

Ajmal Steel Tubes and Pipes LLP

Sr. No.	Reference	Ajmal remarks	Deficiency	Request
1	A.1.1 Declaration	Ajmal is not submitted a Revised Original Response after removing the explanation given in response to question number A1.1	Information/data is considered confidential	Please remove any data that is protected under GDPR (name, position, phone no, email address).
2	A5.5	Ajmal is submitting revised copies of the Financial Statement after redacting information. It may be noted that ranging of numbers reported in Audited account is not possible as it will require the copies of the Audited Financial Statement in excel and word. Ajmal is not in possession of the soft copies in word and excel. Audited financial statements are prepared by the Auditor through software directly in PDF. Further if the Audited Account are re-created in excel it will not be signed. Thus in PDF document Ajmal has redacted the information	Information has been removed	Where information or appendices have been removed, please provide a non-confidential summary or a summary of reasons why this cannot be provided.
	Appendix A5-3 (a) to Appendix A5-3(n)			
	Appendix A5-5(a)	Ajmal is submitting a revised version of Appendix A5-5 (a) and Appendix A-5 (b) where in information has been ranged within +- 10 %. As there are no base figures in the Trial Balance. Further it may be noted in all the Exhibits ranging has been done using a consistent %. This will ensure that the percentage change will remain the same		
	Appendix A5-5(b)	Ajmal is submitting a revised version of Annex 4-Sales. Information has been ranged within +- 10 %. Further it may be noted in all the Exhibits ranging has been done using a consistent %. This will ensure that the percentage change will remain the same		
	C1.2	Ajmal is submitting a revised version of Annex 5-Sales. Information has been ranged within +- 10 %. Further it may be noted in all the Exhibits ranging has been done using a consistent %. This will ensure that the percentage change will remain the same		
3	D2.1		Information/data may be considered confidential	Please review the confidentiality of the information provided. Where necessary redact and provide a statement of reasons where appropriate.
	B1.2	Ajmal has now removed the name of the company in Annexure-3 producing competitive goods in UK		
	C1.2	Ajmal is not submitted a Revised Original Response after removing the explanation given in response to question number C1.2		
	D1.3	Ajmal is not submitted a Revised Original Response after removing the explanation given in response to question number D1.3		

Safeguard Questionnaire (Exporter)

Safeguard measure on certain steel products

Case: TF0006

Period of Investigation (POI):	01 January 2013 – 31 December 2017
Most Recent Period (MRP):	01 January 2018 – 30 June 2020
Deadline for response:	21 November 2020
Case team contact:	Imogen Yapp, Lead Investigator, TF0006@traderemedies.gov.uk
Completed on behalf of:	Ajmal Steel Tubes & Pipes Industries LLC

When you have completed this form, indicate the **confidentiality status** of this document by placing an X in the relevant box below:

- ☐ Confidential
- ☐ Non-Confidential – will be made publicly available

Please note that you will have to provide **two copies of your response** – a **Confidential** and a **Non-Confidential version**. Both copies should be returned to TRID using the Trade Remedies Service (www.trade-remedies.service.gov.uk).

Table of Contents

The scope of this review	1
Goods subject to review	1
Like goods	2
Directly competitive goods	2
Instructions	4
Introduction.....	4
Preparing confidential and non-confidential copies.....	5
Providing information from subsidiaries or associated parties	5
What happens next	6
How to complete this questionnaire	7
SECTION A: Company structure and operations	8
A1 Identity and contact details	8
A2 Company information	8
A3 Board members and principal shareholders.....	10
A4 Operational links with other companies or persons.....	10
SECTION B: About your goods	13
B1 Your company's products	13
B2 Understanding the UK market	15
SECTION C: Sales and profits	17
C1 Sales and profitability	17
SECTION D: Information on each of the goods	18
D1 Production and production capacity	18
D2 Stocks.....	19
D3 Captive use.....	19
D4 Consumption in domestic market	20
D5 Global capacity and production	20
SECTION E: Other questions	22
E1 Other causation factors	22
E2 Other questions	23
SECTION F: Next steps and declaration	25
Next steps	25
Declaration	25
SECTION G: Checklist and appendices	26

The scope of this review

Goods subject to review

The goods subject to review in this transition review are detailed in the following table¹:

Product category number	Product category	Commodity codes
1	Non-Alloy and Other Alloy Hot Rolled Sheets and Strips	7208 10 00, 7208 25 00, 7208 26 00, 7208 27 00, 7208 36 00, 7208 37 00, 7208 38 00, 7208 39 00, 7208 40 00, 7208 52 10, 7208 52 99, 7208 53 10, 7208 53 90, 7208 54 00, 7211 13 00, 7211 14 00, 7211 19 00, 7212 60 00, 7225 19 10, 7225 30 10, 7225 30 30, 7225 30 90, 7225 40 15, 7225 40 90, 7226 19 10, 7226 91 20, 7226 91 91, 7226 91 99
2	Non-Alloy and Other Alloy Cold Rolled Sheets	7209 15 00, 7209 16 90, 7209 17 90, 7209 18 91, 7209 25 00, 7209 26 90, 7209 27 90, 7209 28 90, 7209 90 20, 7209 90 80, 7211 23 20, 7211 23 30, 7211 23 80, 7211 29 00, 7211 90 20, 7211 90 80, 7225 50 20, 7225 50 80, 7226 20 00, 7226 92 00
4A	Metallic Coated Sheets	TARIC Codes: 7210 41 00 20, 7210 49 00 20, 7210 61 00 20, 7210 69 00 20, 7212 30 00 20, 7212 50 61 20, 7212 50 69 20, 7225 92 00 20, 7225 99 00 11, 7225 99 00 22, 7225 99 00 45, 7225 99 00 91, 7225 99 00 92, 7226 99 30 10, 7226 99 70 11, 7226 99 70 91, 7226 99 70 94
4B	Metallic Coated Sheets	CN Codes: 7210 20 00, 7210 30 00, 7210 90 80, 7212 20 00, 7212 50 20, 7212 50 30, 7212 50 40, 7212 50 90, 7225 91 00, 7226 99 10 TARIC codes: 7210 41 00 30, 7210 41 00 80, 7210 49 00 30, 7210 49 00 80, 7210 61 00 30, 7210 61 00 80, 7210 69 00 30, 7210 69 00 80, 7212 30 00 80, 7212 50 61 30, 7212 50 61 80, 7212 50 69 30, 7212 50 69 80, 7225 92 00 80, 7225 99 00 23, 7225 99 00 41, 7225 99 00 93, 7225 99 00 95, 7226 99 30 90, 7226 99 70 19, 7226 99 70 96
5	Organic Coated Sheets	7210 70 80, 7212 40 80
6	Tin Mill products	7209 18 99, 7210 11 00, 7210 12 20, 7210 12 80, 7210 50 00, 7210 70 10, 7210 90 40, 7212 10 10, 7212 10 90, 7212 40 20
7	Non-Alloy and Other Alloy Quarto Plates	7208 51 20, 7208 51 91, 7208 51 98, 7208 52 91, 7208 90 20, 7208 90 80, 7210 90 30, 7225 40 12, 7225 40 40, 7225 40 60
12	Non-Alloy and Other Alloy Merchant Bars and Light Sections	7214 30 00, 7214 91 10, 7214 91 90, 7214 99 31, 7214 99 39, 7214 99 50, 7214 99 71, 7214 99 79, 7214 99 95, 7215 90 00, 7216 10 00, 7216 21 00, 7216 22 00, 7216 40 10, 7216 40 90, 7216 50 10, 7216 50 91, 7216 50 99, 7216 99 00, 7228 10 20, 7228 20 10, 7228 20 91, 7228 30 20, 7228 30 41, 7228 30 49, 7228 30 61, 7228 30 69, 7228 30 70, 7228 30 89, 7228 60 20, 7228 60 80, 7228 70 10, 7228 70 90, 7228 80 00
13	Rebars	7214 20 00, 7214 99 10

¹ Please note that the list uses the same category numbers and category names as EU Regulation 2019/159 for those goods subject to review within this Transition Review. Product categories 3, 8, 9, 10, 18, 22, and 24, will not be transitioned and are therefore excluded from the list.

14	Stainless Bars and Light Sections	7222 11 11, 7222 11 19, 7222 11 81, 7222 11 89, 7222 19 10, 7222 19 90, 7222 20 11, 7222 20 19, 7222 20 21, 7222 20 29, 7222 20 31, 7222 20 39, 7222 20 81, 7222 20 89, 7222 30 51, 7222 30 91, 7222 30 97, 7222 40 10, 7222 40 50, 7222 40 90
15	Stainless Wire Rod	7221 00 10, 7221 00 90
16	Non-Alloy and Other Alloy Wire Rod	7213 10 00, 7213 20 00, 7213 91 10, 7213 91 20, 7213 91 41, 7213 91 49, 7213 91 70, 7213 91 90, 7213 99 10, 7213 99 90, 7227 10 00, 7227 20 00, 7227 90 10, 7227 90 50, 7227 90 95
17	Angles, Shapes and Sections of Iron or Non-Alloy Steel	7216 31 10, 7216 31 90, 7216 32 11, 7216 32 19, 7216 32 91, 7216 32 99, 7216 33 10, 7216 33 90
19	Railway Material	7302 10 22, 7302 10 28, 7302 10 40, 7302 10 50, 7302 40 00
20	Gas pipes	7306 30 41, 7306 30 49, 7306 30 72, 7306 30 77
21	Hollow sections	7306 61 10, 7306 61 92, 7306 61 99
25.A	Large welded tubes	7305 11 00, 7305 12 00
25.B	Large welded tubes	7305 19 00, 7305 20 00, 7305 31 00, 7305 39 00, 7305 90 00
26	Other Welded Pipes	7306 11 10, 7306 11 90, 7306 19 10, 7306 19 90, 7306 21 00, 7306 29 00, 7306 30 11, 7306 30 19, 7306 30 80, 7306 40 20, 7306 40 80, 7306 50 20, 7306 50 80, 7306 69 10, 7306 69 90, 7306 90 00
27	Non-alloy and other alloy cold finished bars	7215 10 00, 7215 50 11, 7215 50 19, 7215 50 80, 7228 10 90, 7228 20 99, 7228 50 20, 7228 50 40, 7228 50 61, 7228 50 69, 7228 50 80
28	Non-Alloy Wire	7217 10 10, 7217 10 31, 7217 10 39, 7217 10 50, 7217 10 90, 7217 20 10, 7217 20 30, 7217 20 50, 7217 20 90, 7217 30 41, 7217 30 49, 7217 30 50, 7217 30 90, 7217 90 20, 7217 90 50, 7217 90 90

Any reference to the goods subject to review refers to the product categories and CN codes covered in the table above.

Please refer to the Notice of Initiation on the case file for the countries that are exempt from the existing safeguard measure.

Like goods

This questionnaire also asks for information about goods which are **like** the goods subject to review. Any reference to '**like goods**' in this questionnaire refers to goods produced in the UK which are like the goods subject to review in all respects, or with characteristics closely resembling them.

Directly competitive goods

‘Directly competitive goods’ are goods produced in the UK which are directly competitive with the goods subject to review.

This can include goods that are not only similar to the goods subject to review, such as a different type or variety, but also includes goods that occupy a position of direct competition with the goods subject to review. A directly competitive good may be one that is substitutable with the goods subject to review.

When you are completing this questionnaire, please follow the instructions for each question to provide the appropriate information regarding the goods subject to review and the like or directly competitive goods by product category.

Instructions

Introduction

The Trade Remedies Investigations Directorate (TRID) of the UK's Department for International Trade will be carrying out a transition review of each trade remedy measure active under the EU system that the UK has decided to maintain after EU exit. This transition review will consider whether the existing safeguard measure is necessary to address the increase in imports and whether there would be injury to the UK industry if the measure was removed. The transition review will also consider whether the existing safeguard measure should be extended.

We are seeking your cooperation as a foreign exporter to inform our review of whether the existing safeguard measure should be maintained, varied, discontinued and/or extended. The information your company provides will help us to determine a fair and appropriate response.

As specified on the front page of this questionnaire, the POI covers the same period as the EU steel safeguards case (January 2013 – December 2017). The data requested in this questionnaire for the POI will be used to make a recommendation on whether the existing safeguard measure should be transitioned. The MRP covers the period following the POI (January 2018 – June 2020). The data requested in this questionnaire for the MRP will be used to make a recommendation on whether the existing safeguard measure should be reduced or extended.

If you are an exporter of the goods subject to review to the UK but do not produce these goods, please complete Annex I, as well as sections of the questionnaire you are reasonably able to answer. Furthermore, please provide the case team with contact details for the producing company of the goods subject to review.

Please provide all the information requested by **21 November 2020**. We may need to issue a deficiency notice if we determine that the information supplied in the questionnaire is incomplete or inadequate. We may also send a notice requesting clarification or supplementary information if necessary.

Please note that if you do not provide a confidential version and a non-confidential summary (or a statement of reasons why you cannot provide this), TRID may disregard the information you give us. The following section provides further information on what you need to do.

If you are unable to complete the questionnaire within the required time, please contact the case team ahead of the deadline using the contact details on the cover of this questionnaire. You should outline the length of extension required and the reasons why. **Due to the restricted timeframe of this transition review, the case team's ability to grant extensions is very limited.** We will notify you of our decision. If we are able to accommodate an extension, a note to explain this will be placed on the public file.

Please also contact the case team if you have any questions about your response or if you have any difficulties in completing the questionnaire. For general information about trade remedies processes, please visit the following website:

www.gov.uk/government/publications/the-uk-trade-remedies-investigations-process.

TRID investigates cases under the specific provisions in Part 9 of *The Trade Remedies (Increase in Imports Causing Serious Injury to UK Producers) (EU Exit) Regulations 2019* as amended by the *Trade Remedies (Amendment) (EU Exit) Regulations 2019* and under the *Taxation (Cross-border Trade) Act 2018*.

Preparing confidential and non-confidential copies

You will need to submit one confidential version and one non-confidential version of your questionnaire and the corresponding spreadsheet annexes by the deadline.

Please ensure that each page of information you provide is clearly marked either “Confidential” or “Non-Confidential” in the header. It is your responsibility to ensure that the non-confidential version does not contain any confidential information.

Further information on what can be considered confidential and how to prepare a non-confidential version of this questionnaire can be found in our guidance on [how we handle confidential information](#).

All information provided to TRID in confidence will be treated accordingly and only used for this investigation (except in limited circumstance as permitted by regulation 17 of the *Trade Remedies (Increase in Imports Causing Serious Injury to UK Producers) (EU Exit) Regulations 2019*) and will be stored in protected systems. The non-confidential version of your submission will be placed on the public file, which is available on www.trade-remedies.service.gov.uk/public/cases.

Providing information from subsidiaries or associated parties

Natural persons or legal persons (i.e. companies) are associated where they meet the following definition of “related persons” in Section 128 of the *Customs (Import Duty) (EU Exit) Regulations 2018*.

Section A of this questionnaire includes detailed questions about your company structure. Although this questionnaire is intended for your company, our investigation covers all subsidiaries and any other associated companies.

- If any of your subsidiaries or associated companies are also an exporting producer of the goods subject to review, they should **also** complete this questionnaire. Please make sure you provide your subsidiaries with access to this questionnaire.

- Please ensure that all your subsidiaries or associated companies are captured in Annex 1 and that they feed into responses to the rest of the questionnaires as relevant.

If you have any queries about this part of the process, please contact the case team using the details provided on the cover of this questionnaire.

What happens next

Please upload your completed questionnaire responses and non-confidential versions of documents to our Trade Remedies Service at www.trade-remedies.service.gov.uk. You will receive an email confirming the documents have been uploaded successfully. Non-confidential responses will be placed on the public file and the case team will contact you if we need further information.

Once we have completed our review, we will publish our recommendation to the Secretary of State. Our final report will be published on our public file.

Further information on this process is available at:
www.gov.uk/government/publications/the-uk-trade-remedies-investigations-process/an-introduction-to-our-investigations-process#determinations-and-conclusion-of-investigations.

How to complete this questionnaire

Please read and follow all the instructions carefully. Your company is required to substantiate all claims with relevant data and information. You may be asked to attach supporting documents in appendices to supplement your responses. Please retain all such documents, your completed annexes and any calculations made when developing your responses.

Please also note the following points:

- Do not leave any questions blank. If the question is not relevant to your organisation, please explain why.
- If the answer to the question is "zero", "no", "none" or "not applicable", please write this rather than leaving the answer blank.
- Please complete the Excel annexes as requested. Annexes are named to correspond to the relevant sections of this questionnaire and must be completed with reference to the instructions provided. If you feel you cannot present the information as requested, please contact the case team immediately.
- If there is insufficient space in any part of the questionnaire to provide the details requested, please attach appendices. Please ensure that any attachments are given a corresponding appendix reference in the title of the document and that these are referenced in the boxes provided.
- Any documents not in English should be accompanied by an English translation.
- Please provide all dates in the format DD/MM/YYYY (e.g. 23/05/2019).
- For all numerical figures, where appropriate please express every third digit with a comma (e.g. '1,300' for one-thousand three hundred, '1,300,000' for one million and three-hundred thousand).
- Limit all sales/currency/income figures to two decimal places and use the appropriate currency symbol (e.g. £1,300.00).
- Provide all costing figures as actual amounts. Where actual amounts cannot be provided and you have reported standard costing instead, please indicate this in the relevant answer, and explain the variance from actual costs, if any.
- All figures should be reported net of tax unless otherwise stated.

SECTION A: Company structure and operations

A1 Identity and contact details

1. Please complete the table below ensuring that the point of contact given has the authority to provide this information:

Legal name of company:	Ajmal Steel Tubes & Pipes Industries LLC (Ajmal)
Legal structure (e.g. limited company, sole trader, partnership etc.)	Limited Liability Corporation
Year of establishment:	Confidential
Other operating names:	Ajmal
Company registration number:	IN-1001320
Place of registration:	Zones Corp Mussafah Industrial City of Abu Dhabi, United Arab Emirates
Name (point of contact):	Confidential
Position:	CEO
Address:	P.O. Box 93323, Plot No 399HR8 Industrial City of Abu Dhabi II Abu Dhabi - UAE
Telephone No.:	Confidential
Email:	Confidential
Website:	www.ajmalpipes.com

A2 Company information

1. Describe the role of your company in the UK market for the goods subject to review (e.g. producer, producer/exporter or exporter/distributor).

Ajmal is producer & exporter for the goods subject to review. Ajmal is producing goods covered under the product category [20 and 21]

Appendix reference:

Please answer the questions 2 and 3 below about the internal structure of your company and any associations with other companies. Natural persons or legal persons (i.e. companies) are associated where they meet the definition of “related persons” in Section 128 of the *Customs (Import Duty) (EU Exit) Regulations 2018*.

2. What sites/locations are involved in the production, sales and distribution of the goods subject to review for domestic and export markets? Clearly indicate the



different production stages performed by your company and what stages others perform for you.

The plant and the office of Ajmal Steel is located at Industrial City of Abu Dhabi (ICAD)-1, P. O. Box 105361, Abu Dhabi, United Arab Emirates (U.A.E). Ajmal Steel commenced manufacturing of pipes in September 2007. Ajmal is engaged in only one business - manufacturing of pipes. In addition to this Ajmal has done trading of Sheets, produced from HR Coil.

[Ajmal Steel Tubes and Pipes Branch-1 (Ajmal Steel branch-1) is a separate legal entity which supplies labour to Ajmal for production. Further one of the pipe mill used in the production goods subject to review is installed on the land owned by Ajmal Steel Branch-1. Ajmal pays for labour charges and rent to Ajmal Steel Branch-1]

It may be noted that prior to 1st Jan 2020 Ajmal Steel and Ajmal Steel Branch-1 both were engaged in the production of goods subject to review. However, Ajmal Steel branch-1 was involved in providing tolling service to Ajmal which involved rolling and galvanising pipe. With effect from 31st Jan -2019 all the plant machinery was purchased by Ajmal Steel from Ajmal Steel branch-1. As on the end of MRP Ajmal Steel branch-1 is providing labour to Ajmal and the plant and machinery is installed on the land owned by Ajmal Steel branch-1.]

Appendix reference:

3. Please provide the following information by completing **Annex 1 – Associated companies**:

- Include your company's worldwide corporate structure and affiliations, including parent companies, subsidiaries and/or other associated companies.
- If your company is the subsidiary of another company, please give the name of this company, as well as that of your company's ultimate controlling entity, their registration number(s) and place(s) of registration.
- Please provide the address of the company.
- Please list the activities carried out by the company (e.g. manufacturing, administration, sales).
- Indicate the shareholdings you have in the associated company and the shareholdings that the associated company has in your company.

Please refer the Attached Annex-1 for list of associated companies.

Appendix reference:

4. Please provide details of any changes in the legal form of your business over the past 5 years, for example, mergers, acquisitions and/or sales.

Date	Legal form	Explanation of change

+Add additional rows as required

- List and explain all authorisations your company has been required to obtain to produce, sell, or to export the goods subject to review. These may include licences, permits, permissions or mining concessions. Indicate if your company is subject to any direct or indirect, quantitative or other, restrictions on any of these activities.

Please refer the attached Appendix for a copy of trade license of Ajmal and VAT Registration.

