

# EMSTEEL Building Materials PJSC



Reports and Interim Condensed Consolidated  
Financial Statements

For the three-month period ended 31 March 2025

# Reports and Interim Condensed Consolidated Financial Statements

for the three-month period ended 31 March 2025

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# Board of Directors' Report to the shareholders

## for the three-month period ended 31 March 2025

On behalf of EMSTEEL Building Materials PJSC's Board of Directors ("EMSTEEL", the "Company" or the "Group"), I am pleased to present the Board of Directors' report for the three-month period ended 31 March 2025, together with the interim condensed consolidated financial statements for the period.

### Strategic combination with Emirates Steel Industries PJSC

Emirates Steel is a leading integrated steel manufacturer in the Middle East. The combination of the Company's building materials businesses and Emirates Steel (the "Group") has created the UAE's largest steel and building materials business with a compelling strategic proposition and strong potential for growth in the UAE and internationally. The transaction provided significant revenue diversification for the Group and marked the first time that investors had access to a steel producer on a UAE public market.

The Group is well placed to scale and grow, create new business opportunities and ensure that homegrown manufacturers are at the forefront of driving a sustainable, diversified national economy.

### Financial performance in the three-month period ended 31 March 2025

The Group's revenue in the first three months of 2025 was AED 2,156 million compared to AED 2,136 million in the same period in 2024. The Group's net profit before tax for the period was AED 94 million, compared to AED 140 million in the first three months of 2024.

The Group's performance in the first three months of the year demonstrated resilience amidst challenging market conditions. The Group's performance has been supported by a strong domestic market, but the Group's export business has been challenging, in terms of demand, prices, and escalating freight costs. In the three-month period, the Steel Division contributed a profit before tax of AED 67 million against AED 95 million (after bonus adjustments for prior year 2024) in the three months ended 31 March 2024 and the Group's Building Materials Division contributed a profit before tax of AED 27 million against AED 45 million (after bonus adjustments for prior year) in the comparative period.

## Review of operations

- Emirates Steel

Revenue from Emirates Steel totalled AED 1,951 million for the first three months of 2025 against AED 1,949 million in the equivalent period in 2024. Profit before tax from the Steel Division for the first three months of 2025 was AED 67 million as compared to of AED 95 million for the same period in 2024. The level of profitability delivered demonstrated the businesses resilience in the face of a continuing adverse market for the global steel sector.

- Cement, Blocks and Head Office

Revenue from the Cement and Blocks division was AED 160 million for the first three months of 2025, compared to AED 150 million in the equivalent period in 2024. Profit before tax from this segment for the first three months of 2025 was AED 18 million as compared to a profit of AED 41 million (after bonus adjustments for prior year) for the same period in 2024.

- Other

The Group's other businesses comprise the manufacture and distribution of PVC pipes, GRP pipes and bags. Collectively these businesses reported external revenues of AED 45 million for the first three months of 2025, compared with AED 36 million in the equivalent period in 2024. The businesses generated a profit before tax of AED 9 million for the first three months of the year, against a profit of AED 4 million in the equivalent period in 2024.

## Liquidity

Bank borrowings totalled AED 763 million as at 31 March 2025 (31 December 2024: AED 486 million). In addition, the Group held cash and cash equivalents of AED 881 million as of 31 March 2025 (31 December 2024: AED 823 million).

## Taxation

The provision of AED 7.7 million for taxation in the three-month period reflects an effective tax rate of 8.22%.

## Total assets and shareholders' equity

The total assets of the Group equalled AED 11,632 million at 31 March 2025 (31 December 2024: AED 11,259 million). The value of shareholders' equity was at AED 8,807 million as of 31 March 2025 compared to AED 8,720 million as of 31 December 2024.

