asset and the sale expected to be completed within one year from the date of the classification.

Property, plant and equipment and intangible assets are not depreciated or amortised once classified as held for sale.

Assets and liabilities classified as held for sale are presented separately as current items in the consolidated statement of financial position.

A disposal group qualifies as discontinued operation if it is a component of an entity that either has been disposed of, or is classified as held for sale, and:

- Represents a separate major line of business or geographical area of operations;
- Is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations; or
- Is a subsidiary acquired exclusively with a view to resale.

Current versus non-current classification

The Group presents assets and liabilities in consolidated statement of financial position based on current/non-current classification. An asset is current when it is:

- Expected to be realized or intended to be sold or consumed in normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realized within twelve months after the reporting period; or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period; or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Group classifies all other liabilities as non-current.

Value added tax ("VAT")

Expenses and assets are recognised net of the amount of VAT, except:

- When the VAT incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the VAT is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable.
- When receivables and payables are stated with the amount of VAT included. The net amount of VAT recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the consolidated statement of financial position.

Taxation

Current income tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date in the countries where the Group operates and generates taxable income.

Current income tax relating to items recognised directly in equity is recognised in equity and not in the consolidated statement of comprehensive income. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, deferred tax assets

are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date. Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, are recognised subsequently if new information about facts and circumstances change. The adjustment is either treated as a reduction in goodwill (as long as it does not exceed goodwill) if it was incurred during the measurement period or recognised in profit or loss.

The Group offsets deferred tax assets and deferred tax liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

4. Critical accounting judgments and key sources of estimation uncertainty

While applying the accounting policies as detailed in note 3, management of the Group has made certain judgments, estimates and assumptions that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revision to accounting estimates are recognised in the period of the revision in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods

if the revision affects both current and future periods.  
The critical accounting judgment and significant estimates made by management are summarised below.

Critical judgments in applying accounting policies

The following are the critical judgments, apart from those involving estimations (see below), that management have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the consolidated financial statements.

Provision for rehabilitation and restoration of the limestone quarry

Management has considered the provisions of IAS 37 Provisions, Contingent Liabilities and Contingent Assets in respect of provisions for rehabilitation and restoration of the limestone quarry. Management has concluded that the costs relating to the rehabilitation will be negligible and therefore has not recognised any provision.

Capitalisation of capital work in progress

In determining the timing of the transfer of property, plant and equipment from capital work in progress to operational assets management consider the principles of IAS 16, Property, Plant and Equipment, Management critically considers the capability of the assets to operate in the manner intended by management, taking into consideration the levels of performance in the commissioning period.

Capitalisation of expenses

Expenditure incurred to replace a component of an item of property, plant and equipment that is accounted for separately is capitalised and the carrying amount of the component that is replaced is written off to the consolidated statement of profit or loss. Other subsequent expenditure is capitalised only when it increases the future economic benefits of the related item of property, plant and equipment. All other expenditure is recognised in the consolidated statement of profit or loss when the expense is incurred.

Leases

Judgement in identifying whether a contract includes a lease

The Group has entered into various contracts with Abu Dhabi Ports Co. PJSC, Abu Dhabi Municipality and Al Ain Municipality for the lease of various plots of land. Management have assessed whether or not the Group has contracted for the rights to substantially all of the land and whether the contracts contain leases such that the Group does have the right to obtain substantially all of the economic benefits from the use of the land. As a result, the Group has concluded that the contracts do contain leases.

Determining the lease term

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated). The assessment is reviewed if a significant event or a significant change in circumstances occurs which affects this assessment and that is within the control of the lessee.

Determination of the appropriate rate to discount the lease payment

The lease payments are discounted using the Group's incremental borrowing rate ("IBR"). Management estimated the IBR by using its credit spread from similar arrangements and the Emirates Interbank Offered Rate applicable to the remaining lease term as a reference yield.

Significant increase in credit risk

As detailed at note 3, expected credit losses are measured as an allowance equal to 12-month ECL for stage 1 assets, or lifetime ECL for stage 2 or stage 3 assets. An asset moves to stage 2 when its credit risk has increased significantly since initial recognition. IFRS 9 does not define what constitutes a significant increase in credit risk. In assessing whether the credit risk of an asset has significantly increased the Group takes into account qualitative and quantitative reasonable and supportable forward-looking information.

Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

Impairment of goodwill, property, plant and equipment and right-of-use assets

Determining whether the Group's assets, including goodwill, are impaired requires an estimation of the value in use of the cash generating units. The value in use calculations require Group management to estimate the future cash flows for which certain assumptions are required, including management's expectation of:

- long term growth rates in cash flows;
- future sales volumes and price forecasts; and
- the selection of discount rates to reflect the risks involved.

Al Ain Cement Division

In 2021 management assessed the remaining volumes of limestone that could be extracted from its captive quarry in Al Ain. It was estimated that the continuing quarrying operations could be sustained, on a commercially viable basis up to 2024, after which the further extraction of the limestone feedstock would no longer be economically viable. The inventories of limestone and clinker then held at the plant and the continuance of quarrying up to 2024 were expected to support the normal production volumes through to the end of 2024. From 2025 it was assumed that the business would have to source its limestone feedstock from an alternate source, and transport it to the Al Ain plant.

Management assessed the future cash flows of the business, based on this revised business model, and impairments were booked in 2021 on the allocated goodwill, the associated right-of-use assets and the plant's property, plant and equipment (notes 5, 6 and 14) in a total amount of AED 700 million. A similar assessment was completed at the end of 2022 and management concluded that no further impairment losses were required to be recognised over and above the provisions booked in 2021.

The Group has subsequently identified an alternate quarry, in the Al Ain area, and quarrying activities commenced at this location in the final quarter of 2023. It is estimated that this new quarry will supply the requirements of the plant for five years. Management continues to assess alternative sources of feedstock for its longer-term operations.

At 31 December 2023 following an impairment assessment of the Al Ain Cement business by management, it was determined that no additional impairment losses were required and a partial release of AED 83.45 million was made from the impairment provision established in 2021. A similar assessment was completed at the end of 2024 and management concluded that no further impairment losses, or releases from the reserves carried, were required to be recognised.

Blocks Division

Similarly, management assessed the recoverability of the carrying value of the Emirates Block's business assets and the key assumptions used are detailed in notes 5, 6 and 14 of these consolidated financial statements. At 31 December 2022, management determined that given

the deterioration in the performance of the business, as a result of significant over-supply to the market married with a failure of the business to be able to pass on the price increases in its feedstock to its customers in increased sales prices, that an impairment loss on the associated allocated goodwill, the business's property, plant and equipment and right-of-use assets should be recorded. An impairment loss of AED 150 million was recorded at 31 December 2022.

At 31 December 2023, following a further assessment of the Emirates Blocks business by management, it was determined that additional impairment was required and a further provision of AED 83.45 million was recognised. A similar assessment was completed at the end of 2024 and management concluded that no further impairment losses, or releases from the reserves carried, were required to be recognised.

Steel Division

As a result of the COVID-19 pandemic, and other economic factors, demand for the Steel division's products in both its regional and international markets was adversely impacted in both 2020 and 2021. As a consequence, decisions were taken to moth-ball certain of the group's plants in 2020 and to reduce production volumes in others. This situation continued in 2021, although certain of the moth-balled plants were re-commissioned in the 2023 but were operated at sub-capacity levels.