Appendix reference: A2-5 (a) & A2-5 (b)

A3 Board members and principal shareholders

- Please complete **Annex 2 – Shareholdings**, providing a list of all your company's shareholders and board members that owned more than 5% of its shares during the POI. Where known, provide details of their activities and whether shareholders or board members have links to other stages of the supply chain.

Please refer Annexure 2 for the list of board member and share holding

Appendix reference:

A4 Operational links with other companies or persons

- Please indicate if your company has established long-term agreements with any companies located in the UK or in third countries for the production (e.g. subcontracting), supply and sale of the goods subject to review, or other licensing, technical patent or compensatory agreements. Include:
 - the name and address of the company; and
 - an explanation of the nature of the agreement.

Ajmal has no such arrangement with any companies located in UK or third countries for the production (e.g. subcontracting), supply and sale of the goods subject to review, or other licensing, technical patent or compensatory agreements.

Company name and address	Nature of agreement

+Add additional rows as required

A5 Accounting practices



1. Please give the financial year convention your company uses for its accounts (e.g. 1 January – 31 December). If any changes have occurred with respect to your financial year convention or in your accounting practices over the POI and MRP, please describe these changes.

The financial year of Ajmal is January to December. There were no changes with respect to the financial year convention or in accounting practice over the POI and MRP.

Appendix reference:

2. Please confirm what basis your accounts are prepared under, i.e. local GAAP, IFRS etc.

Accounts are prepared under IFRS

Appendix reference:

3. For your company and any associated parties involved in the production, marketing or sales of the goods subject to review, please attach a copy of your annual reports for the financial period that covers the POI and MRP. This should include a statement of financial position; statement of profit and loss and other comprehensive income; statement of changes in equity; cash flow statement; notes to the accounts and all reports; and auditor's opinion on these documents.

Please refer the attached Appendix for company of the financial statement for the companies involved

Appendix reference: A5-3 (a) to A5-3 (n)

4. If your accounts are unaudited, please attach a copy of your unaudited financial statements and corresponding tax returns for the POI and MRP.

Audited accounts of 2019 is submitted as Exhibit A5-3 (a) to A5-3 (n). Please refer Appendix for copies of VAT return. It may be noted that VAT was effective with effect from 1st Jan 2018.

Appendix reference: A5-4 (a) to A5-4 (c)

5. Please attach a copy of your company's trial balance (in a spreadsheet) covering the POI and MRP. This includes:
 - the trial balance which covers the full financial years from January to December for 2013, 2014, 2015, 2016, 2017, 2018, 2019; and
 - the trial balance which covers the beginning of the financial year to the 1st July 2020.



Please refer the attached appendix.

Appendix reference: A5-5 (a) to A5-5 (b)

6. For your company and any associated parties involved in the production, marketing or sales of the goods subject to review, please attach copies of relevant management accounts and associated reports (e.g. profit and loss statement) for the profit centre of the goods subject to review. Please provide these reports for the POI and MRP.

As explained above Ajmal Steel branch-1 was involved in performing tolling service to Aj mal. Audited Fin ancial Statement o f Ajmal Steel br anch-1 is sub mitted as Appendix A5-4 and Trial balance of Ajmal Steel Branch-1 is submitted as Appendix A5-5.

Appendix reference:

7. If your company is part of a group of companies, please also attach a copy of the consolidated accounts of the group for the POI and MRP.

Ajmal is not part of group, Ajmal does not prepare consolidated accounts for statutory purpose.

Appendix reference:

8. If the accounting policies used by your company have changed over the POI and MRP, please explain the changes, including dates and reasons for them.

Accounting policies have not changed over the POI and MRP

Appendix reference:

SECTION B: About your goods

B1 Your company's products

In this section, you will be asked to provide details for your goods subject to review and like or directly competitive goods. **Please always refer to the corresponding product categories** which your goods subject to review and the like or directly competitive goods fall within.

The goods covered by this review are defined on pages 1 and 2.

1. Please comment on the scope of the review. If you consider that any product categories and/or custom codes should be added or removed, please explain the reasons why. Provide information about UK production, UK demand and UK imports for these product categories and/or custom codes. Substantiate with evidence.

UK Market is a very good importer of Gas and water pipes (20) and Hollow sections (21). Historically UK has never been self-sufficient in this category from its domestic production capacities, UK has always been reliant on imports for this 2 categories now if restriction or quota is made, this will affect the internal UK market balancing and thereby cause the material shortage which can result in price inflation that may affect UK economy.

Considering UAE as a nation, with a limited production capability its export to UK has been very helpful for its internal supply and we expect these 2 categories to be allowed without restrictions. UAE supplies has been limited to export market considering substantial volumes are been consumed domestically within UAE

Appendix reference:

2. Please complete **Annex 3 – Goods**, indicating which of the goods subject to review by product category are produced by your company. Where you have identified goods produced in the UK that are like or directly competitive to your goods subject to review, please indicate these and compare them to the goods subject to review. If known, provide names of UK producers of the like or directly competitive goods.

Where possible, provide estimations of how prices of the like or directly competitive goods produced in the UK compare to each of your goods and reasons for the price differences. In the box below, describe how you established the differences and substantiate with evidence.

Technical documentation (such as sales catalogues, safety standards, technical data, etc.) should be attached for each product category where available.



[Gas Pipes (Sr.no 20) and Hollow sections (Sr.no 21)] are the product categories produced by Ajmal.

Certificates – CE and PED to be attached

UK Companies like Tata have these production however cost comparison due to cost of labour in the UK and environmental restrictions puts our product into the necessity category. Please refer Annexe-3. Also please refer the attached Appendix for a copy of the product catalogues.

Appendix reference: B1-2 (a) and B1-2 (b)

3. Are the goods subject to review comparable in non-price factors (including product quality, lead and delivery times, reliability of supply etc.) to the like or directly competitive goods? Provide this information for each of the goods subject to review produced by your company and the comparable like or directly competitive goods and substantiate with evidence.

Hot Dip Galvanized pipes goes through specific galvanizing process which is not widely available in the UK manufacturing citing environmental reasons. However the product is a very much a necessity in the UK gas and water lines supply as well as construction grade scaffolds.

These pipes are very precisely manufactured to the EN/BS standards and definitely holds product quality and reliability of supply

Appendix reference:

4. Please provide a written summary and, if available, a diagram/flow chart, of your production process for each of the goods subject to review that you produce.

Please refer the attached appendix

Appendix reference: B1-2-4 (a) to B1-2-4 (d)

5. How does your company price the goods subject to review produced by your company? Provide this information for each of the goods subject to review produced by your company and substantiate with evidence.

Pricing of the subject goods are always determined by the market trend and factors involved in the supply chain

Cost of Hot Rolled coils and Zinc always plays a major factor as it consists of almost 85% of the product cost. Hence pricing is based on the average stock price of the above two in our inventories.



In addition the shipping cost is also a factor which fluctuates depending on market factors and needs to be priced accordingly.

Appendix reference:

6. How does your company market (i.e. encourage sales of) the goods subject to review? Are you aware of whether similar methods are used for the like or directly competitive goods? Substantiate with evidence.

Our company Brand name "Ajmal Steel" has been well known in the UK market over the years of business due to the quality of the goods and service rendered.

We market the goods to new customers through our existing customers and also visit them in person periodically.

In addition, we do take part in various platforms like mutual industry exhibitions & conferences where the prospective and existing customer meets.

Appendix reference:

B2 Understanding the UK market (optional)

Please answer the questions in this section and provide reasoning if you are able. Answers should refer to the relevant product categories.

1. Do you regard the goods subject to review to be an intermediate and/or final good?

The goods supplied by Ajmal Steel are [mostly used with further fabrications like cutting or welding and joining or sometimes powder coating as well.]

Hence, they are intermediate in some cases and in some cases as final goods.

It all depends upon the end application for which the goods have been procured by customer.

Appendix reference:

2. Who are the general users/consumers/customers of the goods subject to review in the UK market? Please comment on whether this is the same/different for the like or directly competitive goods you have identified in Annex 3 – Goods.

The General users of the subject goods are UK Steel distributors, stockists as well as fabricators in into the construction and development sectors.

Appendix reference:



3. Please comment on the degree of price sensitivity of the goods subject to review and the like or directly competitive goods in the UK market.

As discussed, the product is of commodity use however it depends on the price movement of raw material like Hot Rolled Coils & Zinc along with the cost of shipping.

Appendix reference:

4. Please describe the degree of competition between the goods subject to review and the like or directly competitive goods in the UK market.

The competition in the UK with its producers is very less due to the capacity and size range that can be produced to serve the UK market however it stands for a good competition with foreign import markets under the size which are produced domestically.

Appendix reference:

5. Please describe the current state and forecasts of the UK and world markets for the goods subject to review and the like or directly competitive goods.
Substantiate your comments with any documents, such as studies or articles in trade journals, that support your statement.

UK Should allow imports of these 2 categories as there is no proper domestic substitute available to take over. Similar to how the EU allowed Hollow sections to be imported from UAE without quota, reason is Demand and supply gap where in their demand is more with limited domestic supplier and if they restrict all the suppliers then it may lead to price inflation which will affect balancing of its economy.

Due to covid, the prices of Products are moving very steep, in these times UK should enforce that their gates are open for their market from reliable supply sources who have a proven track record of their goods in the UK.

Appendix reference:

6. Please use the box below to provide any other information about the UK market for the goods subject to review and the like or directly competitive goods that may be relevant for this review.

UK economy is being expanding and getting bigger with a steady growth curve, which implies that the requirement of pipes and tubes in the expansion of economy shall be definitely be increasing.

Appendix reference:

SECTION C: Sales and profits

C1 Sales and profitability

1. Please provide the sales volume and sales value before tax in **Annex 4 – Sales** for the POI and MRP.
 - Please differentiate sales on the domestic market, sales to the UK market and sales to third countries of the goods subject to review for the POI and MRP. Include goods that you have produced and goods that you have purchased and resold.
 - Please ensure that you correctly categorise each sale by product category (a table is provided for each good subject to review).
 - To determine which sales fall within the POI and MRP, the invoice date should be used as the date of sale. If you are unable to use an invoice date, please contact the case team.
2. Please provide the profit before tax for sales of the goods subject to review in **Annex 4 – Sales** for the POI and MRP. Specify how you have calculated profitability.

[illegible]

Appendix reference:

3. Please comment on your future forecasts for sales of the goods subject to review to the UK if the existing safeguard measure were to be removed. Please attach evidence to support your answer where possible.

If the existing safeguard measures are removed, it will allow to stabilize the UK market especially when it is entering in the Brexit phase. This will allow the UK market to access much necessary essential steel required for building economy, In case the gap of supply vs demand is widen due to imposing restriction of material then it may result in increase in the inflation of the product which directly or indirectly be affecting the consumers and may also affect in delaying the projects.

Appendix reference:

SECTION D:

Information on each of the goods

The relevant annex for this section is Annex 5 – Product category data. Please provide the information requested in Section D and Annex 5 for each of your goods subject to review by product category.

D1 Production and production capacity

1. Please provide the production volume, production capacity and capacity utilisation for each of the goods subject to review per product category produced by your company in **Annex 5** for the POI and MRP. Figures should include the goods subject to review sold by your company and goods subject to review used internally for further processing.

Describe the method used to calculate production capacity (e.g. number of shifts, working days per year, name plate versus actual capacity, idle time for machinery maintenance and changes in the production process etc.) and capacity utilisation.

Please refer Annex-5 for the details. The production capacity has been determined based on-line speed of the pipe mill. In total Ajmal has three production line.

Appendix reference:

2. Indicate what products are produced on the same equipment and whether production can be switched to other products.

[Gas pipes and hollow section] can be produced on the same line. Production can be switched to between [Gas Pipes and hollow sections]. We produce [hollow section by producing from round pipes first and then converting it into squares or rectangles in the final cold forming stage]. Hence, products can be produced in same equipment and production can be switched to other products

Appendix reference:

3. Please explain the allocation method used for production capacity.

[illegible]

Appendix reference:

4. Please comment on your future plans for production and capacity of the goods subject to review if the existing safeguard measure were:



- i) continued; or
- ii) discontinued.

Please attach evidence to support your answer where possible.

Subject goods will be continued as the requirements in the other markets especially UAE, GCC, European markets are necessary to be served.

However UK market has a good share of requirements of the subject goods and if the safeguard measure is discontinued, we can ensure our allocations are diverted to UK requirements on priority

Irrespective of the fact whether safeguard measures are continued or discontinued Ajmal production capacity will remain the same.

Appendix reference:

D2 Stocks

1. Please provide information on stocks for each of the goods subject to review per product category produced by your company in **Annex 5** for the POI and MRP.

Please refer Annex-5 for the same

2. Please comment on the likely development of stocks of the goods subject to review if the existing safeguard measure were:
 - i) continued; or
 - ii) discontinued.

Please attach evidence to support your answer where possible.

We have the products produced against orders and not for stocks.

Hence the impact on stocks will not be much

Appendix reference:

D3 Captive use

1. Please provide information on captive sales for each of the goods subject to review per product category produced by your company in **Annex 5** for the POI and MRP detailing your company's individual transfers of the finished goods for internal or captive use.
2. Please comment on whether your captive use of the goods subject to review has changed over time and what has caused the changes. Please attach evidence to support your answer where possible.



Ajmal does not consumed goods captively. Net production has been reported.

Appendix reference:

D4 Consumption in domestic market

1. Please estimate the development of consumption in your domestic market for each of the goods subject to review by product category produced by your company using actual knowledge, forecasts or 'best estimates' in **Annex 5** for the POI and MRP.

Please refer replies given in question number 2 below.

2. Please provide forecasts for consumption over the next four years of the goods subject to review in the domestic market, UK market and rest of the world. Support your forecasts with evidence.

Domestic market consumption will be steady in the next four years, this is mainly due to the economy boosting plan from the local government in order to sustain the economy. Post EXPO 2021, plans are unveiled for new projects like Etihad rail projects and other constructional activities which will keep the subject goods in demand in the local market.

UK Market being a fresh off the block from the BREXIT deal the scope of growth is enormous provided the care is taken to ensure the availability of the essential items in the steel like the subject items which are necessary for economy growth.

Appendix reference:

D5 Global capacity and production

1. Please comment on the current situation of global capacity and production of the goods subject to review by product category in your domestic market and the rest of the world.

Major Producers of the subject Goods which are being imported in UK are

*Turkey
India
UAE*

Now capacity with all these major production countries will remain excess if safeguard measures will be applied on them. This would mean the products have to be sold to domestic markets or other than UK markets.

In any case this will cause impact to the local UK market.



Appendix reference:

2. Please comment on foreseeable developments over the next four years of global capacity and production of the goods subject to review by product category in your domestic market and the rest of the world. Where possible, support your answer with evidence using actual knowledge, forecasts or 'best estimates' based on experience.

With Safeguard Measures being discussed, if executed then the every country will be coming up with a localized safeguard measure which will aim to protect the industry however if there is no sufficient manufacturing facility of the required products then the industry will feel the pressure which in turn will be felt with the end user's paying more.

This may cause an imbalance in the steel production and consumption that might influence market in such a way that certain parts of the world may be paying more for the same product while some parts of the world may be paying considerably cheaper due to access, labour and environmental reasons.

Appendix reference:

3. Please comment on how global capacity and production of the goods subject to review by product category may change if the existing safeguard measure were:
- i) continued; or
 - ii) discontinued.

Please attach evidence to support your answer where possible.

With Safeguard Measures being discussed, if executed then the every country will be coming up with a localized safeguard measure which will aim to protect the industry however if there is no sufficient manufacturing facility of the required products then the industry will feel the pressure which in turn will be felt with the end user's paying more.

This may cause an imbalance in the steel production and consumption that might influence market in such a way that certain parts of the world may be paying more for the same product while some parts of the world may be paying considerably cheaper due to access, labour and environmental reasons.

Appendix reference:

SECTION E: Other questions

E1 Other causation factors

This review must examine factors other than trends in imports that may have caused or threaten to cause serious injury to the UK producers of the like or directly competitive goods. The purpose of this section is to collect further information regarding the cause of the alleged serious injury.

1. Aside from the increase in imports of the goods subject to review, please comment on, and substantiate with evidence, any other factors that may have caused serious injury or threaten to cause serious injury to the UK producers of the like or directly competitive goods for the POI. This may include:
 - contraction in demand or changes in patterns of consumption;
 - restrictive trade practices of, and competition between, third country and UK producers;
 - developments in technology; and
 - export performance and the productivity of the UK.

We would emphasise on the fact that cost of operations in UK is on the higher side compared to Third world countries.

Also Due to environmental factors Hot Dipped Galvanized products are not produced to the level of consumption in the UK

Hence these leaves opportunity for import activities in the UK to increase

Appendix reference:

2. Please comment on the likelihood of the recurrence of serious injury if the existing safeguard measure on the goods subject to review were:
 - i) continued; or
 - ii) discontinued.Please describe the nature of any change and substantiate your claims with evidence.

If the safeguard is continued, this will leave to reduction of supply and increase of prices.

If discontinued, there are more chances for the UK steel industry to get benefited.

Appendix reference:

E2 Other questions

1. Please describe how you would expect each of the following to be affected if the existing safeguard measure on the goods subject to review were (i) continued or (ii) discontinued:
 - your production of the goods subject to review; and
 - your exports of the goods subject to review to the UK.
 Please provide estimates for the next four years (e.g. projections or forecasts) to support your claims.

If continued

Production of goods subject to review will come down

Exports of the goods subject to review to the UK will be majorly affected as there will be practically no sales with the fear of safeguard duty

If discontinued

Production of goods subject to review will be carried out on a monthly basis based on orders from UK Customers

Exports of the goods subject to review to the UK will be increasing marginally at the rate of say 5 %

Appendix reference:

2. Please describe how you would expect each of the following to be affected if the existing safeguard measure on the goods subject to review were (i) continued or (ii) discontinued:
 - development of the UK industry; and
 - market price of goods in the UK.
 Please provide estimates for the next four years (e.g. projections or forecasts) to support your claims.

If continued

Development of the UK industry might take a slow approach due to immediate availability of the materials.

Market price of the goods will go up due to limited supply

If discontinued

We can assume a better availability of the material and thus controlled pricing to the industry and in turn stable economy development for next 4 years.

Appendix reference:

3. Please comment on the likelihood of trade diversion to the UK if the existing safeguard measure were to be removed due to similar measures applied on steel

goods worldwide, e.g. the US Section 232 measures and the EU safeguard measure.

Section 232 which is applied in the USA is a uniform blanket for most of the countries exporting steel into USA except for some treaties which allows neighbouring nations.

However this move in the USA ultimately put the US Citizens to pay more as none of the exporting countries were affected. The USA steel market is too big in terms of consumption and they need the hot dipped galvanized products which are not produced locally in large scale due to environmental reasons, Thus USA continued imports but by paying higher.

But safeguard measures limit or restricts each country to sell its product and here the importer which is a UK Company is at risk of paying the safeguard duty if the quota exceeds

if the Market is to be stable there should be material availability to the Local industry if supply issues arise due to safeguard measures, this might have a chain effect on the economy.

SECTION G: Checklist and appendices

This section is an aid to ensure that you have completed all sections of this questionnaire.

Section	Please tick if you have responded to all questions
Section A – Company structure and operations	✓
Section B – Goods	✓
Section C – Sales and profits	✓
Section D – Information on each of the goods	✓
Section E – Other questions	✓
Section F – Next steps and declaration	✓

Please list any appendices that you have referenced throughout and are attaching along with this questionnaire.

Appendix reference	Document title
A2-5(a)	Ajmal Steel Industrial License
A2-5(b)	Ajmal Steel VAT Certificate
A5-3(a)	Audited financial Statement of Ajmal 2013
A5-3(b)	Audited financial Statement of Ajmal 2014
A5-3(c)	Audited financial Statement of Ajmal 2015
A5-3(d)	Audited financial Statement of Ajmal 2016
A5-3(e)	Audited financial Statement of Ajmal 2017
A5-3(f)	Audited financial Statement of Ajmal 2018
A5-3(g)	Audited financial Statement of Ajmal 2019
A5-3(h)	Audited financial Statement of Noble 2013
A5-3(i)	Audited financial Statement of Noble 2014
A5-3(j)	Audited financial Statement of Noble 2015
A5-3(k)	Audited financial Statement of Noble 2016
A5-3(l)	Audited financial Statement of Noble 2017
A5-3(m)	Audited financial Statement of Noble 2018
A5-3(n)	Audited financial Statement of Noble 2019
A5-4(a)	VAT returns January to December 2018
A5-4(b)	VAT returns January to December 2019
A5-4(c)	VAT returns January to June 2020
A5-5(a)	Trial balance of Ajmal 2013 to 2019



A5-5(b)	Trial balance of Ajmal January to june 2020
B1-2 (a)	Ajmal Steel Brochure
B1-2 (b)	Certificate
B1-2-4(a)	Production Process – Ajmal
B1-2-4(b)	Production Flow Chart – Ajmal
B1-2-4(c)	Production Process - Ajmal Branch-1
B1-2-4(d)	Production Flow Chart - Ajmal Branch-1

+Add additional rows as required

Annex 3 - Goods subject to review	
Case no.:	TF0006
Company name:	0

Note: Please expand the table if you need to add more fields.