On behalf of the Board of Directors



Hamad A. Al Hammadi

*Chairman*

13 May 2025

## **REPORT ON REVIEW OF**

## **INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS TO THE BOARD OF DIRECTORS OF**

## **EMSTEEL BUILDING MATERIALS PJSC**

### *Introduction*

We have reviewed the accompanying interim condensed consolidated financial statements of EMSTEEL Building Materials PJSC (the “Company”) and its subsidiaries (the “Group”) as at 31 March 2025, comprising of the interim condensed consolidated statement of financial position as at 31 March 2025 and the related interim condensed consolidated statements of profit or loss, comprehensive income, changes in equity and cash flows for the three month period then ended and explanatory notes. Management is responsible for the preparation and fair presentation of these interim condensed consolidated financial statements in accordance with International Accounting Standard IAS 34, Interim Financial Reporting (“IAS 34”). Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

### *Scope of review*

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

### *Other matter*

The interim condensed consolidated financial statements of the Group for the period ended 31 March 2024 were reviewed by another auditor, who expressed an unmodified conclusion thereon on 7 May 2024.

### *Conclusion*

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34, “Interim Financial Reporting”.

For Ernst & Young



Ahmad Al Dali  
Registration No: 5548

13 May 2025  
Abu Dhabi, United Arab Emirates

## Interim Condensed Consolidated Statement of Financial Position

as at 31st March 2025

		31 March 2025 AED'000 (unaudited)	31 December 2024 AED'000 (audited)
	Notes		
<b>ASSETS</b>			
Non-current assets			
Property, plant and equipment	5	6,340,531	6,415,683
Right-of-use assets	12	208,205	214,278
Investment property	6	11,669	11,846
Intangible assets	7	51,722	44,799
Total non-current assets		6,612,127	6,686,606
Current assets			
Inventories	8	1,747,360	1,543,426
Trade and other receivables	9	2,229,449	2,068,554
Cash and bank balances	10	858,619	796,660
		4,835,428	4,408,640
Assets held for sale	13	184,585	163,278
Total current assets		5,020,013	4,571,918
Total assets		11,632,140	11,258,524
<b>EQUITY AND LIABILITIES</b>			
Capital and reserves			
Share capital		6,850,000	6,850,000
Statutory reserve		244,529	235,900
Merger reserve		1,092,817	1,092,817
Capital reserve		3,783	3,783
Other reserves		43,566	43,566
Retained earnings		572,081	494,421
Net equity		8,806,776	8,720,487
Non-current liabilities			
Lease liabilities	12	320,877	321,113
Provision for employees' end of service benefits	15	153,815	154,946
Deferred tax provision		18,659	18,659
Total non-current liabilities		493,351	494,718
Current liabilities			
Bank borrowings	14	763,156	485,789
Trade and other payables	16	1,472,784	1,483,431
Current tax liabilities	20	28,334	20,600
Lease liabilities	12	15,257	12,196
		2,279,531	2,002,016
Liabilities directly associated with assets held for sale	13	52,482	41,303
Total current liabilities		2,332,013	2,043,319
Total liabilities		2,825,364	2,538,037
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>11,632,140</b>	<b>11,258,524</b>

To the best of our knowledge, the financial statements included in the report fairly presents in all material respects the financial condition, results of operation and cash flows of the Group as of 31 March 2025, and for the periods presented in the report.



Hamad A. Al Hammadi  
Chairman



Saeed G. Al Remeithi  
Director and  
Group Chief Executive Officer



Mark J.S. Tonkens  
Group Chief Financial Officer

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

# Interim Condensed Consolidated Statement of Profit or Loss

for the three-month period ended 31 March 2025

		Three-month period ended 31 March	
		2025 AED'000 (unaudited)	2024 AED'000 (audited)
<b>Revenue</b>		<b>2,155,975</b>	2,136,199
Direct costs		<b>(1,915,589)</b>	(1,884,170)
<b>Gross profit</b>		<b>240,386</b>	252,029
Selling and distribution expenses		<b>(11,372)</b>	(14,248)
General and administrative expenses		<b>(120,262)</b>	(88,642)
Other income (net)		<b>6,743</b>	173
<b>Operating profit</b>		<b>115,495</b>	149,312
Profit on disposal of associates		-	4,982
Finance costs		<b>(25,345)</b>	(15,746)
Finance income		<b>3,873</b>	1,876
<b>Profit before tax for the period</b>		<b>94,023</b>	140,424
Income tax expense	20	<b>(7,734)</b>	(12,200)
<b>Profit for the period</b>		<b>86,289</b>	128,224
Basic and diluted earnings per share	19	<b>0.013</b>	0.019