Management assessed the impairment of property, plant and equipment and right-of-use assets during the year ended 31 December 2020 which led to the full impairment of the moth-balled facilities and a partial impairment provision on certain other assets (notes 5, 6 and 14). These impairment losses were reviewed at 31 December 2021 and 31 December 2022 and, as a result of the continuing uncertainties faced in the market, it was concluded that whilst no additional impairment losses were required the impairment losses as established in 2020 should be retained in full on the moth-balled facilities. The partial provision booked against certain of the division's other assets was retained at 31 December 2021, management however concluded that in the context of the general recovery in performance witnessed in 2022 that this reserve could be released in part (a release of AED 150 million being recorded); the balance of the reserve being retained in the context of the continuing element of uncertainty and volatility faced across the global steel sector.

At 31 December 2023, following a further assessment by management it was determined that no additional impairment losses were required and the provision carried should be retained.

At 31 December 2024, following a further assessment, it was determined that no additional impairment losses were required and a partial release of AED 207.32 million was made from the impairment provisions on the increased use of certain of the plants as moth-balled in 2020.



Impairment of investments in associates

Management regularly reviews its investments in associates for indicators of impairment. The determination of whether investments in associates are impaired entails management’s evaluation of the specific investee’s profitability, liquidity, solvency and ability to generate operating cash flows from the date of acquisition and in the foreseeable future. Any adverse changes in the investees future profitability, liquidity, solvency and ability to generate future cash flows could lead to an impairment of investments in associates and associated goodwill. The difference between the estimated recoverable amount and the carrying value of investment is recognised as an expense in consolidated statement profit or loss.

Based on management’s evaluation in 2021, an impairment loss of AED 50 million was recognised on its investments in associates. Similar reviews were undertaken by management at 31 December 2022 and 2023 and it was determined that no further impairment provisions were required over and above the losses booked in 2021.

Changes in the key assumptions and forecasts could result in different conclusions as to whether impairment provisions are required and the quantum of such provisions.

The main investments in associates, being 40% interests in both Deco Vision Company WLL and Vision Furniture and Decoration Factory LLC, were sold in the year ended 31 December 2024 (note 7).

Allowance for impairment of inventories

When inventories become old or obsolete, an estimate is made of their net realisable value. Inventory items are categorized based on their movements during the year, their physical condition and their expected future use, and accordingly, different proportions of the value of each category are recognised as an allowance for impaired inventory. Management performed a review of the spare parts and consumables which involved a line-by-line physical inspection of each inventory item to assess obsolescence and usability. The allowance for obsolete inventories at 31 December 2024 (stated excluding inventories included in assets held for sale) is AED 98.5 million (2023: AED 93.0 million).

Calculation of expected credit loss (ECL) allowance

The Group assesses the impairment of its trade and other receivables based on ECL.

When measuring ECL, the Group uses reasonable and supportable forward-looking information, which is based on assumptions for the future movement of different economic drivers and how these drivers will affect each other. Loss given default is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, taking into account cash flows from collateral and integral credit enhancements.

Probability of default constitutes a key input in measuring ECL. Probability of default is an estimate of the likelihood of default over a given time horizon, the calculation of which includes historical data, assumptions and expectations of future conditions. As at 31 December 2024, the Group’s allowance for impairment of trade receivables (stated excluding trade receivables included in assets held for sale) amounted to AED 114.3 million (2023: AED 157.83 million).

Decommissioning cost

The Group does not record any obligations with respect to the decommissioning of its property, plant and equipment and the associated rehabilitation of the surrounding areas unless there is a specific plan to discontinue the operation of a particular asset, since any such significant costs would be incurred no earlier than when the facility is closed. The Group’s plants are currently expected to operate for a significantly longer period due to the perpetual nature of the manufacturing and processing plants and the continuing maintenance and upgrade programmes resulting in the fair values of any such liabilities being negligible.

End of service benefits

The determination of the Group’s employee defined benefit liabilities depends on certain assumptions, which include selection of the discount rate. According to IAS 19, the rate used to discount liabilities should be determined by reference to market yield at the balance sheet date on high quality bonds. As there is no deep market in corporate bonds in UAE, management decided to rely on US AA rated corporate bonds market as proxy for determining as appropriate discount rate. The discount rate was determined to be 5.00% - 5.45% per annum (2023: 5.40% - 5.45% per annum). The assumptions are considered to be a key source of estimation uncertainty as relatively small changes in the assumptions used may have a significant effect on the Group’s consolidated financial statements within the next year. Further information on the carrying amounts of the Group’s defined benefit and the sensitivity of those amounts to changes in discount rate are provided in note 19.

5. Property, plant and equipment

AED’000	Land, leasehold improvements and buildings	Plant and equipment	Furniture and fixtures	Motor vehicles	Capital work in progress	Total
Cost						
1 January 2023	1,982,468	13,454,819	205,567	155,755	42,529	15,841,138
Additions	2,649	153,729	1,500	700	23,871	182,449
Transfers	-	13,205	-	-	(13,205)	(0)
Disposals	(12,750)	-	-	(300)	-	(13,050)
1 January 2024	1,972,367	13,621,753	207,067	156,155	53,195	16,010,537
Additions	9,594	212,711	5,392	753	8,839	237,289
Transfers	-	4,371	-	-	(4,371)	-
Pertaining to Disposal group Assets held for Sale (note 18)	(70,381)	(185,263)	(7,492)	(3,645)	(490)	(267,271)
31 December 2024	1,911,580	13,653,572	204,967	153,263	57,173	15,980,555
Accumulated depreciation						
1 January 2023	754,401	6,286,310	176,564	149,022	664	7,366,961
Charge for the year	31,075	491,638	6,318	3,780	-	532,811
Disposals	(6,109)	-	-	(300)	-	(6,409)
1 January 2024	779,367	6,777,948	182,882	152,502	664	7,893,363
Charge for the year	29,275	517,042	5,624	1,902	-	553,843
Pertaining to Disposal group Assets held for Sale (note 18)	(65,467)	(151,934)	(7,310)	(3,645)	-	(228,356)
31 December 2024	743,175	7,143,056	181,196	150,759	664	8,218,850
Impairment						
1 January 2023	106,447	1,464,171	-	-	-	1,570,618
Charge for the year (note 6)	28,816	31,094	-	-	-	59,910
Release (note 6)	(10,695)	(66,490)	-	-	-	(77,185)
1 January 2024	124,568	1,428,775	-	-	-	1,553,343
Release (note 6)	-	(207,321)	-	-	-	(207,321)
31 December 2024	124,568	1,221,454	-	-	-	1,346,022
Carrying amount						
31 December 2024	1,043,837	5,289,062	23,771	2,504	56,509	6,415,683
31 December 2023	1,068,432	5,415,030	24,185	3,653	52,531	6,563,831

At 31 December 2024, no assets were pledged as security (2023: AED 840 million pledged as security against certain bank loans - note 20).

Plant and equipment include an amount of AED 134.2 million (2023: AED 103.6 million) pertaining to spare parts.

Capital work in progress

At 31 December 2024, capital work in progress amounting to AED 56.5 million (2023: AED 52.5 million) relates to construction of additional storage facilities at Al Ain Cement Factory, together with various upgrades to Emirates Steel’s plants.