Please list all product categories that you produced during the POI and provide details of the specific goods subject to review forming part of these product categories				Please compare your	
Your goods subject to review					
Select the number and name of the product category of the good(s) subject to review you produce	List all CN code(s) of your good(s) subject to review within each product category (column B)	Essential characteristics of your good(s) subject to review within each product category (column B)	Did you also produce this product category during the MRP? Yes/No	Are you aware of UK produced goods that are like and/or directly competitive to your good(s) subject to review (column B)? Yes/No	
Gas Pipes	7306 30 41, 7306 30 49, 7306 30 72, 7306 30 77	It is used for supply of Gas and Water to home and industrial users.	Yes	Yes	
Hollow Section	7306 61 10, 7306 61 92, 7306 61 99	It is used for constructional activities and fencing	Yes	Yes	

Annex-3
Case no.:
Company name:

Note: Please expand the table if you r

Please list all product categories of goods subject to review to the like or directly competitive goods produced on the UK market and provide names of known UK producers				
Like goods or directly competitive goods				
Select the number and name of the product category of the good(s) subject to review you produce	If the response in column G is YES, list known UK producer(s) of like or directly competitive good(s): Name	Comment on relevant differences between your goods subject to review and UK produced like or directly competitive goods, if any (physical, functional, commercial, quality)	Are you aware of any price differences between your goods subject to review and the like or directly competitive goods? If so, specify.	Are your goods subject to review and the like or directly competitive goods interchangeable? Yes/No
Gas Pipes	[XXXXXXXXXXXXXXXXXXXX]	Hot Dipped Galvanized Material is produced in higher volumes in UAE than UK due to environmental reasons	UK product may be considerably higher due to high cost of labor and limited production and environmental reasons.	Gas pipes and Hollow sections produced by us are interchangeable with UK producers however the Domestic production capacity and consumption has a big gap which naturally makes demand for our products in the UK market.
Hollow Section	[XXXXXXXXXXXXXXXXXXXX]		0	0

Annex 4 - Sales of goods subject to review

Case no.:	TF0006
Company name:	Ajmal Steels Tubes and Pipes Industries LLC

Complete one table for each product category you produce. Add further tables if required.
Gas Pipe

Product category of your goods subject to review	Select the number and name of the product category of the like or					
	Period of Investigation (POI)					
Period	2013	2014	2015	2016	2017	
Year						
Sales on the domestic market (£)	£59,62,763.23	£1,20,03,743.95	£1,46,03,122.12	£1,85,57,593.84	£2,57,31,444.16	
Sales to the UK market (£)	£2,81,489.34	£2,78,293.56	£78,592.23	£27,14,929.26	£13,76,304.60	
Sales to third countries (£)	£2,55,96,287.20	£2,46,60,283.06	£2,93,17,355.89	£1,86,80,633.63	£2,66,08,652.98	
Total sales value (£)	£3,18,40,539.76	£3,69,42,320.57	£4,39,99,070.23	£3,99,53,156.73	£5,37,16,401.74	
Sales on the domestic market (t)	12755.12	27517.98	37766.07	46646.81	48078.80	
Sales to the UK market (t)	493.08	501.63	180.25	6249.09	2369.58	
Sales to third countries (t)	42119.81	43674.97	55031.15	37314.79	40359.45	
Total sales volume (t)	55368.01	71694.58	92977.47	90210.68	90807.82	
Average sales price in domestic market (£)	£511.89	£477.65	£423.41	£435.63	£586.04	
Profitability of domestic sales (%)	-20.21%	-12.83%	-14.54%	-6.31%	2.81%	
Average sales price in the UK (£)	£625.12	£607.48	£477.45	£475.73	£636.00	
Profitability of UK sales (%)	3.28%	13.31%	-0.50%	3.45%	7.01%	
Average sales price outside the UK (£)	£665.43	£618.27	£583.35	£548.18	£721.92	
Profitability of non-UK sales (%)	9.72%	14.99%	19.47%	17.47%	19.21%	

Hollow Sections

Product category of your goods subject to review	Select the number and name of the product category of the like or					
	Period of Investigation (POI)					
Period	2013	2014	2015	2016	2017	
Year						
Sales on the domestic market (£)	£1,82,952.19	£6,69,240.83	£12,27,242.47	£40,24,113.13	£83,66,500.69	
Sales to the UK market (£)	£0.00	£0.00	£0.00	£14,621.83	£13,154.83	
Sales to third countries (£)	£13,10,630.48	£11,69,129.11	£3,81,372.88	£17,47,091.64	£52,47,159.34	
Total sales value (£)	£14,93,582.67	£18,38,369.94	£16,08,615.34	£57,85,826.60	£1,36,26,814.86	
Sales on the domestic market (t)	345.26	1345.77	3130.31	10207.16	15941.52	
Sales to the UK market (t)	0.00	0.00	0.00	28.65	24.83	
Sales to third countries (t)	2443.79	2258.44	936.82	3808.26	9413.90	

Period	Period of Investigation (POI)				
Year	2013	2014	2015	2016	2017
Total sales volume (t)	2789.05	3604.21	4067.13	14044.07	25380.25
Average sales price in domestic market (£)	£580.24	£544.54	£429.30	£431.70	£574.68
Profitability of domestic sales (%)	-4.94%	2.19%	-12.83%	-7.36%	0.70%
Average sales price in the UK (£)	#DIV/0!	#DIV/0!	#DIV/0!	£558.94	£580.02
Profitability of UK sales (%)	-3.57%	6.42%	-8.31%	9.07%	2.70%
Average sales price outside the UK (£)	£587.26	£566.85	£445.77	£502.35	£610.34
Profitability of non-UK sales (%)	#DIV/0!	#DIV/0!	#DIV/0!	19.24%	-2.88%

Others (Including sheet)

Product category of your goods subject to review	<u>Select the number and name of the product category of the like or</u>				
Period	Period of Investigation (POI)				
Year	2013	2014	2015	2016	2017
Sales on the domestic market (£)	£25,01,917.32	£88,67,553.73	£97,94,089.22	£1,53,93,499.38	£3,57,45,040.68
Sales to the UK market (£)	£0.00	£0.00	£0.00	£0.00	£0.00
Sales to third countries (£)	£43,835.90	£1,02,383.53	£51,496.37	£94,030.29	£8,19,427.12
Total sales value (£)	£25,45,753.21	£89,69,937.26	£98,45,585.59	£1,54,87,529.67	£3,65,64,467.80
Sales on the domestic market (t)	6698.40	25796.45	35037.04	51452.88	89150.79
Sales to the UK market (t)	0.00	0.00	0.00	0.00	0.00
Sales to third countries (t)	92.60	167.63	78.53	216.92	1938.15
Total sales volume (t)	6791.00	25964.08	35115.58	51669.80	91088.95
Average sales price in domestic market (£)	£408.99	£376.41	£306.09	£327.60	£439.04
Profitability of domestic sales (%)	-25.63%	-20.79%	-21.16%	-9.33%	-11.40%
Average sales price in the UK (£)	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!
Profitability of UK sales (%)	0.00%	0.00%	0.00%	0.00%	0.00%
Average sales price outside the UK (£)	£518.34	£668.78	£718.02	£474.67	£462.95
Profitability of non-UK sales (%)	3.66%	36.54%	55.36%	29.99%	-8.98%

Annex 4 - Sales

Case no.:

Company name:

Complete one table for each product category/
Gas Pipe

directly competitive goods				
Product category of your goods subject to review				
Period	Most Recent Period (MRP)			
Year	2018	2019	Q1/ & Q2 2020	
Sales on the domestic market (£)	£3,12,60,642.48	£2,09,60,760.20	£93,65,763.75	
Sales to the UK market (£)	£43,20,370.09	£55,94,857.25	£2,05,276.80	
Sales to third countries (£)	£3,32,95,936.53	£4,42,01,108.67	£1,70,32,010.10	
Total sales value (£)	£6,88,76,949.10	£7,07,56,726.12	£2,66,03,050.65	
Sales on the domestic market (t)	66313.93	39002.98	17343.55	
Sales to the UK market (t)	6952.11	9597.85	338.16	
Sales to third countries (t)	44172.67	60598.03	25987.94	
Total sales volume (t)	117438.71	109198.86	43669.65	
Average sales price in domestic market (£)	£516.19	£588.47	£591.32	
Profitability of domestic sales (%)	-12.06%	1.80%	0.08%	
Average sales price in the UK (£)	£680.48	£638.31	£664.72	
Profitability of UK sales (%)	11.92%	2.87%	1.33%	
Average sales price outside the UK (£)	£825.38	£798.71	£717.64	
Profitability of non-UK sales (%)	29.05%	24.29%	9.31%	

Hollow Sections

directly competitive goods				
Product category of your goods subject to review				
Period	Most Recent Period (MRP)			
Year	2018	2019	Q1/ & Q2 2020	
Sales on the domestic market (£)	£88,62,052.38	£70,63,028.70	£52,01,948.26	
Sales to the UK market (£)	£0.00	£0.00	£27,239.12	
Sales to third countries (£)	£76,20,129.83	£72,02,262.92	£26,82,896.63	
Total sales value (£)	£1,64,82,182.21	£1,42,65,291.62	£79,12,084.01	
Sales on the domestic market (t)	16296.88	13806.89	10414.91	
Sales to the UK market (t)	0.00	0.00	57.06	
Sales to third countries (t)	12572.90	11942.71	4820.19	

Period	Most Recent Period (MRP)		
Year	2018	2019	Q1/8 Q2 2020
Total sales volume (t)	28869.78	25749.60	15292.16
Average sales price in domestic market (£)	£595.45	£560.16	£546.92
Profitability of domestic sales (%)	4.13%	-3.64%	-8.80%
Average sales price in the UK (£)	#DIV/0!	#DIV/0!	£522.72
Profitability of UK sales (%)	9.44%	6.43%	-8.47%
Average sales price outside the UK (£)	£663.65	£660.36	£609.47
Profitability of non-UK sales (%)	#DIV/0!	#DIV/0!	-28.05%

Others (Including sheet)

	<i>directly competitive goods</i>		
Product category of your goods subject to review			
Period	Most Recent Period (MRP)		
Year	2018	2019	Q1/8 Q2 2020
Sales on the domestic market (£)	£2,97,14,917.08	£2,77,96,671.28	£96,83,376.00
Sales to the UK market (£)	£0.00	£0.00	£0.00
Sales to third countries (£)	£11,86,627.68	£9,11,594.35	£30,08,890.42
Total sales value (£)	£3,09,01,544.76	£2,87,08,265.64	£1,26,92,266.42
Sales on the domestic market (t)	67864.43	76751.25	25318.12
Sales to the UK market (t)	0.00	0.00	0.00
Sales to third countries (t)	2302.77	2066.29	10584.38
Total sales volume (t)	70167.20	78817.54	35902.50
Average sales price in domestic market (£)	£479.45	£396.57	£418.80
Profitability of domestic sales (%)	-18.96%	-33.55%	-11.91%
Average sales price in the UK (£)	#DIV/0!	#DIV/0!	#DIV/0!
Profitability of UK sales (%)	0.00%	0.00%	0.00%
Average sales price outside the UK (£)	£564.26	£483.09	£311.28
Profitability of non-UK sales (%)	-15.81%	-39.27%	-38.37%

AJMAL STEEL TUBES & PIPES INDUSTRIES
LIMITED LIABILITY COMPANY

Abu Dhabi

Financial statements

Year ended December 31, 2015

AJMAL STEEL TUBES & PIPES INDUSTRIES LIMITED LIABILITY COMPANY, ABU DHABI

Financial statements for the year ended December 31, 2015

Contents

Page

Managing Director's report	1
Report of the independent auditors	2 - 3
Financial statements	
- Statement of financial position	4
- Statement of comprehensive income	5
- Statement of changes in equity	6
- Statement of cash flows	7
- Notes to the financial statements	8 - 27
- Schedule of property, plant and equipment	28

AJMAL STEEL TUBES & PIPES INDUSTRIES LIMITED LIABILITY COMPANY, ABU DHABI

Managing Director's report

The Managing Director has pleasure in submitting this report and financial statements of the Company for the year ended December 31, 2015.

Activities

The principal activities of the Company are steel pipes manufacturing, metal products coating, metal sections manufacturing and galvanized and painted steel sheets and foils manufacturing. The Company's main products are hot dipped galvanized steel sheets and steel pipes.

Results and financial position

During the year, the Company has achieved a turnover of [] as against AED [] in the previous year. The Company's financial position has improved and the net assets at the year end were [] The profit for the year was [] and the retained earnings at the year end []

Auditors

A resolution to reappoint BDO Chartered Accountants & Advisors, as the auditors for the ensuing year, will be put to the members at the Annual General Meeting.

For and on behalf of the Board

Mohammed Ashraf Shahul Ameer
Managing Director
May 25, 2016



Report of the independent auditors to the Shareholders of Ajmal Steel Tubes & Pipes Industries Limited Liability Company, Abu Dhabi

We have audited the accompanying financial statements of Ajmal Steel Tubes & Pipes Industries Limited Liability Company, Abu Dhabi ("the Company"), which comprise the statement of financial position as at December 31, 2015, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended and a summary of significant accounting policies and other explanatory notes.

Management's responsibility for the financial statements

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

Auditors' responsibility

Our responsibility is to express an opinion on these financial statements, based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal controls relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the aforementioned financial statements present fairly, in all material respects, the financial position of Ajmal Steel Tubes & Pipes Industries Limited Liability Company, Abu Dhabi as at December 31, 2015, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Report on other legal and regulatory requirements

Further, as required by the UAE Federal Law No. (2) of 2015, we report that:

- i) we have obtained all the information we considered necessary for the purposes of our audit;
- ii) the financial statements have been prepared and comply, in all material respects, with the applicable provisions of the UAE Federal Law No. (2) of 2015;
- iii) the Company has maintained proper books of account;
- iv) the financial information included in the report of the Managing Director is consistent with *the books of accounts of the Company*;
- v) note 9 to the financial statements discloses material related party transactions and balances, and the arrangements in this regard;
- vi) based on the information that has been made available to us nothing has come to our attention which causes us to believe that the company has contravened during the financial year ended 31 December 2015 any of the applicable provisions of the UAE Federal Law No.(2) of 2015 or of its Articles of Association which would materially affect its activities or its financial position as at 31 December 2015;

R. Krishnan
BDO Chartered Accountants & Advisors
R. Krishnan
Reg. No. 89



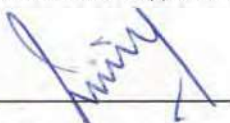
Abu Dhabi
May 25, 2016

AJMAL STEEL TUBES & PIPES INDUSTRIES LIMITED LIABILITY COMPANY, ABU DHABI

Statement of financial position at December 31, 2015

	Note	AED	2014 AED
Non current assets			
Property, plant and equipment	5		
Capital advances	6		
Total non current assets			
Current assets			
Inventories	7		
Trade and other receivables	8		
Due from related parties	9		
Bank balances and cash	10		
Total current assets			
Current liabilities			
Trade and other payables	11		
Bank borrowings	12		
Total current liabilities			
Net current assets			
Non current liabilities			
Bank borrowings	12		
Provision for employees' end of service benefits			
Total non current liabilities			
Net assets			
Equity			
Share capital	13		
Capital contribution	13		
Revaluation reserve	14		
Statutory reserve	15		
Current account	16		
Retained earnings			
Total equity			

The financial statements were approved by the Board of Directors on May 25, 2016 and are signed on its behalf by:


 Mohammed Ashraf Shahul Ameer
 Managing Director



The notes on pages 8 to 28 form part of these financial statements

AJMAL STEEL TUBES & PIPES INDUSTRIES LIMITED LIABILITY COMPANY, ABU DHABI

Statement of comprehensive income for the year ended December 31, 2015

	Note	AED	2014 AED
Revenue			
Cost of sales	19		
Gross profit			
Other income	18		
Administrative, selling and general expenses	20		
Finance costs	22		
Profit before management fees			
Management fees	21		
Profit for the year			
Total comprehensive income for the year			

The notes on pages 8 to 28 form part of these financial statements

AJMAL STEEL TUBES & PIPES INDUSTRIES LIMITED LIABILITY COMPANY, ABU DHABI

Statement of changes in equity for the year ended December 31, 2015

	Share capital	Capital contribution	Revaluation reserve	Statutory reserve	Current account	Retained earnings	Total equity
Balance at December 31, 2013	—	—	—	—	—	—	—
Total comprehensive income for the year	—	—	—	—	—	—	—
Transfer to revaluation reserve	—	—	—	—	—	—	—
Movement in current account, net	—	—	—	—	—	—	—
Dividends distributed (Note 17)	—	—	—	—	—	—	—
Balance at December 31, 2014	—	—	—	—	—	—	—
Total comprehensive income for the year	—	—	—	—	—	—	—
Transfer to revaluation reserve	—	—	—	—	—	—	—
Movement in current account, net	—	—	—	—	—	—	—
Dividends distributed (Note 17)	—	—	—	—	—	—	—
Balance at December 31, 2015	—	—	—	—	—	—	—

The notes on pages 8 to 28 form part of these financial statements

AJMAL STEEL TUBES & PIPES INDUSTRIES LIMITED LIABILITY COMPANY, ABU DHABI

Statement of cash flows for the year ended December 31, 2015

	Note	AED	2014 AED
Cash flows from operating activities			
Net profit for the year			
Adjustments for :			
Depreciation	5		
Interest charges	22		
Provision for end of service benefits			
Interest income	18		
Decrease (increase) in inventories	7		
Increase in trade and other receivables	8		
Decrease (increase) in due from related parties	9		
Increase in trade and other payables	11		
Decrease in due to related parties	9		
Cash generated from (used in) operations			
Interest paid			
Interest received			
Net cash from (used in) operating activities			
Cash flows from investing activities			
Acquisition of property, plant and equipment	5		
Net cash used in investing activities			
Cash flows from financing activities			
Bank borrowings (repaid) obtained, net	12		
Bank margins and fixed deposits (placed) withdrawn, net	10		
Payment of end of service benefits			
Dividend distributed during the year	17		
Movements in current account, net			
Movement in capital advances			
Net cash (used in) from financing activities			
Net (decrease) increase in cash and cash equivalents			
Cash and cash equivalents at beginning of year			
Cash and cash equivalents at end of year	23		

The notes on pages 8 to 28 form part of these financial statements

AJMAL STEEL TUBES & PIPES INDUSTRIES LIMITED LIABILITY COMPANY, ABU DHABI

Notes to the financial statements for the year ended December 31, 2015

1. Status and activity

Ajmal Steel Tubes & Pipes Industries Limited Liability Company ("the Company") is registered as a Limited Liability Company in Abu Dhabi, in accordance with the provisions of the UAE Federal Commercial Companies Law No. 8 of 1984 (as amended). The principal place of business of the Company is located at ICAD - I, Mussafah, Post Box 105361, Abu Dhabi, United Arab Emirates.

The principal activities of the Company are steel pipes manufacturing, metal products coating, metal sections manufacturing and galvanized and painted steel sheets and foils manufacturing. The Company's main products are hot dipped galvanized steel sheets and steel pipes.

During the year, the Federal Law No. 8 of 1984 concerning Commercial Companies ("Old Law") has been replaced with Federal Law no. 2 of 2015 ("New Law") which was effective from 1 July 2015. As per Federal Law no. 2 of 2015, the Companies are required to amend their existing Memorandum of Association and Articles of Association to comply with the provisions of the new law by 30 June 2016.

The management is not aware of any significant non-compliance with the provisions of Federal Law No. 2 of 2015 and is currently in the process of assessing if any changes are required to be made in the Memorandum of Association and Articles of Association. The management expects to complete the formalities by 30 June 2016.

These financial statements for the year ended December 31, 2015 were authorised for issue by the Board of Directors on May 25, 2016.

These financial statements are presented in UAE Dirhams ("AED").

2. Adoption of new and revised standards

New standards, interpretations and amendments effective from 1 January 2015

The following new and revised IFRSs have been adopted in these financial statements. The application of these new and revised IFRSs has not had any material impact on the amounts reported for the current and prior years but may affect the accounting for future transactions or arrangements.

♦ IAS 19 'Defined Benefit Plans: Employee Contributions (Amendments to IAS 19)' (Effective for annual periods beginning on or after July 1, 2014):

This amends IAS 19 Employee Benefits to clarify the requirements that relate to how contributions from employees or third parties that are linked to service should be attributed to periods of service. In addition, it permits a practical and expedient treatment if the amount of the contributions is independent of the number of years of service, in that, contributions can, but are not required, to be recognised as a reduction in the service cost in the period in which the related service is rendered.

These amendments will not impact the Company's financial position or comprehensive income and becomes effective for annual periods beginning on or after July 1, 2014.

2. Adoption of new and revised standards (Continued)

- ♦ Annual Improvements to IFRSs 2010-2012 Cycle (Effective for annual periods beginning on or after July 1, 2014):

IFRS 13 'Fair Value Measurements'

This improvement clarifies that issuing IFRS 13 and amending IFRS 9 and IAS 39 did not remove the ability to measure certain short-term receivables and payables on an undiscounted basis (amends basis for conclusions only). The amendment has not impacted the Company's financial position or comprehensive income on adoption.