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

# Interim Condensed Consolidated Statement of Comprehensive Income

for the three-month period ended 31 March 2025

	Three-month period ended 31 March	
	2025 AED'000 (unaudited)	2024 AED'000 (audited)
Profit for the period	86,289	128,224
Other comprehensive income	-	-
<b>Total comprehensive income for the period</b>	<b>86,289</b>	<b>128,224</b>

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



# Interim Condensed Consolidated Statement of Changes in Equity

for the three-month period ended 31 March 2025

	Share capital AED'000	Statutory reserve AED'000	Merger reserve AED'000	Capital reserve AED'000	Other reserves AED'000	Retained earnings AED'000	Net equity AED'000
As at 1 January 2024 (audited)	6,850,000	196,661	1,092,817	3,783	47,907	141,268	8,332,436
Total comprehensive income for the period	-	-	-	-	-	128,224	128,224
<b>As at 31 March 2024 (unaudited)</b>	6,850,000	196,661	1,092,817	3,783	47,907	269,492	8,460,660
<b>As at 1 January 2025 (audited)</b>	<b>6,850,000</b>	<b>235,900</b>	<b>1,092,817</b>	<b>3,783</b>	<b>43,566</b>	<b>494,421</b>	<b>8,720,487</b>
Total comprehensive income for the period	-	-	-	-	-	86,289	86,289
Transfer to statutory reserve	-	8,629	-	-	-	(8,629)	-
<b>As at 31 March 2025 (unaudited)</b>	<b>6,850,000</b>	<b>244,529</b>	<b>1,092,817</b>	<b>3,783</b>	<b>43,566</b>	<b>572,081</b>	<b>8,806,776</b>

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

# Interim Condensed Consolidated Statement of Cash Flows

for the three-month period ended 31 March 2025

		Three months period ended 31 March	
		2025	2024
		AED'000	AED'000
	Notes	(unaudited)	(audited)
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit before tax for the period		94,023	140,424
Adjustments for:			
– Depreciation of property, plant and equipment		140,137	132,410
– Depreciation of right-of-use assets		6,073	4,065
– Amortisation of intangible assets		4,224	1,005
– Depreciation of investment property		177	177
– Reversal of impairment loss on financial assets		(3,179)	(467)
– Allowance for impairment of inventories, net		10,891	6,296
– Provision for employees' end of service benefit		4,018	10,778
– Gain on disposal of associates		-	(4,982)
– Finance costs		25,345	15,746
– Finance income		(3,873)	(1,876)
<b>Operating cash flows before movements in working capital</b>		<b>277,836</b>	<b>303,576</b>
Movements in working capital:			
– Increase in inventories		(221,183)	(53,910)
– (Increase) / Decrease in trade and other receivables		(176,091)	116,696
– Decrease in trade and other payables		(75)	(165,761)
<b>Cash (used in) / generated from operations</b>		<b>(119,513)</b>	<b>200,601</b>
End of service benefits paid		(5,788)	(6,103)
<b>Net cash (used in) / generated from operating activities</b>		<b>(125,301)</b>	<b>194,498</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of property, plant and equipment		(65,651)	(42,944)
Purchase of intangible assets		(11,147)	(25,473)
Proceeds from disposal of associates		-	99,000
Interest received		3,873	1,876
<b>Net cash (used in) / generated from investing activities</b>		<b>(72,925)</b>	<b>32,459</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from borrowings		618,273	964,648
Repayment of borrowings		(340,906)	(877,351)
Finance costs paid		(18,783)	(5,242)
Repayment of lease liability		(2,491)	(2,558)
<b>Net cash generated from financing activities</b>		<b>256,093</b>	<b>79,497</b>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>		<b>57,867</b>	<b>306,454</b>
Cash and cash equivalents at the beginning of the period		823,294	425,808
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>		<b>881,161</b>	<b>732,262</b>

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

# Notes to the Interim Condensed Consolidated Financial Statements

for the three-month period ended 31 March 2025

## 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.

General Holding Corporation PJSC ("SENAAT" or 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 its 100% interest in the issued share capital of Emirates Steel Industries PJSC to the Company for the issue of 5.1 billion additional EMSTEEL 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.

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.