Depreciation charge for the year is allocated as follows:

AED'000	2024	2023
Cost of sales	526,730	505,109
Selling and distribution expenses	530	623
General and administrative expenses	26,583	27,079
	553,843	532,811

6. Goodwill and impairment

Goodwill

Goodwill balances were previously held in relation to the Al Ain Cement Plant and Emirates Blocks. Goodwill previously allocated to Al Ain Cement of AED 114.28 million was fully impaired in 2021 and goodwill previously allocated Emirates Blocks of AED 14.05 million was fully impaired in 2022. No goodwill had been allocated to the Steel, PVC Pipes, GRP Pipes or the Bags businesses.

Cement Division - Impairment

In 2021, the recoverable amount of the Cement cash-generating unit was determined to be less than the carrying amount; accordingly, the associated goodwill was impaired. In addition, management also recorded impairment losses against the associated property, plant and equipment amounting to AED 541.14 million and right-of-use assets amounting to AED 44.48 million.

Management reassessed the recoverable amount of the Cement cash generating unit at 31 December 2022 using value in use methodologies. Management concluded that no further impairment losses were required and that impairment provision as established in 2021 be retained in full.

At 31 December 2023, the recoverable amount of the cash generating unit was re-assessed by management using value in use methodologies. Management concluded that no further impairment losses were required and that in the context of the enhanced profitability of the division and the identification of an additional source of limestone in Al Ain locality, a partial release of AED 83.45 million

was made from the impairment provision established in 2021. The release was allocated to property, plant and equipment, AED 77.18 million, and right-of-use assets, AED 6.27 million.

At 31 December 2024, following further review, the management concluded that no further impairment losses were required.

Blocks Division - Impairment

In 2022, the recoverable amount of the Blocks cash-generating unit was determined to be less than the carrying amount; accordingly, the associated goodwill was fully impaired.

In addition to the full impairment loss against the goodwill, management also recorded impairment losses against the associated property, plant and equipment amounting to AED 97.52 million and right-of-use assets amounting to AED 38.43 million.

At 31 December 2023, following a further review, management have recorded additional impairment losses against the Blocks cash generating unit, in a total value of AED 83.45 million. An amount of AED 59.91 million was recognised against property, plant and equipment and AED 23.54 million against right of use assets.

At 31 December 2024, the recoverable amount of the cash generating unit was re-assessed by management and it was concluded that no further impairment losses were required.

Steel Division - Impairment

As a result of the COVID-19 pandemic, and other economic factors, demand for the Steel division’s products in both its regional and international markets was adversely impacted in both 2020 and 2021. As a consequence, decisions were taken to moth-ball certain of the Group’s plants and to reduce production volumes in others. Accordingly, management assessed the impairment of property, plant and equipment and right-of-use assets.

Management assessed the recoverable amounts of these facilities at 31 December 2020, using value in use methodologies, and the division recorded an AED 1,078.5 million impairment loss on property, plant and equipment together with an impairment loss of AED 55.4 million on associated right-of-use assets. This assessment was also undertaken at 31 December 2021 and management concluded that no further impairment losses were required and that, in the context of the continuing uncertainties faced by the business, that the impairment losses as established in 2020 be retained in full.

Similarly, an assessment was completed as at 31 December 2022 and management concluded that no further impairment losses were required and that, in the context of the continuing uncertainties faced by the business, that the impairment losses as established in 2020 on the moth-balled assets be retained in full and that a partial release of the impairment loss recorded on the division’s other assets be released: a release of AED

146.5 million on property, plant and equipment together with a release of AED 3.5 million on the associated right-of-use assets.

At 31 December 2023, a similar assessment was completed and management concluded, based on the continuing challenges facing the global steel industry that whilst no impairment losses were required, the impairment losses carried at 31 December 2022 be retained in full.

At 31 December 2024, management assessed the recoverable amounts of the facilities as moth-balled in 2020 using value in use methodologies. In 2024, the Group has substantially increased the use of two of these cash generating units, and management has released 33% from the impairment reserves carried against such assets. The total amount of such release being AED 207.32 million.

Sensitivity analysis

The Group has conducted an analysis of the sensitivities of the impairment tests to changes in the key assumptions used to determine the recoverable amounts for each cash generating unit. Management believes that any reasonably possible changes in the key assumptions on which the recoverable amounts of the Cement, Blocks and Steel cash generating units is based would crystallise differences in the aggregate recoverable amounts and accordingly the conclusions drawn on the impairment adjustments recorded. The key assumptions utilised by management are summarised as follows:

	Cement	Blocks	Steel
Projected annual sales volumes	3.6m Mt	73.5 (units)	3.4m Mt
Discount rate applied	10.25%	10.25%	10.25%
Growth rate	2.0%	2.0%	2.0%

Cement Division

- A 10% under-performance against the division’s assumed EBITDA is considered possible based on recent experience (and could be caused by a number of factors including reduced sales volumes, reduced prices and/or increased electricity tariff) and would lead to an incremental impairment charge of AED 40 million (2023: AED 156 million incremental impairment charge).
- A growth rate of 1.5% would lead to a reduction in headroom by AED 55 million but no incremental impairment charge (2023: AED 71.69 million incremental impairment charge).
- A 1% increase in the discount rate applied would lead to a reduction in headroom by AED 124.8 million but no incremental impairment charge (2023: AED 95.83 million incremental impairment charge).

Blocks Division

- A 10% under-performance against the division’s assumed EBITDA is considered possible based on recent experience (and could be caused by a number of factors including reduced sales volumes, reduced prices and/or increased electricity tariff) and would lead to a reduction in headroom by AED 34 million but no incremental impairment charge (2023: AED 27 million incremental impairment charge).
- A growth rate of 1.5% would lead to a reduction in headroom by AED 14 million but no incremental impairment charge (2023: AED 11 million incremental impairment change).
- A 1% increase in the discount rate applied would lead to a reduction in headroom by AED 30 million but no incremental impairment charge (2023: AED 12 million incremental impairment charge).



Steel Division

- The key sensitivity is in relation to the discount rate applied and it is noted that a 1% increase in the assumed WACC, to 11.25%, would lead to a reduction in the headroom

by AED 1.081 billion with a AED 120 million incremental impairment charge (2023: increase of 1% WACC to 11.83% would lead to reduction in head room with no incremental impairment charges).

7. Investment in associates

The movements in the carrying value of the Group's investment in associates is as follows:

AED'000	2024	2023
As at 1 January	94,018	87,539
Disposal during the year	(92,378)	-
Written off during the year	(1,640)	
Share of profit of associates for the year	-	16,479
Dividends received during the year	-	(10,000)
As at 31 December	-	94,018

Effective 1 January 2024, the Group sold its shares in Deco Vision Company WLL and Vision Furniture & Decoration Factory LLC for a total consideration of AED 99 million. Net gain on sale and write off of investment in associates of AED 4,982 is recognised in the consolidated statement of profit or loss.

The Group has retained ownership of 40% in Vision Hotel Apartments LLC, Deco Vision Properties LLC and Vision Links Hotel Apartments LLC. The carrying value of these investments is AED nil (2023: AED nil).