IAS 16 'Property, Plant and Equipment' and IAS 38 'Intangible Assets'

The improvement clarifies that the gross amount of property, plant and equipment is adjusted in a manner consistent with a revaluation of the carrying amount. The amendment has not impacted the Company's financial position or comprehensive income on adoption.

IAS 24 Related Party Disclosures

The improvement clarifies how payments to entities providing management services are to be disclosed. The amendment has no impact on the Company's financial position or performance on adoption.

- ♦ Annual Improvements to IFRSs 2011-2013 Cycle (Effective for annual periods beginning on or after July 1, 2014):

IFRS 13 Fair Value Measurements

This improvement clarifies the scope of the portfolio exception in paragraph 52. The amendment has not impacted on the Company's financial position or performance on adoption.

New standards, interpretations and amendments not yet effective

The Company has not applied the following new and revised IFRSs that have been issued but are not yet effective for annual periods beginning on or after January 1, 2015:

- ♦ IFRS 9 'Financial instruments (2009)'

The standard addresses the classification, measurement and recognition of financial assets and financial liabilities. IFRS 9 was issued in November 2009 and October 2010. It replaces the parts of IAS 39 that relate to the classification and measurement of financial instruments. IFRS 9 requires financial assets to be classified into two measurement categories: those measured at fair value and those measured at amortised cost. The determination is made at initial recognition. The classification depends on the entity's business model for managing its financial instruments and the contractual cash flow characteristics of the instrument. For financial liabilities, the standard retains most of the IAS 39 requirements. The main change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity's own credit risk is recorded in other comprehensive income rather than the income statement, unless this creates an accounting mismatch.

2. Adoption of new and revised standards (Continued)

♦ IFRS 9 'Financial instruments (2010)'

A revised version of IFRS 9 incorporates revised requirements for the classification and measurement of financial liabilities, and carries over the existing derecognition requirements from IAS 39 'Financial Instruments: Recognition and Measurement'. The revised financial liability provisions maintain the existing amortised cost measurement basis for most liabilities. New requirements apply where an entity chooses to measure a liability at fair value through profit or loss - in these cases, the portion of the change in fair value related to changes in the entity's own credit risk is presented in other comprehensive income rather than within profit or loss.

♦ IFRS 9 'Financial instruments (2013)' (Hedge Accounting and amendments to IFRS 9, IFRS 7 and IAS 39)

A revised version of IFRS 9 incorporating revised requirements contains a new chapter to IFRS 9 on hedge accounting, putting in place a new hedge accounting model that is designed to be more closely aligned with how entities undertake risk management activities when hedging financial and non-financial risk exposures. It also permits an entity to apply only the requirements introduced in IFRS 9 (2010) for the presentation of gains and losses on financial liabilities designated as fair value through profit or loss without applying the other requirements of IFRS 9, meaning the portion of the change in fair value related to changes in the entity's own credit risk can be presented in other comprehensive income rather than within profit or loss. The revised version also removes the mandatory effective date of IFRS 9 (2013), IFRS 9 (2010) and IFRS 9 (2009), leaving the effective date open pending the finalisation of the impairment and classification and measurement requirements. Notwithstanding the removal of an effective date, each standard remains available for application.

♦ IFRS 9 'Financial instruments (2014)'

This is a finalised version of IFRS 9 which contains accounting requirements for financial instruments, replacing IAS 39 'Financial Instruments: Recognition and Measurement'. The standard contains requirements in the following areas:

Classification and measurement: Financial assets are classified by reference to the business model within which they are held and their contractual cash flow characteristics. The 2014 version of IFRS 9 introduces a 'fair value through other comprehensive income' category for certain debt instruments. Financial liabilities are classified in a similar manner as under IAS 39; however there are differences in the requirements for applying to the measurement of an entity's own credit risk.

Impairment: The 2014 version of IFRS 9 introduces an 'expected credit loss' model for the measurement of the impairment of financial assets, so it is no longer necessary for a credit event to have occurred before a credit loss is recognised.

Hedge accounting: Introduces a new hedge accounting model that is designed to be more closely aligned with how entities undertake risk management activities when hedging financial and non-financial risk exposures.

Derecognition: The requirements for the derecognition of financial assets and liabilities are carried forward from IAS 39.

IFRS 9 (2014) was issued on July 24, 2014 and supersedes IFRS 9 (2009), IFRS 9 (2010) and IFRS 9 (2013), but this version of the standard remains available for application if the relevant date of initial application is before February 1, 2015.

2. Adoption of new and revised standards (Continued)

The Company is yet to determine whether it shall adopt IFRS 9 (2013) or adopt IFRS 9 (2014) at a later date. Accordingly, the Company is yet to assess the full impact on adoption of IFRS 9.

♦ IFRS 15 'Revenue from Contracts with Customers' (Effective for annual periods beginning on or after January 1, 2018)

IFRS 15 provides a single, principles based five-step model to be applied to all contracts with customers.

The five steps in the model are as follows:

- Identify the contract with the customer;
- Identify the performance obligations in the contract;
- Determine the transaction price;
- Allocate the transaction price to the performance obligations in the contracts;
- Recognise revenue when (or as) the entity satisfies a performance obligation.

Guidance is provided on topics such as the point in which revenue is recognised, accounting for variable consideration, costs of fulfilling and obtaining a contract and various related matters. New disclosures about revenue are also introduced.

The Company is yet to assess IFRS 15's full impact and intends to adopt IFRS 15 no earlier than the accounting period beginning on or after January 1, 2018.

♦ 1 Presentation of Financial Statements (Effective for annual periods beginning on or after January 1, 2016)

The following narrow-scope amendments have been made to IAS 1 Presentation of Financial Statements to address perceived impediments to preparers exercising their judgments in presenting their financial reports:

Materiality and aggregation: clarifies that an entity should not obscure useful information by aggregating or disaggregating information; and that materiality considerations apply to the primary statements, notes and any specific disclosure requirements in IFRSs, i.e. disclosures specifically required by IFRSs need to be provided only if the information is material.

Statement of financial position and statement of profit or loss and other comprehensive income: clarifies that the list of line items specified by IAS 1 for these statements can be disaggregated and aggregated as relevant. Additional guidance has been added on the presentation of subtotals in these statements.

Presentation of items of other comprehensive income ("OCI"): clarifies that an entity's share of OCI of equity-accounted associates and joint ventures should be presented in aggregate as single line items based on whether or not it will subsequently be reclassified to profit or loss.

Notes: clarifies that entities have flexibility when designing the structure of the notes and provides guidance on how to determine a systematic order of the notes. Also, unhelpful examples regarding the identification of significant accounting policy have been removed.

2. Adoption of new and revised standards (Continued)

The Company is yet to assess IAS 1's full impact and intends to adopt IAS 1 no earlier than the accounting period beginning on or after January 1, 2018

- ♦ IAS 16 and IAS 38 'Clarification of Acceptable Methods of Depreciation and Amortisation (Amendments to IAS 16 and IAS 38)' (Effective for annual periods beginning on or after January 1, 2016):

This amends IAS 16 'Property, Plant and Equipment' and IAS 38 'Intangible Assets' to:

- clarify that a depreciation method that is based on revenue that is generated by an activity that includes the use of an asset is not appropriate for property, plant and equipment;
- introduce a rebuttable presumption that an amortisation method that is based on the revenue generated by an activity that includes the use of an intangible asset is inappropriate, which can only be overcome in limited circumstances where the intangible asset is expressed as a measure of revenue, or when it can be demonstrated that revenue and the consumption of the economic benefits of the intangible asset are highly correlated;
- add guidance that expected future reductions in the selling price of an item that was produced using an asset could indicate the expectation of technological or commercial obsolescence of the asset, which, in turn, might reflect a reduction of the future economic benefits embodied in the asset.

These amendments will not impact the Company's financial position or comprehensive income and becomes effective for annual periods beginning on or after January 1, 2016.

Annual Improvements to IFRSs 2012-2014 Cycle (Effective for annual periods beginning on or after July 1, 2016):

IFRS 7 'Financial Instruments: Disclosures'

This improvement provides additional guidance to clarify whether a servicing contract is continuing involvement in a transferred asset, and clarification on offsetting disclosures in condensed interim financial statements. The annual improvement has not impacted the Company's financial position or comprehensive income on adoption.

IAS 19 'Employee Benefits'

This improvement clarifies that high quality corporate bonds used in estimating the discount rate for post-employment benefits should be denominated in the same currency as the benefits to be paid. The amendment has no impact on the Company's financial position or comprehensive income on adoption.

3. Significant accounting policies

These financial statements are prepared under the historical cost convention and in accordance with International Financial Reporting Standards. These financial statements also comply with the requirements of UAE Federal Law No. 2 of 2015.

The significant accounting policies adopted are as follows:

Property, plant and equipment

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

Subsequent to the initial recognition, property, plant and equipment are stated at cost or revalued amount less accumulated depreciation and accumulated impairment losses. Property, plant and equipment are tested for impairment at each statement of financial position date.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. The difference between the net disposal proceeds, if any and the net carrying amount is recognised in the statement of comprehensive income.

Buildings and plant and machinery are measured at fair value, less accumulated depreciation and subsequent impairment losses. Revaluations are performed periodically such that the carrying amounts do not differ materially from those that would be determined using fair values at the date of statement of financial position. Buildings and Plant and machinery are stated at revalued amount, being the fair value. Accumulated depreciation at the revaluation date is restated proportionately with the change in the gross carrying amount of the asset so that the carrying amount of the asset after revaluation equals its revalued amount. Any revaluation increase arising on the revaluation is credited in statement of changes in equity to the revaluation reserve, except to the extent that it reverses a revaluation decrease for the same asset previously recognised in the statement of comprehensive income, in which case the increase is credited to the statement of comprehensive income to the extent of the decrease previously charged. A decrease in the carrying amount arising on the revaluation of such buildings and plant and machinery is charged to the statement of comprehensive income to the extent that it exceeds the balance, if any, held in the revaluation reserve relating to a previous revaluation of that asset.

Depreciation on revalued buildings and plant and machinery are charged to statement of comprehensive income. On the subsequent sale or retirement of a revalued property, the attributable revaluation surplus remaining in the revaluation reserve is transferred directly to retained earnings. An annual transfer from the revaluation reserve to retained earnings is made for the difference between the depreciation on the revalued amount of the assets and depreciation on the assets' original cost.

3. Significant accounting policies (Continued)

Depreciation

Depreciation is consistently provided on the straight-line basis so as to write off the cost or revalued amount of property, plant and equipment over their estimated useful lives. The expected useful lives of the property, plant and equipment are estimated as follows:

Buildings on leasehold land (Revalued)	20 years
Plant and machinery (Revalued)	10 years
Furniture, fixtures and equipments	5 years
Motor vehicles	5 years

Impairments

The carrying amounts of the Company's assets are reviewed annually at each date of the statement of financial position to determine whether the assets have been impaired during the year. Where an asset has been impaired, the recoverable amount of the asset is determined. Where the carrying amount exceeds the recoverable amount, the asset is written down to its recoverable amount. The resultant impairment loss is recognised as an expense in the statement of comprehensive income.

Inventories

Inventories are initially recognised at cost, and subsequently stated at the lower of average purchase cost and net realisable value. Cost is determined as follows:

Raw Materials:

The cost of raw materials includes purchase cost, insurance, freight and other costs incurred in bringing the raw materials to their present location and condition. Raw materials are valued at weighted average cost basis.

Consumables:

Consumables and spare parts are valued based on the weighted average method.

Work in progress:

Work in progress is valued at cost by reference to stage of completion. Cost includes raw material cost plus attributable production overheads.

Finished Goods:

Cost of finished goods comprises cost of raw materials, direct labour, other direct costs and related production overheads.

Net realisable value is the amount that can be realised from the sale of the inventory in the normal course of business after allowing for the costs of realisation.

Goods in transit:

Goods in transit are stated at cost. These are subject to impairment when the recoverable amount is less than the carrying amount.

3. Significant accounting policies (Continued)

Financial assets

All financial assets are recognised and derecognised on trade date and are initially measured at fair value, plus transaction costs, except for those financial assets classified as fair value through profit and loss account, which are initially measured at fair value. The financial assets consist of bank balances and cash, trade and other receivables and due from related parties. Cash consists of cash on hand and cash held on bank current account or on deposits at variable interest rates. Any interest earned is accrued monthly and classified as interest income.

Financial assets are classified into the following specified categories: financial assets at fair value through profit or loss account, held to maturity investments, loans and receivables and available-for-sale investments. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

- ♦ Financial assets are classified as fair value through profit or loss when the financial asset is either a held for trading investment or it is designated as fair value through profit or loss. A financial asset is classified as held for trading if, it has been acquired principally for the purpose of selling it in the near term; or on initial recognition it is part of a portfolio of identified financial instruments that the Company manages together and has a recent actual pattern of short-term profit-taking; or it is a derivative that is not designated and effective as a hedging instrument. The Company does not classify any of its financial assets as fair value through profit or loss.
- ♦ Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity that an entity has the positive intention and ability to hold to maturity. The Company does not hold any held-to-maturity investments.
- ♦ Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.
- ♦ Available-for-sale financial assets are those non-derivative financial assets that are designated as available for sale or are not classified as loans and receivables, held-to-maturity investments or financial assets at fair value through profit or loss. The Company does not have any available-for-sale financial assets.

Loans and receivables comprise of trade receivables, due from related parties, and other receivables that have fixed or determinable payments and are not quoted in an active market. Loans and receivables are subsequently measured at amortised cost using the effective interest rate.

Employees' end of service benefits

Provision for employees' end of service benefits is made on the basis prescribed in the UAE Labour Law, for the accumulated period of service at the date of the statement of financial position. In accordance with the consistent policy being followed in this regard, provision for employees' end of service benefits is treated as a long-term liability.

Provisions

Provisions are recognised in the statement of financial position when the Company has a present obligation (legal or constructive) as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

3. Significant accounting policies (Continued)

Financial liabilities

Financial liabilities are classified as either financial liabilities at fair value through profit and loss account or other financial liabilities. The Company's financial liabilities consist of trade and other payables and bank borrowings. The trade and other payables are initially measured at fair value and subsequently carried at amortised cost using the effective interest method. The bank borrowings are initially recognised at fair value net of transaction costs directly attributable to their issue. Such interest bearing liabilities are measured at amortised cost using the effective interest rate method.

Revenue recognition

Revenue from the sale of goods is recognised net of discounts, when the significant risks and rewards of ownership of the goods have passed to the buyer and the amount is measured reliably.

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

Leasing

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the statement of comprehensive income on a straight-line basis over the period of the lease.

Foreign currencies

Transactions in foreign currencies during the year are converted into AED at rates of exchange ruling at the transaction dates. Monetary assets and liabilities in foreign currencies are translated to AED at the rates of exchange ruling at the date of the statement of financial position. All gains and losses on exchange are taken to the statement of comprehensive income.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation. All other borrowing costs are recognised in the statement of comprehensive income in the period in which they are incurred.

Cash and cash equivalents

For the purposes of the statement of cash flows, cash and cash equivalents comprise cash and bank balances (excluding margin money and fixed deposits) and bank overdrafts.

4. Critical accounting judgements and key sources of estimation uncertainty

In the application of the Company's accounting policies, which are described in Note: 3 management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities 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.

Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the date of the statement of financial position, 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.

Property, plant and equipment

Property, plant and equipment are depreciated over their estimated useful lives, which are based on estimates for expected usage of the asset and expected physical wear and tear which are dependent on operational factors. Management has not considered any residual value as it is deemed immaterial.

Inventories

Inventories are stated at the lower of average purchase cost and market value. Adjustments are made to reduce the cost of inventory to its realisable value, if required, for estimated excess, obsolescence or impaired balances. Factors influencing these adjustments include changes in demand, product pricing, quality issues and expired products. Based on the above factors, the Company arrives at certain percentages for allowance for slow moving and obsolete inventories. Revisions to these adjustments would be required if these factors differ from the estimates.

Allowance for doubtful debts

An allowance for doubtful debts is determined using a combination of factors to ensure that the trade receivables are not overstated due to uncollectibility. The allowance for doubtful debts for all customers is based on a variety of factors, including the overall quality and ageing of receivables, continuing credit evaluation of the customers' financial condition and collateral requirements from customers in certain circumstances.

5. Property, plant and equipment

Movements in property, plant and equipment are given on page 29.

Property, plant and equipment include buildings which are built on leasehold-land, which is renewed periodically. These are being depreciated over the estimated useful lives since the management anticipates that the lease would continue to be renewed in the foreseeable future.

6. Capital advances

These represented advances paid to vendors for the construction and acquisition of fixed assets. The advances were settled during the year.

AJMAL STEEL TUBES & PIPES INDUSTRIES LIMITED LIABILITY COMPANY, ABU DHABI

Notes to the financial statements for the year ended December 31, 2015 (Continued)

7. Inventories

		2014
	AED	AED
Raw materials	[]
Work in progress	[]
Goods in transit	[]
Stores consumables and spares	[]
Finished goods	[]
Less: Provision for obsolete inventories	[]

Inventories are stated net of allowance for slow moving and obsolete items.

The cost of inventories recognised as expense amounted [(Previous year: []

8. Trade and other receivables

		2014
	AED	AED
Trade receivables	[]
Accrued income	[]
Prepayments	[]
Deposits	[]
Advances	[]

There are 12 customers (Previous year: 10 customers) who represent 59 percent (Previous year: 59 percent) of the total balance of trade receivables. Trade receivables amounting to AED [(Previous year: [are not past due. The Company does not hold any collateral over these balances nor does it have a legal right of offset against any amounts owed by the Company to the counterparty.

Included in trade receivables are debtors with carrying amounts of [(Previous [which are past due at the reporting date for which the Company, based on its past default experience has not provided as it still considers these amounts as recoverable.

The carrying amount of trade receivables approximates to its fair value, which is based on an estimate of the recoverable amount.

AJMAL STEEL TUBES & PIPES INDUSTRIES LIMITED LIABILITY COMPANY, ABU DHABI

Notes to the financial statements for the year ended December 31, 2015 (Continued)

8. Trade and other receivables (Continued)

	AED	2014 AED
Ageing analysis of past due receivables is as under:		
Amount past due but not impaired	[]
Above 120 days	[]
Total trade receivables past due	[]

9. Related parties

Related parties include the shareholders, key management personnel, associates, joint ventures and any businesses which are controlled directly or indirectly by the Company or over which they exercise significant management influence. The balances due from / to such parties, which have been disclosed separately in the financial statements are unsecured, interest-free and are repayable on demand.

Significant related party transactions during the year are as follows:

	AED	2014 AED
Related parties	[]
- Revenue	[]
- Other income	[]
- Director's remuneration	[]
- Management fees	[]
Related party balances are as under:	[]
Receivables:	[]
- Other related parties	[]

AJMAL STEEL TUBES & PIPES INDUSTRIES LIMITED LIABILITY COMPANY, ABU DHABI

Notes to the financial statements for the year ended December 31, 2015 (Continued)

10. Bank balances and cash

		2014
	AED	AED
Cash in hand	[]
Bank current accounts	[]
Margin money with banks	[]
Bank fixed deposits	[]

Fixed deposits are under lien with the banks towards the banking facilities availed by the Company.

The carrying amount of these assets approximates to their fair value.

11. Trade and other payables

		2014
	AED	AED
Trade payables	[]
Advance from customers	[]
Provision for expenses	[]
Accrued expenses	[]

The Company has financial risk management policies in place to ensure that payables are paid within the credit time frame.

12. Bank borrowings

		2014
	AED	AED
<i>Current</i>	[]
Term loans - current portion	[]
Bills discounted	[]
Trust receipts	[]
Vehicle loans - current portion	[]
Bank overdrafts	[]

AJMAL STEEL TUBES & PIPES INDUSTRIES LIMITED LIABILITY COMPANY, ABU DHABI

Notes to the financial statements for the year ended December 31, 2015 (Continued)

12. Bank borrowings (Continued)

	AED	2014 AED
<i>Non current</i>	[]
Term loans - long term portion	[]
Vehicle loans - long term portion	[]
	[]
	[]
	[]
<i>Significant terms and conditions</i>	[]

Bank loans and overdrafts are secured by the personal guarantee of a shareholder and related party, corporate guarantee of related parties, assignment of insurance policies thereon, subordination of shareholders' current account, hypothecation of inventories and book debts and lien over the Company's fixed deposits. The effective interest rates on bank loans and overdrafts are at fixed and floating rates negotiated from time to time.

The term loans are payable in fixed monthly installments consisting of principal and interest. The installments due within twelve months from the date of the statement of financial position have been classified as current liabilities.

Motor vehicle loans represent loans taken from the bank at a fixed commercial rate of interest. These loans are secured by a charge on the motor vehicles purchased under financing arrangement. The installments due within twelve months from the date of the statement of financial position have been classified as current liabilities. Certain vehicles are registered in the name of the employees of the Company who confirm that these are held by them in trust on behalf of the Company.

13. Share capital

	AED	2014 AED
Authorised, issued and paid up capital	[]
	[]
Name of shareholders		
Ishaq Mohamed Salem Mohamed Al Meeza Al Beshar	[]
Mohamed Ashraf Shahul Ameen	[]
	[]

In addition to the above, Mr. Mohamed Ashraf Shahul Ameen, one of the shareholders, has contributed to meet the additional financial requirements of the Company, which is treated as Capital contribution.