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

The interim condensed consolidated financial statements were approved by the Board of Directors and authorised for issue on 13 May 2025.

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

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those applied by the Group in the preparation of the consolidated financial statements as at and for the year ended 31 December 2024, except for the adoption of the following new standards, interpretations and amendments effective as of 1 January 2025. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

- Amendments to IAS 21: Lack of Exchangeability
- Amendments to the SASB standards to enhance their international applicability

These amendments had no significant impact on the interim condensed consolidated financial statements of the Group.

### **International Tax Reform—Pillar Two Model Rules – Amendments to IAS 12**

The amendments to IAS 12 have been introduced in response to the OECD's BEPS Pillar Two rules and include:

- A mandatory temporary exception to the recognition and disclosure of deferred taxes arising from the jurisdictional implementation of the Pillar Two model rules; and
- Disclosure requirements for affected entities to help users of the financial statements better understand an entity's exposure to Pillar Two income taxes arising from that legislation, particularly before its effective date.

The mandatory temporary exception – the use of which is required to be disclosed – applied starting the year ended December 2023. The remaining disclosure requirements apply for annual reporting periods beginning on or after 1 January 2023, but not for any interim periods ending on or before 31 December 2024.

IAS 12 is amended to add the exception to recognising and disclosing information about deferred tax assets and liabilities that are related to tax law enacted or substantively enacted to implement the Pillar Two Model Rules published by the Organisation for Economic Co-operating and Development (the "Pillar Two legislation"). It is unclear if the Pillar Two Model Rules create additional temporary differences with regards to deferred tax remeasurement and the Group has applied the temporary exception as at 31 March 2025.

### 3. Material accounting policies

#### **Basis of preparation**

##### *Statement of compliance*

The interim condensed consolidated financial statements have been prepared in accordance with International Accounting Standard (IAS) 34 Interim Financial Reporting issued by the International Accounting Standards Board and also comply with the applicable requirements of the laws in the UAE. Accordingly, these interim condensed consolidated financial statements do not include all of the information all disclosures required for full annual consolidated financial statements and should be read in conjunction with the Group's audited consolidated financial statements for the year ended 31 December 2024. In addition, results for the three months period ended 31 March 2025 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2025.

##### *Basis of measurement*

These interim condensed consolidated financial statements have been prepared under the historical cost basis.

##### *Functional and presentation currency*

These interim condensed consolidated financial statements are presented in 'United Arab Emirates Dirham' (AED), which is the Group's functional and presentation currency. All values are rounded to the nearest thousand (AED'000), except when otherwise indicated.

#### **Basis of consolidation**

The interim condensed consolidated financial statements of the Group comprise the financial information of the Company and its subsidiaries.

Control is achieved when the Group is exposed or has rights to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

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

When the Group has less than a majority of the voting or similar right of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee;
- Rights arising from other contractual arrangements; and
- The Group's voting rights and potential voting rights

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

### 3. Material accounting policies (continued)

#### Basis of consolidation (continued)

Non-controlling interest represent the portion of profit or loss and net assets of subsidiaries not owned directly or indirectly by the Parent Company. Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the interim condensed consolidated financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

When the Group loses control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets and liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable IFRSs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IFRS 9, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

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

Details of the Company's subsidiaries as at 31 March 2025 and 31 December 2024 were as follows:

Name of subsidiary	Country of incorporation	Proportion of ownership interest and voting held by the Group		Principal activity
		31 March 2025	31 December 2024	
Emirates Steel Industries PJSC <sup>1</sup>	UAE	100%	100%	Production and sale of long-steel products
Emirates Blocks Factory <sup>2</sup>	UAE	100%	100%	Production and sale of cement block
Emirates Cement Factory <sup>2,3</sup>	UAE	100%	100%	Production and sale of packed and bulk cement
Al Ain Cement Factory <sup>2</sup>	UAE	100%	100%	Production and sale of packed and bulk cement
Anabeeb PVC LLC <sup>4</sup>	UAE	100%	100%	Production and sale of pipes, and paper bags

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

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

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

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

## 4. Critical judgements and key sources of estimation uncertainty

### Changes in judgements and estimation uncertainty

The preparation of the interim condensed consolidated financial statements in conformity with the International Financial Reporting Standards requires management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amounts of financial assets and liabilities and the disclosure of contingent liabilities. These judgments, estimates and assumptions also affect the revenue, expenses, and provisions as well as fair value changes. Actual results may differ from these estimates.