Details of each of the Group's associates at the end of the reporting period are as follows:

Name of associate	Principal activities	Proportion of ownership interest and voting rights held by the Group		Place of incorporation and principal place of business
		2024	2023	
Vision Hotel Apartment LLC	Ownership and management of hotel apartments	40%	40%	UAE
Deco Vision Company WLL	Property fit outs, decorations, ownership, and management of apartments	-	40%	UAE
Vision Furniture and Decoration factory LLC	Carpentry of household, decoration, loose furniture, and other woodwork	-	40%	UAE
Deco Vision Properties LLC	Real estate enterprises investment	40%	40%	UAE
Vision Links Hotel Apartments LLC	Deluxe hotel apartments	40%	40%	UAE

No dividends were received from the Group's associates during the year (2023: AED 10,000 thousand).

Summarised financial information in respect of each of the Group's material associates is set out below. The summarised financial information below represents amounts in associates' management accounts prepared in accordance with IFRSs.

AED'000	Deco Vision Company WLL		Vision Furniture and Decoration Factory LLC		Vision Hotel Apartments LLC		Others		Total	
	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023
Total assets	-	255,365	-	86,783	6,044	6,044	3,585	3,585	9,628	351,777
Total liabilities	-	168,393	-	42,161	1,944	1,944	14,133	14,133	16,077	226,631
Net assets/ (liabilities)	-	86,972	-	44,622	4,100	4,100	(10,548)	(10,548)	(6,448)	125,146
Group's share of net assets	-	34,789	-	17,849	1,640	1,640	-	-	-	54,278
Goodwill on acquisition	-	79,883	-	9,857	28,821	28,821	-	-	28,821	118,561
Impairment on goodwill	-	(44,579)	-	(5,421)	(28,821)	(28,821)	-	-	(28,821)	(78,821)
Carrying amount	-	70,093	-	22,285	-	1,640	-	-	-	94,018
Revenue	-	193,375	-	84,267	-	-	-	-	-	277,642
Profit for the year	-	25,200	-	15,997	-	-	-	-	-	41,197
Group's share of profit for the year at 40%	-	10,080	-	6,399	-	-	-	-	-	16,479

Unrecognised share of losses of an associate:

AED'000	2024	2023
Unrecognised share of loss of an associate for the year	-	-
Cumulative share of loss of associates	7,538	7,538

The Group has discontinued recognising any share of losses from its associates Vision Hotel Apartments LLC, Deco Vision Properties LLC and Vision Links Hotel Apartments LLC as the Group does not have any legal or constructive obligation to fund further losses.

## 8. Investment property

AED'000	Land	Buildings	Plant and machinery	Total
<b>Cost</b>				
<b>At 1 January 2024 and at 31 December 2024</b>	<b>4,000</b>	<b>10,000</b>	<b>4,175</b>	<b>18,175</b>
<b>Accumulated depreciation</b>				
At 1 January 2023	-	3,500	1,411	4,911
Charge for the year	-	500	209	709
At 1 January 2024	-	4,000	1,620	5,620
Charge for the year	-	500	209	709
At 31 December 2024	-	4,500	1,829	6,329
<b>Net carrying value</b>				
<b>At 31 December 2024</b>	<b>4000</b>	<b>5,500</b>	<b>2,346</b>	<b>11,846</b>
At 31 December 2023	4,000	6,000	2,555	12,555

The investment property represents a rebar processing and distribution facility, comprising freehold land, buildings and equipment. The property was leased to a third party from 4 December 2016 on a five-year full on a full repairing lease arrangement. After the expiry of this lease in December 2021, the investment property has not been leased to any other party. The Group is currently assessing the possibility

of operating the plant in its own right. An independent valuation conducted during January 2024 indicated a market value (same location and condition as the existing assets) of AED 17,319 thousand. Management believes that market value as of 31 December 2024 is not materially different from the value determined during 2023.

## 9. Intangible assets

Intangible assets comprise the Group's investment in computer software, in particular its SAP based ERP systems.

AED'000	2024	2023
<b>Cost</b>		
As at 1 January	53,624	46,219
Additions	46,133	7,405
<b>As at 31 December</b>	<b>99,757</b>	<b>53,624</b>
<b>Accumulated amortisation</b>		
As at 1 January	43,279	40,318
Charge for the year	11,679	2,961
<b>As at 31 December</b>	<b>54,958</b>	<b>43,279</b>
<b>Net carrying amount</b>	<b>44,799</b>	<b>10,345</b>

## 10. Inventories

AED'000	2024	2023
Finished goods and by-products	360,935	402,505
Semi-finished products: steel billets and direct reduced iron	277,934	387,655
Raw materials	236,797	309,024
Goods in transit	-	233,375
Spare parts and consumables	766,307	695,610
	<b>1,641,973</b>	<b>2,028,169</b>
Less: allowance for impairment of inventories	(98,547)	(93,022)
	<b>1,543,426</b>	<b>1,935,147</b>

The movement in the allowance for impairment of inventories is as follows:

AED'000	2024	2023
As at 1 January	93,022	108,125
Reversal for the year	-	(15,542)
Impairment during the year	13,580	439
Relating to asset held for sale (note 18)	(8,055)	-
<b>As at 31 December</b>	<b>98,547</b>	<b>93,022</b>

## 11. Trade and other receivables

AED'000	2024	2023
Trade receivables	1,859,514	1,622,068
Less: allowance for expected credit loss	(114,325)	(157,830)
	<b>1,745,189</b>	<b>1,464,238</b>
Prepayments	32,681	55,262
Advances to suppliers	147,623	152,197
Other receivables	143,061	86,854
	<b>2,068,554</b>	<b>1,758,551</b>

The normal credit period on the sale of goods or services rendered is 60-180 days (2023: 60-180 days) depending on the business segment, the security provided and the credit standing of the customer. No interest is charged on outstanding trade receivables.

The Group measures the loss allowance for trade receivables at an amount equal to lifetime expected credit loss. The expected credit losses on trade receivables are estimated using a provision matrix which references to past default experience of the debtor and an analysis



of the debtor's current financial position, the security held (letter of credit, bank guarantees, post-dated cheques, etc.) adjusted for factors that are specific to the customers, general economic conditions of the industry in which the customer operates and an assessment of both the current as well as the forecast direction of conditions at the reporting date. The Group has recognised a loss allowance of 100% against all receivables over 365 days past due since historical experience has indicated that such balances are generally not recoverable.

The Group writes off a trade receivable when there is information indicating that the debtor is in financial difficulty and there is no realistic prospect of recovery, e.g., when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, whichever occurs earlier.

The Group has adopted a policy of dealing only with creditworthy counterparties. Adequate credit assessments are made before accepting an order for the sale

of goods from any counterparty. As of the reporting date, an amount of AED 903 million representing 49% of the trade receivables (2023: 644 million representing 39% of the trade receivables) is due from the Group's five largest customers (2023: five largest customers). The Group considers these customers to be reputable and creditworthy with the balance receivable from the top five customers at 31 December 2024 being supported by irrevocable letters of credit. There are no other customers which represent more than 2.5% of the total balance of the receivables.

The following tables detail the risk profile of trade receivables (for which there are no associated bank guarantees) based on the Group's provision matrix. As the Group's historical credit loss experience shows significantly different loss patterns for different customer segments, the provision for loss allowance based on past due status is further distinguished between the Group's different business segments.