AJMAL STEEL TUBES & PIPES INDUSTRIES LIMITED LIABILITY COMPANY, ABU DHABI

Notes to the financial statements for the year ended December 31, 2015 (Continued)

14. Revaluation reserve

	AED	2014 AED
Beginning balance	[]
Transferred to retained earnings	[]
Ending balance	[]

The buildings and plant and machinery were valued by independent valuer in 2013. The excess of the revalued amount over the carrying amount of the buildings and plant and machinery was credited to revaluation reserve. The revaluation reserve is not available for distribution.

The excess depreciation charge on account of revaluation over and above the original cost amounting to [] Previous year: [] has been transferred from revaluation reserve to retained earnings.

15. Statutory reserve

In accordance with article 239 of the Federal Law No.2 of 2015 (as amended), 10 per cent of the net profit for the year is to be allocated to statutory reserve subject to a minimum of 50 per cent of the share capital of the Company. The shareholders have resolved to suspend further transfers to statutory reserve. This reserve is not available for distribution among the shareholders.

During the year, no transfer of net profit has been made to the legal reserve since the legal reserve has already reached 50% of the share capital.

16. Current account

This represents the funds contributed by Mr. Mohamed Ashraf Shahul Ameen, one of the shareholders to support additional financial requirements of the business operations of the Company. The current account balance is subordinated to the bank against the facilities availed by the Company and disclosed as a component of equity. The movements in the current account are given in the statement of changes in equity on page no.6.

17. Dividend

A dividend of [] [Previous year [] per share]] was distributed to shareholders for the year ended December 31, 2015 []

18. Other income

	2014
	[
Interest income	[
Miscellaneous	[
	[

Miscellaneous income includes rental income from the related parties for use of trailers and discount received from suppliers.

AJMAL STEEL TUBES & PIPES INDUSTRIES LIMITED LIABILITY COMPANY, ABU DHABI

Notes to the financial statements for the year ended December 31, 2015 (Continued)

19. Cost of sales

	AED	2014 AED
Cost of Goods sold		
Freight inward and shipping expenses		
Wages		
Depreciation on buildings, plant and machinery		
Consumables		
Other direct expenses		

20. Administrative, selling and general expenses

Staff salaries and other benefits	
Rent and licence fees	
Communication	
Travelling	
Vehicle and conveyance	
Advertisements, entertainment & business promotion	
Immigration and legal expenses	
Insurance	
Printing and stationery	
Repairs and maintenance	
Selling expenses	
Exchange loss, net	
Other	
Depreciation	
Bad debts	

21. Management fees

As per the provisions of the Memorandum of Association, the Managing Director of the Company is entitled to a management fee of 12% of the gross sales of the Company. During the year the Managing Director has agreed to accept [] his management fees and waived his rights to charge the balance fees for which he is entitled.

AJMAL STEEL TUBES & PIPES INDUSTRIES LIMITED LIABILITY COMPANY, ABU DHABI

Notes to the financial statements for the year ended December 31, 2015 (Continued)

22. Finance costs

2014

Bank charges
Interest on borrowings

23. Cash and cash equivalents

Cash and bank balances
Bank overdrafts

24. Financial instruments - risk management

Capital risk management

The capital is managed by the Company in a way that it is able to continue as a going concern while maximising returns to Shareholders.

The capital structure of the Company consists of borrowings, cash and cash equivalents and equity attributable to equity holders, comprising of capital, reserves, current account and retained earnings.

As a risk management policy, the Company reviews its cost of capital and risks associated with capital. The Company balances its capital structure based on the above review.

Market risk management

The Company is primarily exposed to the financial risks of changes in foreign currency exchange rates (currency risk) and interest rates (interest rate risk).

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

Foreign currency risk management

The Company undertakes certain transactions denominated in foreign currencies. Hence, exposures to exchange rate fluctuation arise. The Company is mainly exposed to Australian Dollars (AUD) and US Dollars (USD). Since the AED is pegged to the USD, the Company is not exposed to any significant exchange rate fluctuations relating to US Dollars, whereas Company's sensitivity to a 10 percent increase or decrease in the AED against the AUD is as follows:

AJMAL STEEL TUBES & PIPES INDUSTRIES LIMITED LIABILITY COMPANY, ABU DHABI

Notes to the financial statements for the year ended December 31, 2015 (Continued)

24. Financial instruments - risk management (Continued)

		2014
	AED	AED
Profit or loss	[]
	[]
	[]

Interest rate risk management

The Company is exposed to interest rate risk as it borrows funds at both fixed and floating interest rates. The effective interest rates on financial assets and financial liabilities are at fixed and floating rates negotiated from time to time. Sensitivity analysis of interest rates are as follows:

If the interest rates have been 50 base points higher or lower and all other variables were held constant, the Company's profits would increase or decrease by AED 295,465 (Previous year : AED 300,747) entities in the Company.

Credit risk management

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

The Company is potentially exposed to concentration of credit risk from its financial assets which comprise principally fixed deposits, bank balances, trade and other receivables and amounts due from related parties. The Company's bank accounts are placed with high credit quality financial institutions. The credit risk is subjected to credit evaluations and an allowance is made for estimated irrecoverable amounts. There are 12 customers who represent 59 percent of the total balance of trade receivables.

As at year end the amounts presented in the statement of financial position are net of allowances for doubtful receivables, the Company's exposure to credit risk from trade receivables situated outside the UAE is as follows:

		2014
Country	AED	AED
Australia	[]
GCC(KSA, Qatar, Oman, Kuwait, Bahrain)	[]
Germany	[]
Europe	[]
United States Of America	[]

Liquidity risk management

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities.

The Company has built an appropriate liquidity risk management framework for the management of its short, medium and long term funding and liquidity requirements. The Company manages liquidity risk by maintaining adequate reserves, banking facilities and borrowing facilities by continuously monitoring forecast and actual cashflows.

AJMAL STEEL TUBES & PIPES INDUSTRIES LIMITED LIABILITY COMPANY, ABU DHABI

Notes to the financial statements for the year ended December 31, 2015 (Continued)

24. Financial instruments - risk management (Continued)

Financial instruments by category

The carrying amounts for each class of financial instruments are listed below:

	AED	2014 AED
<i>Financial assets</i>		
- Trade and other receivables	[]
- Due from related parties	[]
- Bank balances and cash	[]
<i>Financial liabilities</i>		
- Trade and other payables	[]
- Term loans	[]
- Bills discounted	[]
- Trust receipts	[]
- Vehicle loans	[]
- Bank overdrafts	[]

25. Operating leases

As at December 31, 2015, the future minimum lease payments under non-cancelable operating leases are as set out below:

	AED	2014 AED
Not later than one year	[]
Later than one year and not later than five years	[]
Later than five years	[]

26. Contingent liabilities and other commitments

The Company had the following contingent liabilities and other commitments at the date of the statement of financial position:

		2014
	AED	AED
Letters of credit	[]
Letters of guarantee	[]
	[]
	[]

27. Comparative figures

Previous year's figures have been regrouped or reclassified wherever necessary to make them comparable with those of the current year. These reclassifications are not material.

AJMAL STEEL TUBES & PIPES INDUSTRIES LIMITED LIABILITY COMPANY, ABU DHABI

Notes to the financial statements for the year ended December 31, 2015 (Continued)

Schedule of property, plant and equipment

	Buildings on leasehold AED	Plant and machinery AED	Furniture, fixtures and equipments AED	Motor vehicles AED	Total AED
Cost					
At January 01, 2014					
Additions					
At December 31, 2014					
Additions					
Disposals					
At December 31, 2015					
Depreciation					
At January 01, 2014					
Charge for the year					
At December 31, 2014					
Charge for the year					
On disposals					
At December 31, 2015					
Net Book Value					
At December 31, 2015					
At December 31, 2014					

The depreciation charge is accounted for under the following headings in the statement of comprehensive income

	2015	2014
Cost of sales		
General expenses		
Total		

Exhibit A5-3(a)

AJMAL STEEL TUBES & PIPES INDUSTRIES
LIMITED LIABILITY COMPANY

Abu Dhabi

Financial statements

Year ended December 31, 2013

AJMAL STEEL TUBES & PIPES INDUSTRIES LIMITED LIABILITY COMPANY, ABU DHABI

Financial statements for the year ended December 31, 2013

Contents

Page

Managing Director's report

1

Report of the independent auditors

2

Financial statements

- Statement of financial position

3

- Statement of comprehensive income

4

- Statement of changes in equity

5

- Statement of cash flows

6

- Notes to the financial statements

7 - 26

- Schedule of property, plant and equipment

27

AJMAL STEEL TUBES & PIPES INDUSTRIES LIMITED LIABILITY COMPANY, ABU DHABI

Managing Director's report

The Managing Director has pleasure in submitting this report and financial statements of the Company for the year ended December 31, 2013.

Activities

The principal activities of the Company are steel pipes manufacturing, metal products coating, metal sections manufacturing and galvanized and painted steel sheets and foils manufacturing. The Company's main products are hot dipped galvanized steel sheets and steel pipes.


Results and financial position

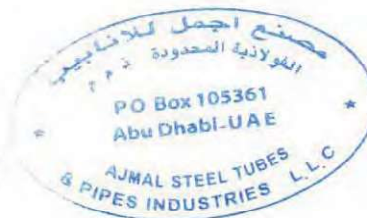
During the year, the Company has achieved a turnover of [] as against AED [] in the previous year. The Company's financial position has improved and the net assets at the year end were [] The profit for the year was [] and the retained earnings at the year end were []

Auditors

A resolution to reappoint BDO Chartered Accountants & Advisors, as the auditors for the ensuing year, will be put to the members at the Annual General Meeting.

For and on behalf of the Board


Mohammed Ashraf Shahul Ameer
Managing Director
April 03, 2014





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Report of the independent auditors to the Shareholders of Ajmal Steel Tubes & Pipes Industries Limited Liability Company, Abu Dhabi

We have audited the accompanying financial statements of Ajmal Steel Tubes & Pipes Industries Limited Liability Company, Abu Dhabi ("the Company"), which comprise the statement of financial position as at December 31, 2013, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended and a summary of significant accounting policies and other explanatory notes.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards. This responsibility includes: designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

Auditors' responsibility

Our responsibility is to express an opinion on these financial statements, based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal controls relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the aforementioned financial statements present fairly, in all material respects, the financial position of Ajmal Steel Tubes & Pipes Industries Limited Liability Company, Abu Dhabi as at December 31, 2013, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Report on other legal and regulatory requirements

We have obtained all the information and explanations, which were necessary for the purposes of our audit and no violation of the UAE Commercial Companies Law No. 8 of 1984 (as amended) or of the constitution of the Company came to our attention, which would materially affect the Company's financial position.

In our opinion, the Company maintains proper books of account and the accompanying financial statements are in agreement therewith. The Company has also conducted the stock taking in accordance with established principles and the financial information contained in the Managing Director's report conforms to the financial statements.

BDO

BDO Chartered Accountants & Advisors
R. Krishnan
Reg. No. 89
Abu Dhabi
April 03, 2014



بي دي أو محاسبون قانونيون ومستشارون (فرع أبو ظبي) شركة مساهمة مسجلة بمبي وعضو شركات بي دي أو العالمية المحدودة. 2 ضمان محدود من المالك المتحدة. وتلك كل جزء من شبكة بي دي أو العالمية ذات عضوية مستقلة. BDO Chartered Accountants & Advisors (Abu Dhabi Branch), a partnership firm registered in Dubai, is a member of BDO International Limited, a UK company limited by guarantee, and forms part of the international BDO network of independent member firms. Branch Offices: Sharjah, JAFZ, SAIF Zone.

AJMAL STEEL TUBES & PIPES INDUSTRIES LIMITED LIABILITY COMPANY, ABU DHABI

Statement of financial position at December 31, 2013

	Note	AED	2012 AED
Non current assets			
Property, plant and equipment	5		
Capital advances	6		
Total non current assets			
Current assets			
Inventories	7		
Trade and other receivables	8		
Due from related parties	9		
Bank balances and cash	10		
Total current assets			
Current liabilities			
Trade and other payables	11		
Due to related parties	9		
Bank borrowings	12		
Total current liabilities			
Net current assets			
Non current liabilities			
Bank borrowings	12		
Loan from related party	9		
Provision for employees' end of service benefits			
Total non current liabilities			
Net assets			
Equity			
Share capital	13		
Capital contribution	13		
Revaluation reserve	14		
Statutory reserve	15		
Current account	16		
Retained earnings			
Total equity			

The financial statements have been approved by the Board of Directors on April 03, 2014 and are signed on its behalf by:

Mohammed Ashraf Shahul Ameer
Managing Director



The notes on pages 7 to 27 form part of these financial statements

AJMAL STEEL TUBES & PIPES INDUSTRIES LIMITED LIABILITY COMPANY, ABU DHABI

Statement of comprehensive income for the year ended December 31, 2013

	Note	AED	2012 AED
Revenue		[]
Cost of sales	19	[]
Gross profit		[]
Other income	18	[]
Administration, selling and general expenses	20	[]
Finance costs	22	[]
Profit before management fees		[]
Management fees	21	[]
Profit for the year		[]
Other comprehensive income		[]
Gain on revaluation of property, plant and equipment	14	[]
Other comprehensive income for the year		[]
Total comprehensive income for the year		[]

The notes on pages 7 to 27 form part of these financial statements

AJMAL STEEL TUBES & PIPES INDUSTRIES LIMITED LIABILITY COMPANY, ABU DHABI

Statement of changes in equity for the year ended December 31, 2013

	Share capital	Capital contribution	Revaluation reserve	Statutory reserve	Current account	Retained earnings	Total equity
Balance at January 01, 2012							
Total comprehensive income for the year							
Movement in current account, net							
Dividends distributed (Note 17)							
Balance at December 31, 2012							
Total comprehensive income for the year							
Movement in current account, net							
Dividends distributed (Note 17)							
Balance at December 31, 2013							

The notes on pages 7 to 27 form part of these financial statements

AJMAL STEEL TUBES & PIPES INDUSTRIES LIMITED LIABILITY COMPANY, ABU DHABI

Statement of cash flows for the year ended December 31, 2013

	Note	AED	2012 AED
Cash flows from operating activities			
Net profit for the year			
Adjustments for :			
Depreciation	5		
Interest charges	22		
End of service benefits			
Profit on disposal of property, plant and equipment			
Interest income	18	—	
Increase in inventories	7		
Decrease (increase) in trade and other receivables	8		
Increase in due from related parties	9	(
(Decrease) increase in trade and other payables	11		
Increase in due to related parties	9	—	
Cash (used in) generated from operations			
Interest paid			
Interest received		—	
Net cash used in operating activities		(
Cash flows from investing activities			
Acquisition of property, plant and equipment	5		
Proceeds from disposal of property, plant and equipment		—	
Net cash used in investing activities		—	
Cash flows from financing activities			
Bank borrowings obtained (repaid), net	12		
Bank margins and fixed deposits withdrawn (placed), net	10		
Related party loan (repaid)/obtained, net	9		
Payment of end of service benefits			
Dividend paid during the year	17		
Movements in current account, net			
Capital advances made during the year		—	
Net cash from (used in) financing activities		—	
Net decrease in cash and cash equivalents			
Cash and cash equivalents at beginning of year		—	
Cash and cash equivalents at end of year	23	—	

The notes on pages 7 to 27 form part of these financial statements

AJMAL STEEL TUBES & PIPES INDUSTRIES LIMITED LIABILITY COMPANY, ABU DHABI

Notes to the financial statements for the year ended December 31, 2013

1. Status and activity

Ajmal Steel Tubes & Pipes Industries Limited Liability Company ("the Company") is registered as a Limited Liability Company in Abu Dhabi, in accordance with the provisions of the UAE Federal Commercial Companies Law No. 8 of 1984 (as amended). The principal place of business of the Company is located at ICAD - I, Mussafah, Post Box 105361, Abu Dhabi, United Arab Emirates.

The principal activities of the Company are steel pipes manufacturing, metal products coating, metal sections manufacturing and galvanized and painted steel sheets and foils manufacturing. The Company's main products are hot dipped galvanized steel sheets and steel pipes.

The financial statements for the year ended December 31, 2013 were authorised for issue by the Board of Directors on April 03, 2014.

These financial statements are presented in UAE Dirhams ("AED").

2. Adoption of new and revised standards

The following new and revised IFRSs have been adopted in these financial statements. The application of these new and revised IFRSs has not had any material impact on the amounts reported for the current and prior years but may affect the accounting for future transactions or arrangements.

- ◆ **Amendments to IFRS 7 Disclosures – Offsetting Financial Assets and Financial Liabilities (Effective for annual periods beginning on or after January 1, 2013)**

These amendments require an entity to disclose information about rights to set-off and related arrangements (e.g., collateral agreements). The disclosures would provide users with information that is useful in evaluating the effect of netting arrangements on an entity's financial position. The new disclosures are required for all recognised financial instruments that are set off in accordance with IAS 32 Financial Instruments: Presentation. The disclosures also apply to recognised financial instruments that are subject to an enforceable master netting arrangement or similar agreement, irrespective of whether they are set off in accordance with IAS 32. The amendment has no impact on the Company's financial position or performance on adoption.

- ◆ **IFRS 13 'Fair value measurement' (Effective for annual periods beginning on or after January 1, 2013)**

IFRS 13 sets out the framework for determining the measurement of fair value and the disclosure of information relating to fair value measurement, when fair value measurements and/or disclosures are required or permitted by other IFRSs.

As a result, the guidance and requirements relating to fair value measurement that were previously located in other IFRSs have now been relocated to IFRS 13.

While there has been some rewording of the previous guidance, there are few changes to the previous fair value measurement requirements. Instead, IFRS 13 is intended to clarify the measurement objective, harmonise the disclosure requirements, and improve consistency in application of fair value measurement.

IFRS 13 did not materially affect any fair value measurements of the Company's assets or liabilities, with changes being limited to presentation and disclosure, and therefore has no effect on the Company's financial position or performance.

2. Adoption of new and revised standards (Continued)

- ♦ Amendments to IAS 1 Presentation of Items of Other Comprehensive Income (Effective for annual periods beginning on or after July 1, 2012)

The amendments to IAS 1 retain the option to present profit or loss and other comprehensive income in either a single statement or in two separate but consecutive statements. However, the amendments to IAS 1 require additional disclosures to be made in the other comprehensive income section such that items of other comprehensive income are grouped into two categories: (a) items that will not be reclassified subsequently to profit or loss; and (b) items that will be reclassified subsequently to profit or loss when specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on the same basis. The amendment has not impacted the Company's financial position or performance on adoption for annual periods beginning on or after January 1, 2013. The presentation of items of other comprehensive income will be modified accordingly as and when they are applicable in the future accounting periods.

- ♦ Annual Improvements to IFRSs 2009-2011 Cycle (Effective for annual periods beginning on or after January 1, 2013):

IFRS 1 First-time Adoption of International Financial Reporting Standards

This improvement clarifies that an entity that stopped applying IFRS in the past and chooses, or is required, to apply IFRS, has the option to re-apply IFRS 1. If IFRS 1 is not re-applied, an entity must retrospectively restate its financial statements as if it had never stopped applying IFRS.

IAS 1 Presentation of Financial Statements

This improvement clarifies the difference between voluntary additional comparative information and the minimum required comparative information. Generally, the minimum required comparative information is the previous period. The annual improvement has not impacted the Company's financial position or performance on adoption.

2. Adoption of new and revised standards (Continued)

IAS 16 Property Plant and Equipment

This improvement clarifies that major spare parts and servicing equipment that meet the definition of property, plant and equipment are not inventory. The annual improvement has not impacted the Company's financial position or performance on adoption.

IAS 32 Financial Instruments, Presentation

This improvement clarifies that income taxes arising from distributions to equity holders are accounted for in accordance with IAS 12 Income Taxes. The amendment has no impact on the Company's financial position or performance on adoption.

New standards, interpretations and amendments not yet effective

The Company has not applied the following new and revised IFRSs that have been issued but are not yet effective for annual periods beginning on or after January 1, 2013:

♦ **IFRS 9 'Financial instruments (2009)' (Effective for annual periods beginning on or after January 1, 2015)**

The standard addresses the classification, measurement and recognition of financial assets and financial liabilities. IFRS 9 was issued in November 2009 and October 2010. It replaces the parts of IAS 39 that relate to the classification and measurement of financial instruments. IFRS 9 requires financial assets to be classified into two measurement categories: those measured as at fair value and those measured at amortised cost. The determination is made at initial recognition. The classification depends on the entity's business model for managing its financial instruments and the contractual cash flow characteristics of the instrument. For financial liabilities, the standard retains most of the IAS 39 requirements. The main change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity's own credit risk is recorded in other comprehensive income rather than the income statement, unless this creates an accounting mismatch.

The Company is yet to assess IFRS 9's full impact and intends to adopt IFRS 9 no earlier than the accounting period beginning on or after January 1, 2015.