These judgments, estimates and assumptions may affect the reported amounts in subsequent financial years. Estimates and judgments are currently evaluated and are based on historical experience and other factors.

The critical judgements and estimates used in the preparation of these interim condensed consolidated financial statements are consistent with those used in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2024.

## 5. Property, plant and equipment

During the three-month period ended 31 March 2025, the Group acquired assets with a cost of AED 64,985 thousand (31 March 2024: AED 42,944 thousand).

There were no asset disposals in the period (31 March 2024: No assets disposed during the period).

The depreciation charge for the period amounted to AED 140,137 thousand (31 March 2024: AED 132,410 thousand).

## 6. Investment property

No acquisitions or disposals were made to the Group's investment properties in the three-month period ended 31 March 2025 (31 March 2024: none). The depreciation charge for the period amounted to AED 177 thousand (31 March 2024: AED 177 thousand).

## 7. Intangible assets

During the three-month period ended 31 March 2025, the Group acquired intangible assets with a cost of AED 11,147 thousand (31 March 2024: AED 25,473 thousand). The amortisation charge for the period amounted to AED 4,224 thousand (31 March 2024: AED 1,005 thousand).

## 8. Inventories

	31 March 2025 AED'000 (unaudited)	31 December 2024 AED'000 (audited)
Finished goods and by-products	348,302	360,935
Semi-finished products: steel billets and direct reduced iron	266,173	277,934
Raw materials	190,655	236,797
Goods in transit	262,537	-
Spare parts and consumables	789,131	766,307
	<b>1,856,798</b>	<b>1,641,973</b>
Less: allowance for impairment of inventories	<b>(109,438)</b>	<b>(98,547)</b>
	<b>1,747,360</b>	<b>1,543,426</b>

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

	31 March 2025 AED'000 (unaudited)	31 December 2024 AED'000 (audited)
Balance at the beginning of the period/year	98,547	93,022
Impairment during the period/year	10,891	13,580
Relating to asset held for sale	-	(8,055)
<b>Balance at the end of the period/year</b>	<b>109,438</b>	<b>98,547</b>

## 9. Trade and other receivables

	31 March 2025 AED'000 (unaudited)	31 December 2024 AED'000 (audited)
Trade receivables	1,910,890	1,859,514
Less: allowance for expected credit loss	<b>(110,866)</b>	<b>(114,325)</b>
	<b>1,800,024</b>	<b>1,745,189</b>
Prepayments and other receivables	429,425	323,365
	<b>2,229,449</b>	<b>2,068,554</b>

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

	31 March 2025 AED'000 (unaudited)	31 December 2024 AED'000 (audited)
Balance as at 1 January	114,325	157,830
Net reversal of loss allowance	<b>(3,459)</b>	<b>(5,453)</b>
Relating to assets held for sale	-	(38,052)
<b>Balance at the end of the period/year</b>	<b>110,866</b>	<b>114,325</b>



## 10. Cash and bank balances

	<b>31 March 2025 AED'000 (unaudited)</b>	<b>31 December 2024 AED'000 (audited)</b>
Cash in hand	413	253
Cash at banks in current accounts	858,206	796,407
Balance as at 31 December (excluding cash held for sale)	858,619	796,660
Add: Cash relating to disposal group held for sale (note 13)	22,542	26,634
<b>Balance as at 31 December (including cash held for sale)</b>	<b>881,161</b>	<b>823,294</b>

## 11. 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% (31 December 2024: 87.5%) of the Company's outstanding 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 are a large portion of its direct cost, lease rental payments and interest payments on certain loans.

The Group also has, at 31 March 2025, 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.

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

	<b>Three-month period ended 31 March</b>	
	<b>2025 AED'000 (unaudited)</b>	<b>2024 AED'000 (unaudited)</b>
Purchases from related parties		
– Agthia PJSC, sister concern	105	94
Key management compensation		
– Short term benefits	11,310	8,790
– Post-employment benefits	224	133
	<b>11,534</b>	<b>8,923</b>

## 12. Right of use assets and leases

The Group's obligations are secured by the lessor's title to the leased assets for such leases.