Cement, Blocks, Pipes and Bags

31 December 2024 AED'000	Trade receivables - days past due							
	Not past due	< 30	31-60	61-90	91-120	120-365	> 365	Total
Weighted average loss rates	0.7%	3.0%	4.1%	6.4%	9.8%	25.9%	100.0%	51.68%
Exposure at default <sup>1</sup>	82,632	10,000	5,741	3,199	2,268	6,172	111,191	221,203
Lifetime ECL	575	297	236	206	222	1,598	111,191	114,325

31 December 2023 AED'000	Trade receivables - days past due							
	Not past due	< 30	31-60	61-90	91-120	120-365	> 365	Total
Weighted average loss rates	0.8%	3.3%	4.3%	6.1%	8.6%	23.9%	100.0%	45.5%
Exposure at default <sup>1</sup>	115,366	23,260	19,109	11,893	7,921	20,514	148,976	347,039
Lifetime ECL	974	761	815	722	682	4,900	148,976	157,830

<sup>1</sup> Receivable balances are stated excluding balances secured with bank guarantees. As of 31 December 2024, the receivables secured by guarantees totalled to AED 129,040 thousand (2023: AED 157,945 thousand).

Steel

The Steel division has not had any instances of significant defaults on its trade receivables in the recent past; principally all current trading is undertaken on the basis of irrevocable letters of credit issued by the customer prior to the despatch of materials. The following table details the risk profile of the Steel division's trade receivables:

AED'000	Up to 60 days	61-180 days	181-365 days	Over one year	Total
31 December 2024					
Expected credit loss rate	0.00%	0.00%	0.00%	-	0.00%
Estimated total gross carrying amount at default	1,494,762	404	8,519	5,586	1,509,271
Lifetime expected credit loss	-	-	-	-	-

AED'000	Up to 60 days	61-180 days	181-365 days	Over one year	Total
31 December 2023					
Expected credit loss rate	0.00%	0.00%	0.00%	-	0.00%
Estimated total gross carrying amount at default	1,110,195	5,193	1,696	-	1,117,084
Lifetime expected credit loss	-	-	-	-	-

The following table details the movement in the allowance for expected credit loss:

AED'000	2024	2023
Balance as at 1 January	157,830	227,860
Net remeasurement of loss allowance	(5,453)	(233)
Receivable balances written-off	-	(69,797)
Relating to assets held for sale (note 18)	(38,052)	-
Balance as at 31 December	114,325	157,830

12. Cash and cash equivalents

AED'000	2024	2023
Cash in hand	253	276
Cash at banks in current accounts	796,407	425,532
Balance as at 31 December (excluding cash held for sale)	796,660	425,808
Add: Cash relating to disposal group held for sale	26,634	-
Balance as at 31 December (including cash held for sale)	823,294	425,808

13. Related parties

In the ordinary course of business, the Group enters into transactions at agreed terms and conditions which are carried out on commercially agreed terms, with other business enterprises or individuals that fall within the definition of a related party contained in International Accounting Standard 24 (IAS 24). Related parties comprise shareholders, directors, key management staff and business entities in which they have the ability to control or exercise significant influence in financial and operating decisions.

The Government of Abu Dhabi indirectly owns 87.5% (2023: 87.5%) of the Company's issued shares. The Group has elected to use the exemption under IAS 24 for government related entities on disclosing transactions and related outstanding balances with government related entities owned by the Government of Abu Dhabi other than the Parent

Company and entities it owns and controls. The Group's significant transactions with the Government of Abu Dhabi and other entities controlled, jointly controlled or significantly influenced by the Government of Abu Dhabi represent a large portion of its direct cost, lease rental payments and interest payments on certain loans.

The Group also has, at 31 December 2024, loans and cash balances with banks under the common control of the Government of Abu Dhabi, lease liabilities with and payables to Government municipalities and payables to a distribution company owned by the Government of Abu Dhabi.

Balances with these related parties generally arise from commercial transactions in the normal course of business on arm's length basis.

Significant transactions with related parties during the year are as follows:

AED'000	2024	2023
Settlement of loan from Parent Company	-	18,361
<b>Key management personnel compensation</b>		
Short term benefits	23,560	19,283
Post-employment benefits	1,058	569
	<b>24,618</b>	<b>19,852</b>
Financial guarantees provided to associates (note 30)	-	53,400

Fees totaling AED 6,445 thousand were paid to the Directors of the Group during the year (2023: AED 6,103 thousand). There were no loans provided to Directors in either the year ended 31 December 2024 or 2023.

Terms and conditions of transactions with related parties

The sales to and services from related parties are made at normal market prices. Outstanding balances at the year-end are unsecured and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables.

14. Right-of-use assets

Group as a lessee

The Group leases land on which factories are built. The lease term of these contracts are as follows:

	Years
Land and land rights	15-40

AED'000	Land	Land rights	Total
<b>Carrying amount</b>			
As at 1 January 2024	217,524	11,033	228,557
Depreciation expense	(9,595)	(4,684)	(14,279)
<b>As at 31 December 2024</b>	<b>207,929</b>	<b>6,349</b>	<b>214,278</b>

AED'000	Land	Land rights	Total
<b>Carrying amount</b>			
As at 1 January 2023	351,315	29,964	381,279
Disposals/re-measurement	(110,141)	-	(110,141)
Depreciation expense	(19,515)	(5,791)	(25,306)
Impairment (note 6)	(10,400)	(13,140)	(23,540)
Impairment release (note 6)	6,265	-	6,265
<b>As at 31 December 2023</b>	<b>217,524</b>	<b>11,033</b>	<b>228,557</b>

As part of the Purchase Price Allocation (PPA) exercise relating to the acquisition of the Emirates Blocks Factories in 2006, land rights which pertain to a right of use of a certain land received on favourable terms of AED 211.5 million was recorded as a right of use of said assets. The asset is being amortised over a period of 30 years.

At 31 December 2024, right of use assets with carrying value of AED nil (2023: AED 74.47 million) are held as security against bank loans.

Amounts recognised in consolidated statement of profit and loss

AED'000	2024	2023
Depreciation	(14,279)	(25,306)
Impairment - net (note 6 and 29)	-	(17,275)
Finance costs (notes 22 and 27)	(21,957)	(19,755)
Gain on re-measurement	-	7,542
	<b>(36,236)</b>	<b>(54,794)</b>



15. Share capital

Share capital comprises of 6,850 million (2023: 6,850 million) authorised, issued and fully paid ordinary shares with a par value of AED 1 each.

In the year ended 31 December 2021, 5,100 million shares were issued at a par value of AED 5,100 million for the acquisition of the entire issued share capital of Emirates Steel Industries PJSC from SENAAT.

This issue of shares for non-cash consideration was in addition to a further 892.5 million shares, which had been issued for in-kind consideration in previous years.

16. Statutory reserve

In accordance with the Articles of Association of the Company and UAE Federal Law No. 32 of 2021, the Company is required to transfer annually to a legal reserve account an amount

equal to 10% of its net profit, until such reserve reaches 50% of the issued and fully paid-up share capital of the Company. This reserve is not available for distribution.