♦ **IFRS 9 'Financial instruments (2010)' (Effective for annual periods beginning on or after January 1, 2015)**

A revised version of IFRS 9 incorporates revised requirements for the classification and measurement of financial liabilities, carrying over the existing derecognition requirements from IAS 39 Financial Instruments: Recognition and Measurement.

The revised financial liability provisions maintain the existing amortised cost measurement basis for most liabilities. New requirements apply where an entity chooses to measure a liability at fair value through profit or loss - in these cases, the portion of the change in fair value related to changes in the entity's own credit risk is presented in other comprehensive income rather than within profit or loss.

The Company is yet to assess IFRS 9's full impact and intends to adopt IFRS 9 no earlier than the accounting period beginning on or after January 1, 2015.

2. Adoption of new and revised standards (Continued)

♦ IFRS 9 'Financial instruments (2013)' (Hedge Accounting and amendments to IFRS 9, IFRS 7 and IAS 39) (Effective for annual periods beginning on or after January 1, 2015)

A revised version of IFRS 9 incorporates revised requirements in IFRS 9 on hedge accounting, and puts in place a new hedge accounting model that is designed to be more closely aligned with how entities undertake risk management activities when hedging financial and non-financial risk exposures. It also permits an entity to apply only the requirements introduced in IFRS 9 (2010) for the presentation of gains and losses on financial liabilities designated as fair value through profit or loss without applying the other requirements of IFRS 9, meaning the portion of the change in fair value related to changes in the entity's own credit risk can be presented in other comprehensive income rather than within profit or loss.

The revised version also removes the mandatory effective date of IFRS 9 (2013), IFRS 9 (2010) and IFRS 9 (2009), leaving the effective date open pending the finalisation of the impairment and classification and measurement requirements. Notwithstanding the removal of an effective date, each standard remains available for application.

The Company is yet to assess IFRS 9's full impact and intends to adopt IFRS 9 no earlier than the accounting period beginning on or after January 1, 2015.

♦ IAS 32 Offsetting Financial Assets and Financial Liabilities (Effective for annual periods beginning on or after January 1, 2014)

The amendment to IAS 32 Financial Instruments: Presentation clarifies certain aspects because of diversity in application of the requirements on offsetting, focusing on the following aspects:

- the meaning of 'currently has a legally enforceable right of set-off';
- the application of simultaneous realisation and settlement;
- the offsetting of collateral amounts;
- the unit of account for applying the offsetting requirements.

These amendments will not impact the Company's financial position or performance and becomes effective for annual periods beginning on or after January 1, 2014.

♦ IAS 36 Recoverable Amount Disclosures for Non-Financial Assets (Effective for annual periods beginning on or after January 1, 2014)

The amendment to IAS 36 Impairment reduces the circumstances in which the recoverable amount of assets or cash-generating units is required to be disclosed, clarify the disclosures required, and to introduce an explicit requirement to disclose the discount rate used in determining impairment (or reversals) where recoverable amount (based on fair value less costs of disposal) is determined using a present value technique.

These amendments will not impact the Company's financial position or performance and becomes effective for annual periods beginning on or after January 1, 2014.

3. Significant accounting policies

These financial statements are prepared under the historical cost convention as modified by financial assets and financial liabilities at fair value through comprehensive income and in accordance with International Financial Reporting Standards. These financial statements also comply with the requirements of UAE Commercial Companies Law No. 8 of 1984 (as amended).

The significant accounting policies adopted are as follows:

Property, plant and equipment

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

Subsequent to the initial recognition, property, plant and equipment are stated at cost or revalued amount less accumulated depreciation and accumulated impairment losses. Property, plant and equipment are tested for impairment at each statement of financial position date.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. The difference between the net disposal proceeds, if any and the net carrying amount is recognised in the statement of comprehensive income.

Buildings and plant and machinery are measured at fair value, less depreciation and subsequent impairment losses. Revaluations are performed with sufficient regularity such that the carrying amounts do not differ materially from those that would be determined using fair values at the date of statement of financial position. Buildings and Plant and machinery are stated at revalued amount, being the fair value. Any accumulated depreciation as at the revaluation date is eliminated against the carrying amount of the asset. Any revaluation increase arising on the revaluation is credited in statement of changes in equity to the revaluation reserve, except to the extent that it reverses a revaluation decrease for the same asset previously recognised in the statement of comprehensive income, in which case the increase is credited to the statement of comprehensive income to the extent of the decrease previously charged. A decrease in the carrying amount arising on the revaluation of such buildings and plant and machinery is charged to the statement of comprehensive income to the extent that it exceeds the balance, if any, held in the revaluation reserve relating to a previous revaluation of that asset.

3. Significant accounting policies (Continued)

Depreciation

Depreciation is consistently provided on the straight-line basis so as to write off the cost or revalued amount of property, plant and equipment over their estimated useful lives. The expected useful lives of the property, plant and equipment are estimated as follows:

Buildings on leasehold land (Revalued)	20 years
Plant and machinery (Revalued)	10 years
Furniture, fixtures and equipment	5 years
Motor vehicles	5 years

Depreciation on revalued buildings and plant and machinery are charged to statement of comprehensive income. On the subsequent sale or retirement of a revalued property, the attributable revaluation surplus remaining in the revaluation reserve is transferred directly to retained earnings. An annual transfer from the revaluation reserve to retained earnings is made for the difference between the depreciation on the revalued amount of the assets and depreciation on the assets' original cost.

Impairments

The carrying amounts of the Company's assets are reviewed annually at each date of the statement of financial position to determine whether the assets have been impaired during the year. Where an asset has been impaired, the recoverable amount of the asset is determined. Where the carrying amount exceeds the recoverable amount, the asset is written down to its recoverable amount. The resultant impairment loss is recognised as an expense in the statement of comprehensive income.

Inventories

Inventories are stated at the lower of average purchase cost and net realisable value. Cost is determined as follows:

Raw Materials:

The cost of raw materials includes purchase cost, insurance, freight and other incidental charges incurred in acquiring the inventories and bringing them to their present location and condition. Raw materials are valued at weighted average cost basis.

Consumables:

Consumables and spare parts are valued based on the weighted average method.

Work in progress:

Work in progress is valued at cost by reference to stage of completion. Cost includes raw material cost plus attributable production overheads.

Finished Goods:

Cost of finished goods comprises raw materials, direct labour, other direct costs and related production overheads.

Net realisable value is the amount that can be realised from the sale of the inventory in the normal course of business after allowing for the costs of realisation.

3. Significant accounting policies (Continued)

Goods in transit:

Goods in transit are stated at purchase cost.

Financial assets

All financial assets are recognised and derecognised on trade date and are initially measured at fair value, plus transaction costs, except for those financial assets classified as fair value through profit and loss account, which are initially measured at fair value. The financial assets consist of bank balances and cash, trade and other receivables and due from related parties. Cash consists of cash on hand and cash held on bank current account or on deposits at variable interest rates.

Financial assets are classified into the following specified categories: financial assets at fair value through statement of comprehensive income, held to maturity investments, loans and receivables and available-for-sale investments. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

- ♦ Financial assets are classified as fair value through profit or loss when the financial asset is either a held for trading investment or it is designated as fair value through profit or loss. A financial asset is classified as held for trading if, it has been acquired principally for the purpose of selling it in the near term; or on initial recognition it is part of a portfolio of identified financial instruments that the Company manages together and has a recent actual pattern of short-term profit-taking; or it is a derivative that is not designated and effective as a hedging instrument.
- ♦ Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity that an entity has the positive intention and ability to hold to maturity.
- ♦ Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.
- ♦ Available-for-sale financial assets are those non-derivative financial assets that are designated as available for sale or are not classified as loans and receivables, held-to-maturity investments or financial assets at fair value through profit or loss.

Loans and receivables comprise of trade receivables, due from related parties, and other receivables that have fixed or determinable payments and are not quoted in an active market. Loans and receivables are subsequently measured at amortised cost using the effective interest method, less any impairment. Interest income is recognised by applying the effective interest rate.

Employees' end of service benefits

Provision for employees' end of service benefits is made on the basis prescribed in the UAE Labour Law, for the accumulated period of service at the date of the statement of financial position. In accordance with the consistent policy being followed in this regard, provision for employees' end of service benefits is treated as a long-term liability.

Provisions

Provisions are recognised in the statement of financial position when the Company has a present obligation (legal or constructive) as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

3. Significant accounting policies (Continued)

Financial liabilities

Financial liabilities are classified as either financial liabilities at fair value through profit and loss account or other financial liabilities. The Company's financial liabilities consist of trade and other payables, bank borrowings and due to related parties.

Financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs. The subsequent measurement is at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

Revenue recognition

Revenue from the sale of goods is recognised net of discounts, when the significant risks and rewards of ownership of the goods have passed to the buyer and the amount is measured reliably.

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

Leasing

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the statement of comprehensive income on a straight-line basis over the period of the lease.

Foreign currencies

Transactions in foreign currencies during the year are converted into AED at rates of exchange ruling at the transaction dates. Monetary assets and liabilities in foreign currencies are translated to AED at the rates of exchange ruling at the date of the statement of financial position. All gains and losses on exchange are taken to the statement of comprehensive income.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation. All other borrowing costs are recognised in the statement of comprehensive income in the period in which they are incurred.

Cash and cash equivalents

For the purposes of the statement of cash flows, cash and cash equivalents comprise cash and bank balances (excluding margin money and fixed deposits) and bank overdrafts.

4. Critical accounting judgements and key sources of estimation uncertainty

In the application of the Company's accounting policies, which are described in Note: 3 management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities 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.

Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the date of the statement of financial position, 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.

Property, plant and equipment

Property, plant and equipment are depreciated over their estimated useful lives, which is based on estimates for expected usage of the asset and expected physical wear and tear which are dependent on operational factors. Management has not considered any residual value as it is deemed immaterial.

Inventories

Inventories are stated at the lower of average purchase cost and market value. Adjustments are made to reduce the cost of inventory to its realisable value, if required, for estimated excess, obsolescence or impaired balances. Factors influencing these adjustments include changes in demand, product pricing, quality issues and expired products. Based on the above factors, the Company has arrived at certain percentages for allowance for slow moving and obsolete inventories. Revisions to these adjustments would be required if these factors differ from the estimates.

Allowance for doubtful debts

An allowance for doubtful debts is determined using a combination of factors to ensure that the trade receivables are not overstated due to uncollectibility. The allowance for doubtful debts for all customers is based on a variety of factors, including the overall quality and ageing of receivables, continuing credit evaluation of the customers' financial condition and collateral requirements from customers in certain circumstances.

5. Property, plant and equipment

Movements in property, plant and equipment are given on page 27.

The net book value of property, plant and equipment purchased under financing arrangements, which are subject to a charge, amounted to []

Property, plant and equipment include buildings which are built on leasehold-land, which is renewed periodically. These are being depreciated over the estimated useful lives since the management anticipates that the lease would continue to be renewed in the foreseeable future.

The fair value of the Buildings and plant and machinery has been arrived at on the basis of a valuation carried out at 31 December, 2013 by independent valuers that are not related to the Company.

Had the buildings and plant and machinery been measured on historical cost basis, their net carrying amount would have been []

AJMAL STEEL TUBES & PIPES INDUSTRIES LIMITED LIABILITY COMPANY, ABU DHABI

Notes to the financial statements for the year ended December 31, 2013 (Continued)

6. Capital advances

These consist of advances made to vendors for the construction or acquisition of fixed assets.

7. Inventories

		2012
	AED	AED
Raw materials	[]
Work in progress	[]
Goods in transit	[]
Stores consumables and spares	[]
Finished goods	[]
Less: Provision for obsolete inventories	[]

Inventories are stated net of allowance for slow moving and obsolete items.

The cost of inventories recognised as expense amounted to [] (Previous year: [])

Goods in transit represent goods that have been purchased by the Company but not in the possession of the Company at the year end. The risk and rewards are held with the Company at year end.

8. Trade and other receivables

		2012
	AED	AED
Trade receivables	[]
Allowance for doubtful debts	[]
Trade receivables, (net)	[]
Prepayments	[]
Deposits	[]
Other receivables and advances	[]

There are 8 customers who represent 53 percent of the total balance of trade receivables. Trade receivables amounting [] are not past due. The Company does not hold any collateral over these balances nor does it have a legal right of offset against any amounts owed by the Company to the counterparty.

Included in trade receivables are debtors with carrying amounts of [] (Previous [] which are past due at the reporting date for which the Company, based on its past default experience has not provided as it still considers these amounts as recoverable.

AJMAL STEEL TUBES & PIPES INDUSTRIES LIMITED LIABILITY COMPANY, ABU DHABI

Notes to the financial statements for the year ended December 31, 2013 (Continued)

8. Trade and other receivables (Continued)

The carrying amount of trade receivables approximates to its fair value, which is based on an estimate of the recoverable amount.

	AED	2012 AED
Ageing analysis of past due receivables is as under:		
Amount past due but not impaired		
Above 120 days		
Amount past due and impaired		
Above 120 days		
Total trade receivables past due		
Movement in allowance for doubtful debts is as under:		
Beginning balance		
Provided in the current year		
Written off from allowance		

AJMAL STEEL TUBES & PIPES INDUSTRIES LIMITED LIABILITY COMPANY, ABU DHABI

Notes to the financial statements for the year ended December 31, 2013 (Continued)

9. Related parties

Related parties include the shareholders, key management personnel, associates, joint ventures and any businesses which are controlled directly or indirectly by the Company or over which they exercise significant management influence. The balances due from / to such parties, which have been disclosed separately in the financial statements are unsecured, interest-free and are repayable on demand.

Significant related party transactions during the year are as follows:

	AED	2012 AED
Related parties		
- Revenue		
- Cost of sales		
- Other income		
- Directors remuneration		
- Related party loan repaid		
- Management fees		

Related party balances are as under:

Payables:

- Other related parties
- Long term loan

Receivables:

- Other related parties

10. Bank balances and cash

Cash in hand
Bank current accounts
-
Margin money with banks
Bank fixed deposits

Fixed deposits are under lien with the banks for the facilities granted to the Company.

AJMAL STEEL TUBES & PIPES INDUSTRIES LIMITED LIABILITY COMPANY, ABU DHABI

Notes to the financial statements for the year ended December 31, 2013 (Continued)

11. Trade and other payables

		2012
	AED	AED
Trade payables	[]
Advance from customers	[]
Provision for expenses	[]
Accrued expenses	[]

The Company has financial risk management policies in place to ensure that payables are paid within the credit time frame.

12. Bank borrowings

		2012
	AED	AED
<i>Current</i>		
Term loan - current portion	[]
Bills discounted	[]
Trust receipts	[]
Vehicle loans - current portion	[]
Bank overdrafts	[]
<i>Non current</i>		
Term loans - long term portion	[]
Vehicle loans - long term portion	[]

Significant terms and conditions

The term loan represents a five year loan for construction of a factory building, purchase of plant and machinery and furniture and fixtures and equipment. It is payable in fixed quarterly installments consisting of principal and interest. The installments due within twelve months from the date of the statement of financial position have been classified as current liabilities.

Motor vehicles loans represent loans taken from the bank at a fixed commercial rate of interest. These loans are secured by a charge on the motor vehicles purchased under financing arrangement. The installments due within twelve months from the date of the statement of financial position have been classified as current liabilities. Certain vehicles are registered in the name of the employees of the Company who confirm that these are held by them in trust on behalf of the Company.

13. Share capital

	AED	2012 AED
Authorised, issued and paid up capital	[]	[]
Name of shareholders	[]	[]
Ishaq Mohamed Salem Mohamed Al Meeza Al Beshar	[]	[]
Mohamed Ashraf Shahul Ameen	[]	[]

In addition to the above, Mr. Mohamed Ashraf Shahul Ameen, one of the shareholders, has contributed [] to meet the additional financial requirements of the Company, which is treated as Capital contribution.

The buildings and plant and machinery were valued by independent valuer, at the date of statement of financial position. The excess of the revalued amount over the carrying amount of the buildings and plant and machinery has been credited to revaluation reserve. The revaluation reserve is not available for distribution to shareholders.

AJMAL STEEL TUBES & PIPES INDUSTRIES LIMITED LIABILITY COMPANY, ABU DHABI

Notes to the financial statements for the year ended December 31, 2013 (Continued)

15. Statutory reserve

In accordance with article 255 of the Federal Commercial Companies Law No.8 of 1984 (as amended), 10 per cent of the net profit for the year is to be allocated to statutory reserve subject to a minimum of 50 per cent of the share capital of the Company. The shareholders have resolved to suspend further transfers to statutory reserve. This reserve is not available for distribution among the shareholders.

16. Current account

This represents the funds contributed by Mr. Mohamed Ashraf Shahul Ameen, one of the shareholders to support additional financial requirements of the business operations of the entity. The current account balance is subordinated to the bank against the facilities availed by the Company and disclosed as a component of equity. The movements in the current account are given in the statement of changes in equity on page no.5.

17. Dividend

[]]	[
[]]	[
[]]	[

18. Other income

	AED	2012 AED
Interest income	[]
Profit on disposal of property, plant and equipment	[]
Miscellaneous	[]

Miscellaneous income includes rental income from the related parties for use of trailers and discount received from suppliers.

19. Cost of sales

	AED	2012 AED
Cost of Goods sold	[]
Freight inward and shipping expenses	[]
Wages	[]
Depreciation on building & plant & machinery	[]
Consumables	[]
Other direct expenses	[]
Provision for obsolete inventory	[]

AJMAL STEEL TUBES & PIPES INDUSTRIES LIMITED LIABILITY COMPANY, ABU DHABI

Notes to the financial statements for the year ended December 31, 2013 (Continued)

20. Administrative, selling and general expenses

	AED	2012 AED
Staff salaries and other benefits	[]
Rent and licence fees	[]
Communication	[]
Vehicle and conveyance	[]
Advertisements, entertainment & business promotion	[]
Immigration and legal expenses	[]
Insurance	[]
Printing and stationery	[]
Repairs and maintenance	[]
Selling expenses	[]
Other	[]
Depreciation	[]
Bad and doubtful debts	[]

21. Management fees

As per the provisions of the Memorandum of Association, the Managing Director of the Company is entitled to management fees of 12% of the gross sales of the Company. During the year the Managing Director has agreed to accept [] as his management fees and waived his rights to charge the balance fees for which he is entitled.

22. Finance costs

These represent interest and charges paid on banking facilities.

23. Cash and cash equivalents

	AED	2012 AED
Cash and bank balances	[]
Bank overdrafts	[]

24. Financial instruments - risk management

Capital risk management

The capital is managed by the Company in a way that it is able to continue as a going concern while maximising returns to Shareholders.

The capital structure of the Company consists of borrowings, cash and cash equivalents and equity attributable to equity holders, comprising of capital, reserves, current account and retained earnings.

As a risk management policy, the Company reviews its cost of capital and risks associated with capital. The Company balances its capital structure based on the above review.

Market risk management

The Company is primarily exposed to the financial risks of changes in foreign currency exchange rates (currency risk), interest rates (interest rate risk) and market prices (other price risk).

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices whether those changes are caused by factors specific to the individual financial instrument or the Company, or factors affecting all similar financial instruments traded in the market.

Foreign currency risk management

The Company undertakes certain transactions denominated in foreign currencies. Hence, exposures to exchange rate fluctuation arise. The Company is mainly exposed to Australian Dollars (AUD), Great Britain Pound (GBP) and US Dollars ("USD"). Since the AED is pegged to the USD, the Company is not exposed to any significant exchange rate fluctuations relating to US Dollars, whereas Company's sensitivity to a 10 percent increase or decrease in the AED against the Australian Dollars and Great British Pound is as follows:

Profit or loss

AUD
[
]
]

Interest rate risk management

The Company is exposed to interest rate risk as it borrows funds at both fixed and floating interest rates. The effective interest rates on financial assets and financial liabilities are at fixed and floating rates negotiated from time to time. Sensitivity analysis of interest rates are as follows:

If the interest rates have been 50 base points higher or lower and all other variables were held constant, the Company's profits would increase or decrease by []
[] entities in the Company.

24. Financial instruments - risk management (Continued)

Credit risk management

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

The Company is potentially exposed to concentration of credit risk from its financial assets which comprise principally fixed deposits, bank balances, trade and other receivables and amounts due from related parties. The Company's bank accounts are placed with high credit quality financial institutions. The credit risk is subjected to credit evaluations and an allowance is made for estimated irrecoverable amounts. The amounts presented in the statement of financial position are net of allowances for doubtful receivables. There are 8 customers who represent 53 percent of the total balance of trade receivables.

As at year end the amounts presented in the statement of financial position are net of allowances for doubtful receivables, the Company's exposure to credit risk from trade receivables situated outside the UAE is as follows:

Country	AED
Australia	[]
GCC(KSA, Qatar, Oman, Kuwait, Bahrain)	[]
Europe	[]
United States Of America	[]

Liquidity risk management

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities.

The Company has built an appropriate liquidity risk management framework for the management of its short, medium and long term funding and liquidity requirements. The Company manages liquidity risk by maintaining adequate reserves, banking facilities and borrowing facilities by continuously monitoring forecast and actual cashflows.