### Right of use assets

	31 March 2025 AED'000 (unaudited)	31 December 2024 AED'000 (audited)
As at 1 January	214,278	228,557
Depreciation expense	(6,073)	(14,279)
<b>Balance at the end of the period/year</b>	<b>208,205</b>	<b>214,278</b>

### Lease liabilities

	31 March 2025 AED'000 (unaudited)	31 December 2024 AED'000 (audited)
As at 1 January	333,309	344,213
Accretion of interest during the period/year	5,316	21,957
Payments during the period/year	(2,491)	(32,861)
<b>Balance at the end of the period/year</b>	<b>336,134</b>	<b>333,309</b>

	31 March 2025 AED'000 (unaudited)	31 December 2024 AED'000 (audited)
<b>Current</b>		
Within one year	15,257	12,196
<b>Non-current</b>		
After one year	320,877	321,113

### 13. 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 March 2025.

The assets and liabilities belonging to the disposal group are reported under the 'Pipe and Others' in the segmental reporting data in note 18 to the consolidated financial statements.

	31 March 2025 AED'000 (unaudited)	31 December 2024 AED'000 (audited)	
<b>Balance Sheet of Disposal Group</b>			
Property, plant and equipment	28,230	27,564	
<b>Non-current Assets</b>	<b>28,230</b>	27,564	
Cash and cash equivalents	22,542	26,634	
Trade receivables	84,576	65,423	
Inventories	51,875	45,517	
Intercompany loans	572	391	*
Other receivables	2,180	2,958	
<b>Current assets</b>	<b>161,745</b>	140,923	
<b>TOTAL ASSETS</b>	<b>189,975</b>	168,487	
Trade payables	35,332	26,765	
Other payables	8,471	5,220	
<b>Current liabilities</b>	<b>43,803</b>	31,985	
Employees' end of service benefit obligation	8,679	9,318	
Intercompany Loan	24,278	24,366	**
<b>Non-current liabilities</b>	<b>32,957</b>	33,684	
<b>TOTAL LIABILITIES</b>	<b>76,760</b>	65,669	
<b>NET ASSET VALUE</b>	<b>113,215</b>	102,818	
Impairment adjustment	(4,818)	(4,818)	
<b>NET REALISABLE VALUE</b>	<b>108,397</b>	98,000	

\* 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 184,585 thousand (31 December 2024: AED 163,278 thousand).

### 13. Assets and liabilities associated directly with assets held for disposal (continued)

\*\* Related party balance eliminated on consolidation. Liabilities of the disposal group held for sale appearing in the consolidated statement of financial position is AED 52,482 thousand (31 December 2024: AED 41,303 thousand).

### 14. Bank borrowings

Bank borrowings are contractually repayable as follows:

	31 March 2025 AED'000 (unaudited)	31 December 2024 AED'000 (audited)
Within one year	763,156	485,789

The details of the bank borrowings are stated as follows:

	Maturity	At 31 March 2025 (unaudited)			At 31 December 2024 (audited)		
		Current AED'000	Non- current AED'000	Total AED'000	Current AED'000	Non- current AED'000	Total AED'000
<b>Emirates Steel</b>							
Working capital facilities	2025	763,156	-	763,156	485,789	-	485,789

#### 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% over LIBOR/SOFR. These short-term loans are revolving loans facilities.

Changes from financing cash flows related to borrowings:

	31 March 2025 AED'000 (unaudited)	31 December 2024 AED'000 (audited)
<b>Balance at the beginning of the period/year</b>	485,789	489,307
Settlement of term loans	-	(134,934)
Settlement of short-term loans	(340,906)	(2,332,420)
Proceeds from short term loans	618,273	2,463,836
<b>Balance at the end of the period/year</b>	763,156	485,789

## 15. Provisions for employees' end of service benefits

	31 March 2025 AED'000 (unaudited)	31 December 2024 AED'000 (audited)
Balance at 1 January	154,946	200,772
Current service cost (including interest expense)	4,018	25,148
Past service cost	-	(45,905)
Benefit payments	(5,149)	(20,092)
Re-measurement charge/(reduction)	-	4,341
Transferred to assets and liabilities held for sale (note 14)	-	(9,318)
<b>Balance at the end of the period/year</b>	<b>153,815</b>	<b>154,946</b>