17. Reserves

**Merger reserve:** The merger reserve represents the difference between the nominal value of the ordinary shares issued in for the acquisition of Emirates Steel and the net value of the assets acquired in the company on 6 October 2021.

**Capital reserve:** Capital reserve represents the excess proceeds collected against offering cost for AED 857.5 million shares issued during 2006 at AED 0.025 per offer share after deducting actual expenses.

**Other reserves:** Other reserve represents cumulative gain or loss recorded due to re-measurement of provision for employees' end of service benefits resulting from experience adjustments (the effects of differences between the previous actuarial assumptions and what has actually occurred).

18. Assets and liabilities associated directly with assets held for disposal

EMSTEEL plans to dispose of the Anabeeb division comprising a PVC Pipe factory, the GRP Pipe factory and a Bag plant. The related assets and liabilities of the disposal group are classified as held for sale as of 31 December 2024. Impairment losses of AED 4,818 thousand for the write-down of the net assets to their realisable values and the associated costs of disposal has been included in the consolidated statement of profit or loss. The impairment losses have been applied to reduce the carrying amount of net asset value of the disposal group.

The non-recurring fair value measurement for the disposal group of AED 100 million (before selling costs of AED 2 million) has been categorised as a Level 3 fair value. The valuation was based on a binding offer for the acquisition of the disposal group received on 28 November 2024.

The assets and liabilities belonging to the disposal group are reported under the 'Pipe and Others' in the segmental reporting data in note 31 to the consolidated financial statements.

Balance Sheet of Disposal Group AED'000	2024	
Property, plant and equipment	27,564	*
Non-current Assets	27,564	
Cash and cash equivalents	26,634	
Trade receivables (stated net of provisions of AED 38,052)	65,423	
Inventories (stated net of provisions of AED 8,055k)	45,517	
Intercompany loans	391	**
Other receivables	2,958	
Current assets	140,923	
Total assets	168,487	
Trade payables	(26,765)	
Other payables	(5,220)	
Current liabilities	(31,985)	
Employees' end of service benefit obligation	(9,318)	
Intercompany Loan	(24,366)	***
Non-current liabilities	(33,684)	
Total liabilities	(65,669)	
Net asset value	102,818	
Impairment adjustment	(4,818)	
Net realisable value	98,000	
Property, plant and equipment transferred (note 5)	38,915	
Less: re-classification of liability held for impairment	(11,351)	
*Net value held for disposal	27,564	

\*\* Related party balance eliminated on consolidation; the disposal group held for sale appearing in the consolidated statement of financial position is further reduced by the impairment for the loss on disposal at **AED 163,278 thousand**.

\*\*\* Related party balance eliminated on consolidation. Liabilities of the disposal group held for sale appearing in the consolidated statement of financial position is **AED 41,303 thousand**.

## 19. Provision for employees' end of service benefits

The Group's obligation in respect of retirement benefits is recognised in the consolidated statement of financial position at the present value of the defined benefit at the end of the reporting period, including any adjustments for past service costs. The defined benefit plan is unfunded.

AED'000	2024	2023
<b>Amounts recognised in consolidated statement of financial position</b>		
Balance at 1 January	200,772	189,143
Current service cost (including interest expense)	25,148	23,757
Past service cost	(45,905)	-
Benefit payments	(20,092)	(9,981)
Re-measurement charge/(reduction)	4,341	(2,147)
Transferred to assets and liabilities held for sale (note 18)	(9,318)	-
<b>Balance at 31 December</b>	<b>154,946</b>	<b>200,772</b>
<b>Amounts recognised in consolidated statement of profit or loss</b>		
Current service cost	17,562	15,110
Interest expense (note 26)	7,586	8,647
<b>Total</b>	<b>25,148</b>	<b>23,757</b>
<b>Amounts recognised in consolidated statement of comprehensive income</b>		
Re-measurement (charge)/reduction	(4,341)	2,147

The following are the principal actuarial assumptions at the respective reporting date (expressed as weighted averages):

<b>Significant actuarial assumptions</b>		
Discount rate	5.00% - 5.45%	5.40% - 5.45%
Rate of salary increase	2.50% - 5.00%	2.50% - 5.00%
Turnover rate - voluntary rate	5.00%	5.00%

AED'000	Increase	Decrease
<b>Sensitivity analysis:</b>		
<b>2024</b>		
Provision - discount rate (0.5% movement)	150,845	159,278
Provision - future salary (0.5% movement)	155,437	154,482
<b>2023</b>		
Provision - discount rate (0.5% movement)	194,419	207,527
Provision - future salary (0.5% movement)	207,649	194,250

## 20. Bank borrowings

The details of the bank borrowings, all of which are repayable within one year, are stated as follows:

AED'000	Outstanding at 31 December 2024				Outstanding at 31 December 2023		
	Maturity	Current	Non-current	Total	Current	Non-current	Total
EMSTEEL							
Term loan 1	2024	-	-	-	134,934	-	134,934
Short term loan 1	2024	-	-	-	15,000	-	15,000
Short term loan 2	2024	-	-	-	20,000	-	20,000
Emirates Steel							
Working capital facilities	2025	485,789	-	485,789	319,373	-	319,373
		485,789	-	485,789	489,307	-	489,307

### EMSTEEL

Term loan 1 was a 10-year term loan of AED 1,200 million obtained in 2014 by the Group to finance the construction of the Group's Al Ain Cement Plant. The term loan was payable over 9 years semi-annually commencing from March 2016. The loan carried variable interest at EIBOR plus 2.6%. The term loan was secured by assets with a carrying amount of AED 840 million at 31 December 2023 (notes 5). The loan was settled in full in March 2024.

Short term loan 1 with facility amount of AED 150 million was obtained from an Islamic bank for financing the working capital of the Group. The loan was repayable in 180 days and carried variable interest at three-month EIBOR plus 1.5%. This loan has been fully settled in 2024.

Short term loan 2 with facility amount of AED 50 million was obtained from a commercial bank for financing the working capital of the Group. The loan was repayable in 90 days carried variable interest at EIBOR plus 1.5%. This loan has been fully settled in 2024.

### Emirates Steel

Working capital balances relate to facilities extended by two local banks to finance the purchases of certain raw materials and spare parts. These facilities mature within one year and carry effective interest rates of 0.60-0.65% (2023: 0.60-0.65%) over LIBOR / SOFR.

### Movement in bank borrowings

AED'000	2024	2023
Balance at the beginning of the year	489,307	1,451,036
Settlement of term loans	(134,934)	(133,734)
Settlement of short-term loans	(2,332,420)	(4,146,893)
Proceeds from short-term loans	2,463,836	3,318,898
<b>Balance at the end of the year</b>	<b>485,789</b>	<b>489,307</b>



21. Trade and other payables

AED'000	2024	2023
Trade payables	1,269,661	1,414,712
Accruals	123,544	74,330
VAT payable	19,697	19,471
Interest payable	4,546	6,282
Other payables	65,983	147,289
	1,483,431	1,662,084

The average credit period on purchase of goods and services is 60 to 90 days (2023: 60 to 90 days). The Group has financial risk management policies in place to ensure that all payables are paid within the agreed credit timeframe. No interest is charged on trade and other payables.

