

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 ¹	UAE	100%	100%	Production and sale of long-steel products
Emirates Blocks Factory ²	UAE	100%	100%	Production and sale of cement block
Emirates Cement Factory ³	UAE	100%	100%	Production and sale of packed and bulk cement
Al Ain Cement Factory ²	UAE	100%	100%	Production and sale of packed and bulk cement
Anabeeb PVC LLC ⁴	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.

¹ 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).

² These subsidiaries are all operating divisions of the Company.

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

⁴ 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
Cost				
At 1 January 2024 and at 31 December 2024	4,000	10,000	4,175	18,175
Accumulated depreciation				
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
Net carrying value				
At 31 December 2024	4000	5,500	2,346	11,846
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
Cost		
As at 1 January	53,624	46,219
Additions	46,133	7,405
As at 31 December	99,757	53,624
Accumulated amortisation		
As at 1 January	43,279	40,318
Charge for the year	11,679	2,961
As at 31 December	54,958	43,279
Net carrying amount	44,799	10,345

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
	1,641,973	2,028,169
Less: allowance for impairment of inventories	(98,547)	(93,022)
	1,543,426	1,935,147

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)	-
As at 31 December	98,547	93,022

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)
	1,745,189	1,464,238
Prepayments	32,681	55,262
Advances to suppliers	147,623	152,197
Other receivables	143,061	86,854
	2,068,554	1,758,551

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 ¹	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 ¹	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

¹ 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
Key management personnel compensation		
Short term benefits	23,560	19,283
Post-employment benefits	1,058	569
	24,618	19,852
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
Carrying amount			
As at 1 January 2024	217,524	11,033	228,557
Depreciation expense	(9,595)	(4,684)	(14,279)
As at 31 December 2024	207,929	6,349	214,278

AED'000	Land	Land rights	Total
Carrying amount			
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
As at 31 December 2023	217,524	11,033	228,557

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
	(36,236)	(54,794)

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
Amounts recognised in consolidated statement of financial position		
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)	-
Balance at 31 December	154,946	200,772
Amounts recognised in consolidated statement of profit or loss		
Current service cost	17,562	15,110
Interest expense (note 26)	7,586	8,647
Total	25,148	23,757
Amounts recognised in consolidated statement of comprehensive income		
Re-measurement (charge)/reduction	(4,341)	2,147

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

Significant actuarial assumptions		
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
Sensitivity analysis:		
2024		
Provision - discount rate (0.5% movement)	150,845	159,278
Provision - future salary (0.5% movement)	155,437	154,482
2023		
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	Maturity	Outstanding at 31 December 2024			Outstanding at 31 December 2023		
		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
Balance at the end of the year	485,789	489,307

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
	7,577,683	7,802,085

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
	44,251	53,580

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
	416,760	390,162

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
Finance income		
Interest income on bank deposits	14,003	7,805
Finance costs		
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
	96,087	105,366

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
	2,811	29,432

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)
	207,321	-

Charged to cost of sales (note 24)

Impairment loss on inventories (note 10)	13,580	439
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Released to general and administrative expenses (note 26)

Reversal of provision for impairment on financial assets (note 11)	(5,453)	233
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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	-	8,337,315
Intersegment revenue	-	21,911	8,313	(30,224)	-
Timing of revenue recognition					
• At a point in time	7,576,637	612,558	148,120	-	8,337,315
• Over time	-	-	-	-	-
Interest expense	82,960	12,789	338	-	96,087
Depreciation and amortisation	524,400	48,937	7,173	-	580,510
Impairment losses	11,024	(4,892)	1,995	-	8,127
Share of profit of equity accounted investees	-	-	-	-	-
Profit for the year before tax	287,332	126,781	17,538	-	431,651
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	-	8,899,393
Intersegment revenue	-	-	9,922	(9,922)	-
Timing of revenue recognition					
• At a point in time	8,028,529	691,570	179,294	-	8,899,393
• Over time	-	-	-	-	-
Interest expense	69,832	35,534	-	-	105,366
Depreciation and amortisation	501,809	52,882	7,096	-	561,787
Impairment losses	-	4,090	(4,323)	-	(233)
Share of profit of equity accounted investees	-	16,469	-	-	16,469
Profit for the year	457,192	128,822	15,902	-	601,916
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
The major components of income tax expense for the year ended 31 December 2024:	
• Current income tax:	
- Current income tax charge	20,600
• Deferred tax:	
- Deferred tax charge	18,659
Income tax expense reported in the consolidated statement of profit or loss	39,259

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.