24. Financial instruments - risk management (Continued)

Financial instruments by category

The carrying amounts for each class of financial instruments are listed below:

	AED	2012 AED
Financial assets		
- Trade and other receivables	[]
- Due from related parties	[]
- Bank balances and cash	[]
Financial liabilities		
- Trade and other payables	[]
- Due to related parties	[]
- Term loan	[]
- Bills discounted	[]
- Trust receipts	[]
- Vehicle loans	[]
- Bank overdrafts	[]
- Loan from related party	[]

25. Operating leases

As at December 31, 2013, the future minimum lease payments under non-cancelable operating leases are as set out below:

	AED	2012 AED
Not later than one year	[]
Later than one year and not later than five years	[]
Later than five years	[]

AJMAL STEEL TUBES & PIPES INDUSTRIES LIMITED LIABILITY COMPANY, ABU DHABI

Notes to the financial statements for the year ended December 31, 2013

26. Contingent liabilities and other commitments

The Company had the following contingent liabilities and other commitments at the date of the statement of financial position:

		2012
	AED	AED
Letters of credit	[]
Letters of guarantee	[]
	[]

27. Comparative figures

Previous year's figures have been regrouped or reclassified wherever necessary to make them comparable with those of the current year. These reclassifications are not material.

AJMAL STEEL TUBES & PIPES INDUSTRIES LIMITED LIABILITY COMPANY, ABU DHABI

Notes to the financial statements for the year ended December 31, 2013 (Continued)

Schedule of property, plant and equipment

	Buildings on leasehold AED	Plant and machinery AED	Furniture, fixtures and equipment AED	Motor vehicles AED	Total AED
Cost					
At January 02, 2012					
Additions					
Disposals					
At December 31, 2012					
Additions					
Revaluation adjustment					
At December 31, 2013					
Depreciation					
At January 02, 2012					
Charge for the year					
On disposals					
At December 31, 2012					
Charge for the year					
Revaluation adjustment					
At December 31, 2013					
Net Book Value					
At December 31, 2013					
At December 31, 2012					

The depreciation charge is accounted for under the following headings in the statement of comprehensive income

	2013	2012
Cost of sales		
General expenses		
Total		

**AJMAL STEEL TUBES & PIPES INDUSTRIES
LIMITED LIABILITY COMPANY**

Abu Dhabi

Financial statements

Year ended December 31, 2014

AJMAL STEEL TUBES & PIPES INDUSTRIES LIMITED LIABILITY COMPANY, ABU DHABI

Financial statements for the year ended December 31, 2014

Contents

	Page
Managing Director's report	1
Report of the independent auditors	2
Financial statements	
- Statement of financial position	3
- Statement of comprehensive income	4
- Statement of changes in equity	5
- Statement of cash flows	6
- Notes to the financial statements	7 - 27
- Schedule of property, plant and equipment	28

AJMAL STEEL TUBES & PIPES INDUSTRIES LIMITED LIABILITY COMPANY, ABU DHABI

Managing Director's report

The Managing Director has pleasure in submitting this report and financial statements of the Company for the year ended December 31, 2014.

Activities

The principal activities of the Company are steel pipes manufacturing, metal products coating, metal sections manufacturing and galvanized and painted steel sheets and foils manufacturing. The Company's main products are hot dipped galvanized steel sheets and steel pipes.

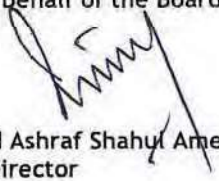
Results and financial position

During the year, the Company has achieved a turnover of [] as against AED [] in the previous year. The Company's financial position has improved and the net assets at the year end were [] The profit for the year was [] and the retained earnings at the year end were []

Auditors

A resolution to reappoint BDO Chartered Accountants & Advisors, as the auditors for the ensuing year, will be put to the members at the Annual General Meeting.

For and on behalf of the Board


Mohammed Ashraf Shahul Ameen
Managing Director
March 15, 2015



Report of the independent auditors to the Shareholders of Ajmal Steel Tubes & Pipes Industries Limited Liability Company, Abu Dhabi

We have audited the accompanying financial statements of Ajmal Steel Tubes & Pipes Industries Limited Liability Company, Abu Dhabi ("the Company"), which comprise the statement of financial position as at December 31, 2014, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended and a summary of significant accounting policies and other explanatory notes.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards. This responsibility includes: designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

Auditors' responsibility

Our responsibility is to express an opinion on these financial statements, based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal controls relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the aforementioned financial statements present fairly, in all material respects, the financial position of Ajmal Steel Tubes & Pipes Industries Limited Liability Company, Abu Dhabi as at December 31, 2014, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Report on other legal and regulatory requirements

We have obtained all the information and explanations, which were necessary for the purposes of our audit and no violation of the UAE Commercial Companies Law No. 8 of 1984 (as amended) or of the constitution of the Company came to our attention, which would materially affect the Company's financial position.

In our opinion, the Company maintains proper books of account and the accompanying financial statements are in agreement therewith. The Company has also conducted the stock taking in accordance with established principles and the financial information contained in the Managing Director's report conforms to the financial statements.

BDO

BDO Chartered Accountants & Advisors
R. Krishnan
Reg. No. 89
Abu Dhabi
March 15, 2015



AJMAL STEEL TUBES & PIPES INDUSTRIES LIMITED LIABILITY COMPANY, ABU DHABI

Statement of financial position at December 31, 2014

	Note	AED	2013 AED
Non current assets			
Property, plant and equipment	5		
Capital advances	6		
Total non current assets			
Current assets			
Inventories	7		
Trade and other receivables	8		
Due from related parties	9		
Bank balances and cash	10		
Total current assets			
Current liabilities			
Trade and other payables	11		
Due to related parties	9		
Bank borrowings	12		
Total current liabilities			
Net current assets			
Non current liabilities			
Bank borrowings	12		
Provision for employees' end of service benefits			
Total non current liabilities			
Net assets			
Equity			
Share capital	13		
Capital contribution	13		
Revaluation reserve	14		
Statutory reserve	15		
Current account	16		
Retained earnings			
Total equity			

The financial statements were approved by the Board of Directors on March 15, 2015 and are signed on its behalf by

Mohammed Ashraf Shahul Ameer
Managing Director



The notes on pages 7 to 28 form part of these financial statements

AJMAL STEEL TUBES & PIPES INDUSTRIES LIMITED LIABILITY COMPANY, ABU DHABI

Statement of comprehensive income for the year ended December 31, 2014

	Note	AED	2013 AED
Revenue			
Cost of sales	19		
Gross profit			
Other income	18		
Administration, selling and general expenses	20		
Finance costs	22		
Profit before management fees			
Management fees	21		
Profit for the year			
Other comprehensive income:			
<i>Items that will not be reclassified to profit or loss:</i>			
Gain on revaluation of property, plant and equipment	14		
Other comprehensive income for the year			
Total comprehensive income for the year			
Foot Note:			
Profit for the year			
Transfer from revaluation reserve to retained earnings on account of excess depreciation charged over and above the original book value (Note 14)			
Profit for the year before adjustment of depreciation due to revaluation			

The notes on pages 7 to 28 form part of these financial statements

AJMAL STEEL TUBES & PIPES INDUSTRIES LIMITED LIABILITY COMPANY, ABU DHABI

Statement of changes in equity for the year ended December 31, 2014

	Share capital	Capital contribution	Revaluation reserve	Statutory reserve	Current account	Retained earnings	Total equity
Balance at December 31, 2012							
Total comprehensive income for the year							
Movement in current account, net							
Dividends distributed (Note 17)							
Balance at December 31, 2013							
Total comprehensive income for the year							
Transfer to revaluation reserve							
Movement in current account, net							
Dividends distributed (Note 17)							
Balance at December 31, 2014							

The notes on pages 7 to 28 form part of these financial statements

AJMAL STEEL TUBES & PIPES INDUSTRIES LIMITED LIABILITY COMPANY, ABU DHABI

Statement of cash flows for the year ended December 31, 2014

	Note	AED	2013 AED
Cash flows from operating activities			
Net profit for the year			
Adjustments for :			
Depreciation			
Interest charges			
End of service benefits			
Interest income			
Increase in inventories			
(Increase) decrease in trade and other receivables			
Increase in due from related parties			
Increase (decrease) in trade and other payables			
(Decrease) increase in due to related parties			
Cash used in operations			
Interest paid			
Interest received			
Net cash used in operating activities			
Cash flows from investing activities			
Acquisition of property, plant and equipment			
Net cash used in investing activities			
Cash flows from financing activities			
Bank borrowings obtained, net			
Bank margins and fixed deposits withdrawn, net			
Related party loan repaid			
Payment of end of service benefits			
Dividend paid during the year			
Movements in current account, net			
Movement in capital advances			
Net cash from financing activities			
Net increase (decrease) in cash and cash equivalents			
Cash and cash equivalents at beginning of year			
Cash and cash equivalents at end of year			

The notes on pages 7 to 28 form part of these financial statements

1. Status and activity

Ajmal Steel Tubes & Pipes Industries Limited Liability Company ("the Company") is registered as a Limited Liability Company in Abu Dhabi, in accordance with the provisions of the UAE Federal Commercial Companies Law No. 8 of 1984 (as amended). The principal place of business of the Company is located at ICAD - I, Mussafah, Post Box 105361, Abu Dhabi, United Arab Emirates.

The principal activities of the Company are steel pipes manufacturing, metal products coating, metal sections manufacturing and galvanized and painted steel sheets and foils manufacturing. The Company's main products are hot dipped galvanized steel sheets and steel pipes.

The financial statements for the year ended December 31, 2014 were authorised for issue by the Board of Directors on March 15, 2015.

These financial statements are presented in UAE Dirhams ("AED").

2. Adoption of new and revised standards

The following new and revised IFRSs have been adopted in these financial statements. The application of these new and revised IFRSs has not had any material impact on the amounts reported for the current and prior years but may affect the accounting for future transactions or arrangements.

♦ **IAS 32 Offsetting Financial Assets and Financial Liabilities (Effective for annual periods beginning on or after January 1, 2014)**

The amendment to IAS 32 'Financial Instruments: Presentation' clarifies certain aspects because of diversity in application of the requirements on offsetting and focusing on the following aspects:

- the meaning of 'currently has a legally enforceable right of set-off';
- the application of simultaneous realisation and settlement;
- the offsetting of collateral amounts;
- the unit of account for applying the offsetting requirements.

The amendment has no impact on the Company's financial position or comprehensive income on adoption.

♦ **IAS 36 Recoverable Amount Disclosures for Non-Financial Assets (Effective for annual periods beginning on or after January 1, 2014)**

The amendment to IAS 36 'Impairment of Assets' reduces the circumstances in which the recoverable amount of assets or cash-generating units is required to be disclosed, clarify the disclosures required, and to introduce an explicit requirement to disclose the discount rate used in determining impairment (or reversals) where recoverable amount (based on fair value less costs of disposal) is determined using a present value technique.

The amendment has no impact on the Company's financial position or comprehensive income on adoption.

2. Adoption of new and revised standards (Continued)

New standards, interpretations and amendments not yet effective

The Company has not applied the following new and revised IFRSs that have been issued but are not yet effective for annual periods beginning on or after January 1, 2014:

♦ IFRS 9 'Financial instruments (2009)'

The standard addresses the classification, measurement and recognition of financial assets and financial liabilities. IFRS 9 was issued in November 2009 and October 2010. It replaces the parts of IAS 39 that relate to the classification and measurement of financial instruments. IFRS 9 requires financial assets to be classified into two measurement categories: those measured at fair value and those measured at amortised cost. The determination is made at initial recognition. The classification depends on the entity's business model for managing its financial instruments and the contractual cash flow characteristics of the instrument. For financial liabilities, the standard retains most of the IAS 39 requirements. The main change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity's own credit risk is recorded in other comprehensive income rather than the income statement, unless this creates an accounting mismatch.

♦ IFRS 9 'Financial instruments (2010)'

A revised version of IFRS 9 incorporates revised requirements for the classification and measurement of financial liabilities, and carries over the existing derecognition requirements from IAS 39 'Financial Instruments: Recognition and Measurement'.

The revised financial liability provisions maintain the existing amortised cost measurement basis for most liabilities. New requirements apply where an entity chooses to measure a liability at fair value through profit or loss - in these cases, the portion of the change in fair value related to changes in the entity's own credit risk is presented in other comprehensive income rather than within profit or loss.

♦ IFRS 9 'Financial instruments (2013)' (Hedge Accounting and amendments to IFRS 9, IFRS 7 and IAS 39)

A revised version of IFRS 9 incorporating revised requirements contains a new chapter to IFRS 9 on hedge accounting, putting in place a new hedge accounting model that is designed to be more closely aligned with how entities undertake risk management activities when hedging financial and non-financial risk exposures. It also permits an entity to apply only the requirements introduced in IFRS 9 (2010) for the presentation of gains and losses on financial liabilities designated as at fair value through profit or loss without applying the other requirements of IFRS 9, meaning the portion of the change in fair value related to changes in the entity's own credit risk can be presented in other comprehensive income rather than within profit or loss.

The revised version also removes the mandatory effective date of IFRS 9 (2013), IFRS 9 (2010) and IFRS 9 (2009), leaving the effective date open pending the finalisation of the impairment and classification and measurement requirements. Notwithstanding the removal of an effective date, each standard remains available for application.

2. Adoption of new and revised standards (Continued)

♦ IFRS 9 'Financial instruments (2014)'

This is a finalised version of IFRS 9 which contains accounting requirements for financial instruments, replacing IAS 39 'Financial Instruments: Recognition and Measurement'. The standard contains requirements in the following areas:

Classification and measurement: Financial assets are classified by reference to the business model within which they are held and their contractual cash flow characteristics. The 2014 version of IFRS 9 introduces a 'fair value through other comprehensive income' category for certain debt instruments. Financial liabilities are classified in a similar manner as under IAS 39; however there are differences in the requirements for applying to the measurement of an entity's own credit risk.

Impairment: The 2014 version of IFRS 9 introduces an 'expected credit loss' model for the measurement of the impairment of financial assets, so it is no longer necessary for a credit event to have occurred before a credit loss is recognised.

Hedge accounting: Introduces a new hedge accounting model that is designed to be more closely aligned with how entities undertake risk management activities when hedging financial and non-financial risk exposures.

Derecognition: The requirements for the derecognition of financial assets and liabilities are carried forward from IAS 39.

IFRS 9 (2014) was issued on July 24, 2014 and supersedes IFRS 9 (2009), IFRS 9 (2010) and IFRS 9 (2013), but this version of the standard remains available for application if the relevant date of initial application is before February 1, 2015.

The Company is yet to determine whether it shall adopt IFRS 9 (2013) or adopt IFRS 9 (2014) at a later date. Accordingly, the Company is yet to assess the full impact on adoption of IFRS 9.

♦ IAS 16 and IAS 38 'Clarification of Acceptable Methods of Depreciation and Amortisation (Amendments to IAS 16 and IAS 38)' (Effective for annual periods beginning on or after January 1, 2016):

This amends IAS 16 'Property, Plant and Equipment' and IAS 38 'Intangible Assets' to:

- clarify that a depreciation method that is based on revenue that is generated by an activity that includes the use of an asset is not appropriate for property, plant and equipment;
- introduce a rebuttable presumption that an amortisation method that is based on the revenue generated by an activity that includes the use of an intangible asset is inappropriate, which can only be overcome in limited circumstances where the intangible asset is expressed as a measure of revenue, or when it can be demonstrated that revenue and the consumption of the economic benefits of the intangible asset are highly correlated;
- add guidance that expected future reductions in the selling price of an item that was produced using an asset could indicate the expectation of technological or commercial obsolescence of the asset, which, in turn, might reflect a reduction of the future economic benefits embodied in the asset.

2. Adoption of new and revised standards (Continued)

These amendments will not impact the Company's financial position or comprehensive income and becomes effective for annual periods beginning on or after January 1, 2016.

♦ **IAS 19 'Defined Benefit Plans: Employee Contributions (Amendments to IAS 19)' (Effective for annual periods beginning on or after July 1, 2014):**

This amends IAS 19 to clarify the requirements that relate to how contributions from employees or third parties that are linked to service should be attributed to periods of service. In addition, it permits a practical and expedient treatment if the amount of the contributions is independent of the number of years of service, in that, contributions can, but are not required, to be recognised as a reduction in the service cost in the period in which the related service is rendered.

These amendments will not impact the Company's financial position or comprehensive income and becomes effective for annual periods beginning on or after July 1, 2014.

Annual Improvements to IFRSs 2010-2012 Cycle (Effective for annual periods beginning on or after July 1, 2014):

IFRS 13 'Fair Value Measurements'

This improvement clarifies that issuing IFRS 13 and amending IFRS 9 and IAS 39 did not remove the ability to measure certain short-term receivables and payables on an undiscounted basis (amends basis for conclusions only). The amendment has not impacted the Company's financial position or comprehensive income on adoption.

IAS 16 'Property, Plant and Equipment' and IAS 38 'Intangible Assets'

The improvement clarifies that the gross amount of property, plant and equipment is adjusted in a manner consistent with a revaluation of the carrying amount. The amendment has not impacted the Company's financial position or comprehensive income on adoption.

IAS 24 'Related Party Disclosures'

The improvement clarifies how payments to entities providing management services are to be disclosed. The amendment has no impact on the Company's financial position or comprehensive income on adoption.

2. Adoption of new and revised standards (Continued)

Annual Improvements to IFRSs 2011-2013 Cycle (Effective for annual periods beginning on or after July 1, 2014):

IFRS 1 'First-time Adoption of International Financial Reporting Standards'

This amendment clarifies which versions of IFRSs can be used on initial adoption (amends basis for conclusions only). The annual improvement has not impacted the Company's financial position or comprehensive income on adoption.

IFRS 13 'Fair Value Measurements'

This improvement clarifies the scope of the portfolio exception in paragraph 52. The amendment has not impacted on the Company's financial position or comprehensive income on adoption.

Annual Improvements to IFRSs 2012-2014 Cycle (Effective for annual periods beginning on or after July 1, 2016):

IFRS 7 'Financial Instruments: Disclosures'

This improvement provides additional guidance to clarify whether a servicing contract is continuing involvement in a transferred asset, and clarification on offsetting disclosures in condensed interim financial statements. The annual improvement has not impacted the Company's financial position or comprehensive income on adoption.

IAS 19 'Employee Benefits'

This improvement clarifies that high quality corporate bonds used in estimating the discount rate for post-employment benefits should be denominated in the same currency as the benefits to be paid. The amendment has no impact on the Company's financial position or comprehensive income on adoption.

IAS 34 'Interim Financial Reporting'

The improvement clarifies the meaning of 'elsewhere in the interim report' and requires a cross-reference. The amendment has no impact on the Company's financial position or comprehensive income on adoption.

3. Significant accounting policies

These financial statements are prepared under the historical cost convention and in accordance with International Financial Reporting Standards. These financial statements also comply with the requirements of UAE Commercial Companies Law No. 8 of 1984 (as amended).

The significant accounting policies adopted are as follows:

Property, plant and equipment

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

Subsequent to the initial recognition, property, plant and equipment are stated at cost or revalued amount less accumulated depreciation and accumulated impairment losses. Property, plant and equipment are tested for impairment at each statement of financial position date.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. The difference between the net disposal proceeds, if any and the net carrying amount is recognised in the statement of comprehensive income.

Buildings and plant and machinery are measured at fair value, less depreciation and subsequent impairment losses. Revaluations are performed with sufficient regularity such that the carrying amounts do not differ materially from those that would be determined using fair values at the date of statement of financial position. Buildings and Plant and machinery are stated at revalued amount, being the fair value. Accumulated depreciation at the revaluation date is restated proportionately with the change in the gross carrying amount of the asset so that the carrying amount of the asset after revaluation equals its revalued amount. Any revaluation increase arising on the revaluation is credited in statement of changes in equity to the revaluation reserve, except to the extent that it reverses a revaluation decrease for the same asset previously recognised in the statement of comprehensive income, in which case the increase is credited to the statement of comprehensive income to the extent of the decrease previously charged. A decrease in the carrying amount arising on the revaluation of such buildings and plant and machinery is charged to the statement of comprehensive income to the extent that it exceeds the balance, if any, held in the revaluation reserve relating to a previous revaluation of that asset.

Depreciation on revalued buildings and plant and machinery are charged to statement of comprehensive income. On the subsequent sale or retirement of a revalued property, the attributable revaluation surplus remaining in the revaluation reserve is transferred directly to retained earnings. An annual transfer from the revaluation reserve to retained earnings is made for the difference between the depreciation on the revalued amount of the assets and depreciation on the assets' original cost.

3. Significant accounting policies (Continued)*Depreciation*

Depreciation is consistently provided on the straight-line basis so as to write off the cost or revalued amount of property, plant and equipment over their estimated useful lives. The expected useful lives of the property, plant and equipment are estimated as follows:

Buildings on leasehold land (Revalued)	20 years
Plant and machinery (Revalued)	10 years
Furniture, fixtures and equipment	5 years
Motor vehicles	5 years

Impairments

The carrying amounts of the Company's assets are reviewed annually at each date of the statement of financial position to determine whether the assets have been impaired during the year. Where an asset has been impaired, the recoverable amount of the asset is determined. Where the carrying amount exceeds the recoverable amount, the asset is written down to its recoverable amount. The resultant impairment loss is recognised as an expense in the statement of comprehensive income.