Trade payables includes an amount payable to Al Ain City Municipality of AED nil (2023: AED 0.1 million), AED nil due to Abu Dhabi Distribution Company (2023: AED 0.5 million), Al Ain Distribution Company AED 6.8 million (2023: AED 4.7 million) and AED 261.4 million (2023: AED 219.1 million) to ADNOC Gas plc.

22. Lease liabilities

AED'000	2024	2023
As at 1 January	344,213	474,836
Disposals/re-measurement during the year	-	(117,683)
Accretion of interest during the year (note 27)	21,957	19,755
Payments during the year	(32,861)	(32,695)
As at 31 December	333,309	344,213

AED'000	2024	2023
Maturity analysis		
After more than five years	258,298	275,596
Later than one year and not later than five years	62,815	57,421
Due after more than one year	321,113	333,017
Due within one year	12,196	11,196
	333,309	344,213

The Group does not face a significant liquidity risk with regard to its liabilities. The Group's lease liabilities are continuously monitored by the Group's treasury function.

23. Revenue

The Group derives its revenue from contracts with customers for the transfer of goods at a point in time for the following product lines. This is consistent with the revenue information that is disclosed for each reportable segment under IFRS 8 *Operating Segments* (note 31).

AED'000	2024	2023
Analysis of revenue recognised at point in time		
Steel	7,576,637	8,028,529
Cement and Blocks	612,558	691,570
Pipes and others	148,120	179,294
	8,337,315	8,899,393

The transaction values allocated to (partially) unsatisfied performance obligations at 31 December 2024 and 2023 are set out below.

AED'000	2024	2023
Revenue		
Steel	641,371	668,906

Management expects that the transaction values allocated to the unsatisfied contracts as at 31 December 2024 will be recognised as revenue during 2025.

Primary geographical markets

AED'000	2024	2023
United Arab Emirates	6,998,024	6,581,426
Sultanate of Oman	198,994	396,224
Kingdom of Bahrain	6,817	353,261
Kingdom of Saudi Arabia	6,478	266,619
Other	1,127,002	1,301,863
	8,337,315	8,899,393

## 24. Cost of sales

AED'000	2024	2023
Materials consumed in production	4,352,573	4,633,202
Utility supplies	1,159,334	1,031,723
Consumable and maintenance expenditure	451,431	481,607
Salaries and related expenditure	619,279	588,984
Depreciation and amortisation expenses	553,397	534,085
Transportation charges	257,658	392,651
Other expenses	184,011	139,833
	<b>7,577,683</b>	<b>7,802,085</b>

## 25. Selling and distribution expenses

AED'000	2024	2023
Salaries and related expenses	24,412	30,047
Depreciation and amortisation expenses	530	623
Other expenses	19,309	22,910
	<b>44,251</b>	<b>53,580</b>

## 26. General and administrative expenses

AED'000	2024	2023
Salaries and related expenses	296,247	250,389
(Reversal of) provision for impairment on financial and other assets	(5,453)	186
Depreciation and amortisation expense	26,583	27,079
Other expenses	99,383	112,508
	<b>416,760</b>	<b>390,162</b>

Audit fees amounting to AED 879 thousand and non-audit fees amounting to AED 231 thousand were incurred during the year ended 31 December 2024 (2023: Audit fees of AED 882 thousand and non-audit fees of AED 342 thousand).

Other expenses include charitable donations of AED 606 thousand (2023: AED 517 thousand).

## 27. Finance income and costs

AED'000	2024	2023
<b>Finance income</b>		
Interest income on bank deposits	<b>14,003</b>	<b>7,805</b>
<b>Finance costs</b>		
Interest on borrowings	66,544	76,964
Interest on lease liabilities (note 22)	21,957	19,755
Interest expense on defined benefit obligation (note 19)	7,586	8,647
	<b>96,087</b>	<b>105,366</b>

## 28. Other income

AED'000	2024	2023
Gain on sale of fixed asset	-	7,067
Foreign exchange (loss)/gain	(969)	32
Others	3,780	22,333
	<b>2,811</b>	<b>29,432</b>

## 29. Impairment losses (net)

AED'000	2024	2023
Impairment loss on plant and equipment (note 6)	-	31,094
Impairment loss on land and buildings (note 6)	-	28,816
Impairment loss on right-of-use assets (note 6)	-	23,540
Release of impairment loss on plant and equipment (note 6)	207,321	(66,490)
Release of impairment loss on land and buildings (note 6)	-	(10,695)
Release of impairment loss on right-of-use assets (note 6)	-	(6,265)
	<b>207,321</b>	<b>-</b>

### Charged to cost of sales (note 24)

Impairment loss on inventories (note 10)	13,580	439
--	--------	-----

### Released to general and administrative expenses (note 26)

Reversal of provision for impairment on financial assets (note 11)	(5,453)	233
--	---------	-----



## 30. Contingent liabilities and commitments

AED'000	2024	2023
Bank guarantees and letters of credit	387,810	153,425
Capital commitments	122,958	159,103
Performance guarantees provided to associates	-	53,400

The above bank guarantees and letters of credit were issued in the normal course of business.

The Group, in the normal course of business, is involved in certain litigations and claims from third parties. The Group undertakes a periodic review of its potential exposure to litigations and claims made against it. The Group believes that no material liability will result from those litigations and claims that require to be accrued for as of 31 December 2024 (2023: no material liabilities).

## 31. Segment reporting

The Group has three reportable segments, as described below, which are the Group's strategic business units. The strategic business units offer different products and are managed separately because they require different technologies and marketing strategies. For each of the strategic business units, the Board of Directors reviews internal management reports on at least a quarterly basis.

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

- Steel - the manufacture and distribution of long-steel products;

- Cement and Blocks - the production and sale of cement, concrete blocks and dry mortar; and
- Pipes and other- the manufacture and sale of PVC Pipes, GRP Pipes and Paper Bags

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 Group's CEO and the Board of Directors. Segment profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries.

For the year ended 31 December 2024 AED'000	Steel	Cement, Head Office and Blocks	Pipes and Others	Elimination	Group
External revenues	7,576,637	612,558	148,120	-	<b>8,337,315</b>
Intersegment revenue	-	21,911	8,313	(30,224)	-
<b>Timing of revenue recognition</b>					
• At a point in time	7,576,637	612,558	148,120	-	<b>8,337,315</b>
• Over time	-	-	-	-	-
Interest expense	82,960	12,789	338	-	<b>96,087</b>
Depreciation and amortisation	524,400	48,937	7,173	-	<b>580,510</b>
Impairment losses	11,024	(4,892)	1,995	-	<b>8,127</b>
Share of profit of equity accounted investees	-	-	-	-	-
<b>Profit for the year before tax</b>	<b>287,332</b>	<b>126,781</b>	<b>17,538</b>	<b>-</b>	<b>431,651</b>
Total assets	9,297,441	1,894,571	163,669	(97,157)	11,258,524
Total liabilities	(2,146,846)	(422,679)	(65,669)	97,157	(2,538,037)