## 16. Trade and other payables

	31 March 2025 AED'000 (unaudited)	31 December 2024 AED'000 (audited)
Trade payables	1,255,299	1,269,661
Accruals	118,084	123,544
VAT payable	19,785	19,697
Interest payable	5,792	4,546
Other payables	73,824	65,983
<b>Balance at the end of the period/year</b>	<b>1,472,784</b>	<b>1,483,431</b>

## 17. Contingencies and commitments

	31 March 2025 AED'000 (unaudited)	31 December 2024 AED'000 (audited)
Bank guarantees and letters of credit	325,704	387,810
Capital commitments	126,874	122,958

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

## 18. 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 services 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.

## 18. Segment reporting (continued)

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 and concrete blocks;
- Other - including the production and distribution of glass reinforced polyester ("GRP") pipes; poly-vinyl chloride ("PVC") pipes; and 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 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.

	EMIRATES STEEL	EMIRATES CEMENT			EMSTEEL
	Steel	Cement, Blocks and Head Office	Pipes and others	Eliminations	Group
<b>For the period ended 31 March 2025 (unaudited):</b>	<b>AED'000</b>	<b>AED'000</b>	<b>AED'000</b>	<b>AED'000</b>	<b>AED'000</b>
External revenues	1,951,267	160,000	44,708	-	2,155,975
Intersegment revenue	-	4,682	1,338	(6,020)	-
Timing of revenue recognition - at a point in time	1,951,267	160,000	44,708	-	2,155,975
Interest expense	22,644	2,576	125	-	25,345
Depreciation and amortisation	138,695	11,916	-	-	150,611
Profit before tax for the period	66,770	16,741	10,512	-	94,023
<b>As at 31 March 2025 (unaudited):</b>					
Total assets	9,727,812	1,719,743	185,157	(572)	11,632,140
Total liabilities	(2,519,935)	(237,639)	(76,760)	8,970	(2,825,364)
<b>For the period ended 31 March 2024 (unaudited):</b>					
External revenues	1,949,431	150,467	36,301	-	2,136,199
Intersegment revenue	-	6,673	1,969	(8,642)	-
Timing of revenue recognition – at a point in time	1,949,431	150,467	36,301	-	2,136,199
Interest expense	10,493	5,175	78	-	15,746
Depreciation and amortization	123,958	11,926	1,773	-	137,657
Share of profit of equity accounted investees	-	4,982	-	-	4,982
Profit for the period before tax	94,844	41,213	4,367	-	140,424
<b>As at 31 December 2024 (audited):</b>					
Total assets	9,297,441	1,894,571	163,669	(97,157)	11,258,524
Total liabilities	(2,146,846)	(422,679)	(65,669)	97,157	(2,538,037)

## 19. Basic and diluted earnings per share

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

	Three-month period ended 31 March	
	2025 AED'000 (unaudited)	2024 AED'000 (audited)
Profit for the period (AED'000)	86,289	128,224
Weighted average number of shares in issue (thousands of shares)	6,850,000	6,850,000
Earnings per share (AED)	0.013	0.019

There were no potentially dilutive securities as at 31 March 2025 or at 2024 and, accordingly, diluted earnings per share is equivalent to the basic earnings per share.

## 20. Corporate income tax

On 9 December 2022, the United Arab Emirates (UAE) Ministry of Finance ("MoF") released Federal Decree-Law No 47 of 2022 on the Taxation of Corporations and Businesses, Corporate Tax Law ("CT Law") to enact a new CT regime in the UAE. The new CT regime has become effective for accounting periods beginning on or after 1 June 2023. As the Group's accounting year ends on 31 December, the first tax period will be the period from 1 January 2024 to 31 December 2024, with the respective tax return to be filed on or before 30 September 2025.

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 period ended 31 March 2025 is AED 7,734 thousand (31 March 2024: AED 12,200 thousand) representing an Effective Tax Rate ("ETR") of 8.22% (31 March 2024: 8.69%).