For the year ended 31 December 2023 AED'000	Steel	Cement, Head Office and Blocks	Pipes and Others	Elimination	Group
External revenues	8,028,529	691,570	179,294	-	<b>8,899,393</b>
Intersegment revenue	-	-	9,922	(9,922)	-
<b>Timing of revenue recognition</b>					
• At a point in time	8,028,529	691,570	179,294	-	<b>8,899,393</b>
• Over time	-	-	-	-	-
Interest expense	69,832	35,534	-	-	<b>105,366</b>
Depreciation and amortisation	501,809	52,882	7,096	-	<b>561,787</b>
Impairment losses	-	4,090	(4,323)	-	<b>(233)</b>
Share of profit of equity accounted investees	-	16,469	-	-	<b>16,469</b>
<b>Profit for the year</b>	<b>457,192</b>	<b>128,822</b>	<b>15,902</b>	<b>-</b>	<b>601,916</b>
Total assets	9,112,196	1,899,166	190,903	(173,453)	11,028,812
Total liabilities	(2,043,850)	(714,086)	(111,893)	173,453	(2,696,376)

## 32. Corporate Income Tax

The taxable income of entities that are in scope for UAE corporate tax purposes is subject to a 9.0% corporate tax rate. It is not currently foreseen that the Group's UAE operations will be subject to the application of the Global Minimum Tax rate of 15% for the 2025 financial year. The application is dependent on the implementation of Base Erosion Profit Shifting (BEPS 2) - Pillar Two rules by the countries where the Group operates and the enactment of Pillar Two rules by the UAE Ministry of Finance.

The tax charge for the year ended 31 December 2024 is AED 39,259 thousand (2023: not applicable) which includes a current tax charge of AED 20,600 thousand and a deferred tax charge of AED 18,659 thousand. The latter being associated with a temporary timing difference created due to reversal of an impairment loss on property, plant and equipment. The effective Tax Rate ("ETR") for current year is 9.1% (2023: not applicable).

31 December 2024	AED'000
<b>The major components of income tax expense for the year ended 31 December 2024:</b>	
• Current income tax:	
- Current income tax charge	20,600
• Deferred tax:	
- Deferred tax charge	18,659
<b>Income tax expense reported in the consolidated statement of profit or loss</b>	<b>39,259</b>

Tax reconciliation

AED'000	31 December 2024
Profit before tax for the year	431,651
Tax charge at standard rate of 9.0%	38,849
Effects of:	
Standard rate exemption	34
Non-taxable income	(448)
Tax effect of expenses not deductible for tax purposes	151
Impairment not subject to tax due to participation exemption	434
Other adjustments	239
Income tax expenses reported in the consolidated income statement	39,259
Effective tax rate	9.1%

33. Financial instruments

Capital risk management

The Group manages its capital to be able to continue as a going concern while maximising the return to shareholders. The Group does not have a formalised optimal target capital structure or target ratios in connection with its capital risk management objectives. The Group has materially reduced its level of borrowings since the acquisition of Emirates Steel in 2021; this will allow flexibility for future fund raising for the further expansion of the Group's operations. In addition, the Group monitors its leverage levels on a continuing basis, ensuring that its capital structure is generally aligned with that of its peer group in the steel and building materials sectors.

Financial risk management objectives

The Group is exposed to the following risks related to financial instruments - credit risk, liquidity risk, foreign currency risk and interest rate risk. The Group has not framed formal risk management policies, however, the risks are monitored by management on a continuing basis. The Group does not enter into or trade in financial instruments or invest in securities, including derivative financial instruments, for speculative or risk management purposes.

Credit risk

Credit risk refers to the risk that a counter-party will default on its contractual obligations resulting in financial loss to the Group.

Key areas where the Group is exposed to credit risk are trade and other receivables and bank balances (liquid assets).

The Group has adopted a policy of only dealing with creditworthy counterparties as a means of mitigating the risk of financial loss from default. The Group attempts to control credit risk by monitoring credit exposures, limiting transactions with specific non-related counterparties, and continually assessing the creditworthiness of such non-related counterparties.

Concentration of credit risk arise when a number of counterparties are engaged in similar business activities, or activities in the same geographic region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentration of credit risk indicates the relative sensitivity of the Group's performance to developments affecting a particular industry or geographic location. Details on concentration of trade receivable balances are disclosed in note 11. Management believes that the concentration of credit risk is mitigated by high credit rating and financial stability of its trade customers.

Balances with banks are assessed to have low credit risk of default since these banks are among the major banks operating in the UAE and are highly regulated by the UAE Central Bank. Trade receivables are secured by bank guarantees and letter of credits totaling AED 1,692 million (2023: AED 1,341 million) and post-dated cheques

of AED 40.7 million (2023: AED 36 million). Balances with banks are not secured by any collateral. The amount that best represents the maximum credit risk exposure on financial assets at the end of the reporting period, in the event counter parties fail to perform their obligations generally approximates to their carrying value.

Liquidity risk

Liquidity risk is the risk that the Group will be unable to meet its funding requirements. The table below summarises the maturity profile of the Group's non-derivative financial liabilities. The contractual maturities of the financial liabilities have been determined on the basis of the remaining period

at the end of reporting period to the contractual maturity date. The maturity profile is monitored by management to ensure adequate liquidity is maintained. The maturity profile of the non-derivative financial liabilities at the end of reporting period based on contractual repayment arrangements are as follows:

Liquidity risk management

AED'000	Less than 1 year	1-5 years	More than 5 years	Total
2024				
Non-interest bearing	1,359,886	-	-	1,359,886
Interest bearing instruments	531,260	139,691	381,796	1,052,747
	1,891,146	139,691	381,796	2,412,633
2023				
Non-interest bearing	1,587,754	-	-	1,587,754
Interest bearing instruments	500,503	57,421	275,596	833,520
	2,088,257	57,421	275,596	2,421,274

Foreign currency risk

The Group undertakes certain transactions denominated in foreign currencies. Hence, exposures to exchange rate fluctuations arise. The Group's exposure to the currency risk is principally from the Group's transactions in Euro ("EUR") and Great British Pound ("GBP") as AED is currently pegged to USD at a fixed rate of exchange.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities, excluding USD at the reporting date are as follows:

AED'000	Liabilities		Assets	
	2024	2023	2024	2023
EUR	1,827	12,738	28,216	16,293
GBP	-	2,848	3,298	3,969
	1,827	15,586	31,514	20,262



Interest rate risk

Interest rate risk arises from the possibility that changes in interest rates will affect the finance income or finance cost of the Group. The Group is exposed to interest rate risk on its bank borrowings that carry both fixed and floating interest rates which are detailed in note 19.

If interest rates had been 100 basis points higher/lower and all other variables were held constant, the Group's profit for the year ended 31 December 2024 would decrease/increase by AED 4.85 million (2023: decrease/increase by AED 4.89 million).

Interest rate sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to variable interest rates mainly arising from bank borrowings, assuming the amount of liability at the end of the reporting period was outstanding for the whole year.

Fair value of financial instruments

The Group's management considers that the carrying amount of financial assets and financial liabilities approximates their fair value.

34. Basic and diluted earnings per share

The following reflects the profit and share data used in the earnings per share computations:

	2024	2023
Profit attributable to equity holders of the parent (AED'000)	392,392	601,916
Weighted average number of shares in issue (thousands of shares)	6,850,000	6,850,000
Earnings per share (AED)	0.057	0.088

The Group does not have potentially dilutive shares and, accordingly, the diluted earnings per share is equivalent to the basic earnings per share as detailed above.

35. Approval of consolidated financial statements

The consolidated financial statements were approved by the Board of Directors and authorised for issue on 11 March 2025.