Inventories

Inventories are initially recognised at cost, and subsequently stated at the lower of average purchase cost and net realisable value. Cost is determined as follows:

Raw Materials:

The cost of raw materials includes purchase cost, insurance, freight and other costs incurred to bring the raw materials to their present location and condition. Raw materials are valued at weighted average cost basis.

Consumables:

Consumables and spare parts are valued based on the weighted average method.

Work in progress:

Work in progress is valued at cost by reference to stage of completion. Cost includes raw material cost plus attributable production overheads.

Finished Goods:

Cost of finished goods comprises cost of raw materials, direct labour, other direct costs and related production overheads.

Net realisable value is the amount that can be realised from the sale of the inventory in the normal course of business after allowing for the costs of realisation.

3. Significant accounting policies (Continued)

Goods in transit:

Goods in transit are stated at cost. These are subject to impairment when fair value less costs to sell are less than cost.

Financial assets

All financial assets are recognised and derecognised on trade date and are initially measured at fair value, plus transaction costs, except for those financial assets classified as fair value through profit and loss account, which are initially measured at fair value. The financial assets consist of bank balances and cash, trade and other receivables and due from related parties. Cash consists of cash on hand and cash held on bank current account or on deposits at variable interest rates. Any interest earned is accrued monthly and classified as interest income.

Financial assets are classified into the following specified categories: financial assets at fair value through profit or loss account, held to maturity investments, loans and receivables and available-for-sale investments. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

- ♦ Financial assets are classified as fair value through profit or loss when the financial asset is either a held for trading investment or it is designated as fair value through profit or loss. A financial asset is classified as held for trading if, it has been acquired principally for the purpose of selling it in the near term; or on initial recognition it is part of a portfolio of identified financial instruments that the Company manages together and has a recent actual pattern of short-term profit-taking; or it is a derivative that is not designated and effective as a hedging instrument.
- ♦ Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity that an entity has the positive intention and ability to hold to maturity.
- ♦ Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.
- ♦ Available-for-sale financial assets are those non-derivative financial assets that are designated as available for sale or are not classified as loans and receivables, held-to-maturity investments or financial assets at fair value through profit or loss.

Loans and receivables comprise of trade receivables, due from related parties, and other receivables that have fixed or determinable payments and are not quoted in an active market. Loans and receivables are subsequently measured at amortised cost using the effective interest rate.

Employees' end of service benefits

Provision for employees' end of service benefits is made on the basis prescribed in the UAE Labour Law, for the accumulated period of service at the date of the statement of financial position. In accordance with the consistent policy being followed in this regard, provision for employees' end of service benefits is treated as a long-term liability.

Provisions

Provisions are recognised in the statement of financial position when the Company has a present obligation (legal or constructive) as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

3. Significant accounting policies (Continued)

Financial liabilities

Financial liabilities are classified as either financial liabilities at fair value through profit and loss account or other financial liabilities. The Company's financial liabilities consist of trade and other payables and bank borrowings. The trade and other payables are initially measured at fair value and subsequently carried at amortised cost using the effective interest method. The bank borrowings are initially recognised at fair value net of transaction costs directly attributable to its issue. Such interest bearing liability is measured at amortised cost using the effective interest rate method.

Revenue recognition

Revenue from the sale of goods is recognised net of discounts, when the significant risks and rewards of ownership of the goods have passed to the buyer and the amount is measured reliably.

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

Leasing

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the statement of comprehensive income on a straight-line basis over the period of the lease.

Foreign currencies

Transactions in foreign currencies during the year are converted into AED at rates of exchange ruling at the transaction dates. Monetary assets and liabilities in foreign currencies are translated to AED at the rates of exchange ruling at the date of the statement of financial position. All gains and losses on exchange are taken to the statement of comprehensive income.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation. All other borrowing costs are recognised in the statement of comprehensive income in the period in which they are incurred.

Cash and cash equivalents

For the purposes of the statement of cash flows, cash and cash equivalents comprise cash and bank balances (excluding fixed deposits) and bank overdrafts.

4. Critical accounting judgements and key sources of estimation uncertainty

In the application of the Company's accounting policies, which are described in Note: 3 management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities 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.

Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the date of the statement of financial position, 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.

Property, plant and equipment

Property, plant and equipment are depreciated over their estimated useful lives, which are based on estimates for expected usage of the asset and expected physical wear and tear which are dependent on operational factors. Management has not considered any residual value as it is deemed immaterial.

Inventories

Inventories are stated at the lower of average purchase cost and market value. Adjustments are made to reduce the cost of inventory to its realisable value, if required, for estimated excess, obsolescence or impaired balances. Factors influencing these adjustments include changes in demand, product pricing, quality issues and expired products. Based on the above factors, the Company arrives at certain percentages for allowance for slow moving and obsolete inventories. Revisions to these adjustments would be required if these factors differ from the estimates.

Allowance for doubtful debts

An allowance for doubtful debts is determined using a combination of factors to ensure that the trade receivables are not overstated due to uncollectibility. The allowance for doubtful debts for all customers is based on a variety of factors, including the overall quality and ageing of receivables, continuing credit evaluation of the customers' financial condition and collateral requirements from customers in certain circumstances.

5. Property, plant and equipment

Movements in property, plant and equipment are given on page 28.

The net book value of property, plant and equipment purchased under financing arrangements, which are subject to a charge, amounted to

Property, plant and equipment include buildings which are built on leasehold-land, which is renewed periodically. These are being depreciated over the estimated useful lives since the management anticipates that the lease would continue to be renewed in the foreseeable future.

6. Capital advances

These consist of advances made to vendors for the construction and acquisition of fixed assets.

7. Inventories

		2013
	AED	AED
Raw materials	[]
Work in progress	[]
Goods in transit	[]
Stores consumables and spares	[]
Finished goods	[]
Less: Provision for obsolete inventories	[]

Inventories are stated net of allowance for slow moving and obsolete items.

The cost of inventories recognised as expense amounted to [] (Previous year: [])

Goods in transit represent goods that have been purchased by the Company but not in the possession of the Company at the year end. The risk and rewards are held with the Company at year end.

8. Trade and other receivables

		2013
Trade receivables	[]
Accrued income	[]
Prepayments	[]
Deposits	[]
Other receivables and advances	[]

There are 10 customers (Previous year: 8 customers) who represent 59 percent (Previous year: 53 percent) of the total balance of trade receivables. Trade receivables amounting to AED [] are not past due. The Company does not hold any collateral over these balances nor does it have a legal right of offset against any amounts owed by the Company to the counterparty.

Included in trade receivables are debtors with carrying amounts of [] (Previous year: []) which are past due at the reporting date for which the Company, based on its past default experience has not provided as it still considers these amounts as recoverable.

The carrying amount of trade receivables approximates to its fair value, which is based on an estimate of the recoverable amount.

AJMAL STEEL TUBES & PIPES INDUSTRIES LIMITED LIABILITY COMPANY, ABU DHABI

Notes to the financial statements for the year ended December 31, 2014 (Continued)

8. Trade and other receivables (Continued)

	AED	2013 AED
Ageing analysis of past due receivables is as under:		
Amount past due but not impaired	[]
	[]
	[]
Total trade receivables past due	[]

9. Related parties

Related parties include the shareholders, key management personnel, associates, joint ventures and any businesses which are controlled directly or indirectly by the Company or over which they exercise significant management influence. The balances due from / to such parties, which have been disclosed separately in the financial statements are unsecured, interest-free and are repayable on demand.

Significant related party transactions during the year are as follows:

	AED	2013 AED
Related parties		
- Revenue	[]
- Other income	[]
- Directors remuneration	[]
- Related party loan repaid	[]
- Management fees	[]
Related party balances are as under:		
Payables:		
- Other related parties	[]
Receivables:		
- Other related parties	[]

AJMAL STEEL TUBES & PIPES INDUSTRIES LIMITED LIABILITY COMPANY, ABU DHABI

Notes to the financial statements for the year ended December 31, 2014 (Continued)

10. Bank balances and cash

		2013
	AED	AED
Cash in hand	[]
Bank current accounts	[]
	[]
Margin money with banks	[]
Bank fixed deposits	[]
	[]

Fixed deposits are under lien with the banks towards the banking facilities availed by the Company.

The carrying amount of these assets approximates to their fair value.

11. Trade and other payables

		2013
	AED	AED
Trade payables	[]
Advance from customers	[]
Provision for expenses	[]
Accrued expenses	[]
	[]

The Company has financial risk management policies in place to ensure that payables are paid within the credit time frame.

12. Bank borrowings

		2013
	AED	AED
<i>Current</i>		
Term loans - current portion	[]
Bills discounted	[]
Trust receipts	[]
Vehicle loans - current portion	[]
Bank overdrafts	[]
	[]

AJMAL STEEL TUBES & PIPES INDUSTRIES LIMITED LIABILITY COMPANY, ABU DHABI

Notes to the financial statements for the year ended December 31, 2014 (Continued)

12. Bank borrowings (Continued)

		2013
	AED	AED
<i>Non current</i>	[]
Term loans - long term portion	[]
Vehicle loans - long term portion	[]

Significant terms and conditions

Bank loans and overdrafts are secured by the personal guarantee of a shareholder and related party, corporate guarantee of related parties, assignment of insurance policies thereon, subordination of shareholders' current account, hypothecation of inventories and book debts and lien over the Company's fixed deposits. The effective interest rates on bank loans and overdrafts are at fixed and floating rates negotiated from time to time.

The term loans are payable in fixed monthly installments consisting of principal and interest. The installments due within twelve months from the date of the statement of financial position have been classified as current liabilities.

Motor vehicle loans represent loans taken from the bank at a fixed commercial rate of interest. These loans are secured by a charge on the motor vehicles purchased under financing arrangement. The installments due within twelve months from the date of the statement of financial position have been classified as current liabilities. Certain vehicles are registered in the name of the employees of the Company who confirm that these are held by them in trust on behalf of the Company.

13. Share capital

		2013
	AED	AED
Authorised, issued and paid up capital	[]
[[]
Name of shareholders	[]
Ishaq Mohamed Salem Mohamed Al Meeza Al Beshar	[]
Mohamed Ashraf Shahul Ameen	[]

In addition to the above, Mr. Mohamed Ashraf Shahul Ameen, one of the shareholders, has contributed [] to meet the additional financial requirements of the Company, which is treated as capital contribution.

AJMAL STEEL TUBES & PIPES INDUSTRIES LIMITED LIABILITY COMPANY, ABU DHABI

Notes to the financial statements for the year ended December 31, 2014 (Continued)

14. Revaluation reserve

	AED	2013 AED
Beginning balance	[]
Revaluation during the year	[]
Transferred to retained earnings	[]
Ending balance	[]

The buildings and plant and machinery were valued by independent valuer in 2013. The excess of the revalued amount over the carrying amount of the buildings and plant and machinery was credited to revaluation reserve. The revaluation reserve is not available for distribution.

The excess depreciation charge on account of revaluation over and above the original cost amounting [2013: Nil] has been transferred from revaluation reserve to retained earnings.]

15. Statutory reserve

In accordance with article 255 of the Federal Commercial Companies Law No.8 of 1984 (as amended), 10 per cent of the net profit for the year is to be allocated to statutory reserve subject to a minimum of 50 per cent of the share capital of the Company. The shareholders have resolved to suspend further transfers to statutory reserve. This reserve is not available for distribution among the shareholders.

During the year, no transfer of net profit has been made to the legal reserve since the legal reserve has already reached 50% of the share capital.

16. Current account

This represents the funds contributed by Mr. Mohamed Ashraf Shahul Ameen, one of the shareholders to support additional financial requirements of the business operations of the entity. The current account balance is subordinated to the bank against the facilities availed by the Company and disclosed as a component of equity. The movements in the current account are given in the statement of changes in equity on page no.5.

17. Dividend

A final dividend of [] was distributed to shareholders for the year ended December 31, 2014.

AJMAL STEEL TUBES & PIPES INDUSTRIES LIMITED LIABILITY COMPANY, ABU DHABI

Notes to the financial statements for the year ended December 31, 2014 (Continued)

18. Other income

	AED	2013 AED
Interest income	[]
Miscellaneous	[]

Miscellaneous income includes rental income from the related parties for use of trailers and discount received from suppliers.

19. Cost of sales

	AED	2013 AED
Cost of Goods sold	[]
Freight inward and shipping expenses	[]
Wages	[]
Depreciation on building & plant & machinery	[]
Consumables	[]
Other direct expenses	[]

AJMAL STEEL TUBES & PIPES INDUSTRIES LIMITED LIABILITY COMPANY, ABU DHABI

Notes to the financial statements for the year ended December 31, 2014 (Continued)

20. Administrative, selling and general expenses

		2013
	AED	AED
Staff salaries and other benefits	[]
Rent and licence fees	[]
Communication	[]
Travelling	[]
Vehicle and conveyance	[]
Advertisements, entertainment & business promotion	[]
Immigration and legal expenses	[]
Insurance	[]
Printing and stationery	[]
Repairs and maintenance	[]
Selling expenses	[]
Exchange loss, net	[]
Other	[]
Depreciation	[]

21. Management fees

As per the provisions of the Memorandum of Association, the Managing Director of the Company is entitled to a management fee of 12% of the gross sales of the Company. During the year the Managing Director has agreed to accept [] is his management fees and waived his rights to charge the balance fees for which he is entitled.

22. Finance costs

		2013
Bank charges	[]
Interest on borrowings	[]

Notes to the financial statements for the year ended December 31, 2014 (Continued)

		2013
	AED	AED
Cash and bank balances		
Bank overdrafts		
24. Financial instruments - risk management		

Capital risk management

The capital structure of the Company consists of borrowings, cash and cash equivalents and equity attributable to equity holders, comprising of capital, reserves, current account and retained earnings.

Market risk management

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

Foreign currency risk management

	AED	AED
Profit or loss		

24. Financial instruments - risk management (Continued)

Interest rate risk management

The Company is exposed to interest rate risk as it borrows funds at both fixed and floating interest rates. The effective interest rates on financial assets and financial liabilities are at fixed and floating rates negotiated from time to time. Sensitivity analysis of interest rates are as follows:

If the interest rates have been 50 base points higher or lower and all other variables were held constant, the Company's profits would increase or decrease by []
[] entities in the Company.

Credit risk management

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

The Company is potentially exposed to concentration of credit risk from its financial assets which comprise principally fixed deposits, bank balances, trade and other receivables and amounts due from related parties. The Company's bank accounts are placed with high credit quality financial institutions. The credit risk is subjected to credit evaluations and an allowance is made for estimated irrecoverable amounts. There are 10 customers who represent 59 percent of the total balance of trade receivables.

As at year end the amounts presented in the statement of financial position are net of allowances for doubtful receivables, the Company's exposure to credit risk from trade receivables situated outside the UAE is as follows:

Country	AED
Australia	[]
GCC(KSA, Qatar, Oman, Kuwait, Bahrain)	[]
Europe	[]
United States Of America	[]

Liquidity risk management

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities.

The Company has built an appropriate liquidity risk management framework for the management of its short, medium and long term funding and liquidity requirements. The Company manages liquidity risk by maintaining adequate reserves, banking facilities and borrowing facilities by continuously monitoring forecast and actual cashflows.

24. Financial instruments - risk management (Continued)

Financial instruments by category

The carrying amounts for each class of financial instruments are listed below:

	AED	2013 AED
Financial assets		
- Trade and other receivables	[]
- Due from related parties	[]
- Bank balances and cash	[]
Financial liabilities		
- Trade and other payables	[]
- Due to related parties	[]
- Term loans	[]
- Bills discounted	[]
- Trust receipts	[]
- Vehicle loans	[]
- Bank overdrafts	[]

25. Operating leases

As at December 31, 2014, the future minimum lease payments under non-cancelable operating leases are as set out below:

	AED	2013 AED
Not later than one year	[]
Later than one year and not later than five years	[]
Later than five years	-]
	-]

AJMAL STEEL TUBES & PIPES INDUSTRIES LIMITED LIABILITY COMPANY, ABU DHABI

Notes to the financial statements for the year ended December 31, 2014

26. Contingent liabilities and other commitments

The Company had the following contingent liabilities and other commitments at the date of the statement of financial position:

		2013
	AED	AED
Letters of credit	[]
Letters of guarantee	[]
	[]
	[]

27. Comparative figures

Previous year's figures have been regrouped or reclassified wherever necessary to make them comparable with those of the current year. These reclassifications are not material.

AJMAL STEEL TUBES & PIPES INDUSTRIES LIMITED LIABILITY COMPANY, ABU DHABI

Notes to the financial statements for the year ended December 31, 2014 (Continued)

Schedule of property, plant and equipment

	Buildings on leasehold AED	Plant and machinery AED	Furniture, fixtures and equipment AED	Motor vehicles AED	Total AED
Cost					
At January 1, 2013					
Additions					
Revaluation					
At December 31, 2013					
Additions					
At December 31, 2014					
Depreciation					
At January 01, 2013					
Charge for the year					
Transfer					
At December 31, 2013					
Charge for the year					
At December 31, 2014					
Net Book Value					
At December 31, 2014					
At December 31, 2013					

The depreciation charge is accounted for under the following headings in the statement of comprehensive income

	2014	2013
Cost of sales		
General expenses		
Total		

**AJMAL STEEL TUBES & PIPES INDUSTRIES
LIMITED LIABILITY COMPANY**

Abu Dhabi

Financial statements

Year ended December 31, 2016

Contents

Page	
1	Managing Director's report
2 - 4	Independent Auditor's Report
	Financial statements
5	- Statement of financial position
6	- Statement of comprehensive income
7	- Statement of changes in equity
8	- Statement of cash flows
9 - 32	- Notes to the financial statements
33	- Schedule of property, plant and equipment

The Managing Director has pleasure in submitting this report and financial statements of the Company for the year ended December 31, 2016.

Activities

The principal activities of the Company are steel pipes manufacturing, metal products coating, metal sections manufacturing and galvanized and painted steel sheets and foils manufacturing. The Company's main products are hot dipped galvanized steel sheets and steel pipes.

Results and financial position

During the year, the Company has achieved a turnover of [] as against [] in the previous year. The Company's financial position has improved and the net assets at the year end were [] The profit for the year was [] and the retained earnings at the year end were []

Auditors

A resolution to reappoint BDO Chartered Accountants & Advisors, as the auditors for the ensuing year, will be put to the members at the Annual General Meeting.

For and on behalf of the Board



Mohammed Ashraf Shahul Ameer
Managing Director
June 11, 2017

Independent Auditor's Report

To the Shareholders of Ajmal Steel Tubes & Pipes Industries Limited Liability Company, Abu Dhabi

option

We have audited the financial statements of Ajmal Steel Tubes & Pipes Industries Limited liability Company, Abu Dhabi ("the Company"), which comprise the statement of financial position at December 31, 2016, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and the notes to the financial statements, including a summary of significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of management for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the International Financial Reporting Standards (IFRS), and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Independent Auditor's Report (Continued)

Auditor's responsibilities for the audit of the financial statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such evidence is inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Independent Auditor's Report (Continued)

Report on other legal and regulatory requirements

Further, as required by the UAE Federal Law No. (2) of 2015, we report that:

- i) we have obtained all the information we considered necessary for the purposes of our audit;
- ii) the financial statements have been prepared and comply, in all material respects, with the applicable provisions of the UAE Federal Law No. (2) of 2015;
- iii) the Company has maintained proper books of account;
- iv) the financial information included in the report of the Managing Director is consistent with the books of accounts of the Company;
- v) note 9 to the financial statements discloses material related party transactions and balances, and the arrangements in this regard;
- vi) based on the information that has been made available to us nothing has come to our attention which causes us to believe that the company has contravened during the financial year ended December 31, 2016 any of the applicable provisions of the UAE Federal Law No.(2) of 2015 or of its Articles of Association which would materially affect its activities or its financial position as at December 31, 2016.

R. Krishnan
 BDO Chartered Accountants & Advisors
 R. Krishnan
 Reg. No. 89
 Abu Dhabi
 June 11, 2017



2015

Note	2015	2016
Non current assets		
Property, plant and equipment	5	
Capital advances	6	
Total non current assets		
Current assets		
Inventories	7	
Trade and other receivables	8	
Due from related parties	9	
Bank balances and cash	10	
Total current assets		
Current liabilities		
Trade and other payables	11	
Due to related parties	9	
Bank borrowings	12	
Total current liabilities		
Net current assets		
Non current liabilities		
Bank borrowings	12	
Provision for employees' end of service benefits	13	
Total non current liabilities		
Net assets		
Equity		
Share capital	13	
Capital contribution		
Revaluation reserve	15	
Statutory reserve	16	
Current account	17	
Retained earnings		
Total equity		

These financial statements were approved by the Board of Directors on June 11, 2017 and are signed on its behalf by:



Mohammed Ashraf Shahul Ameen
Managing Director

The notes on pages 9 to 33 form part of these financial statements

AJMAL STEEL TUBES & PIPES INDUSTRIES LIMITED LIABILITY COMPANY, ABU DHABI

Statement of comprehensive income for the year ended December 31, 2016

Revenue	20	Note
Cost of sales		
Gross profit		
Other income	19	
Administrative, selling and general expenses	21	
Finance costs	23	
Profit before management fees		
Management fees	22	
Profit for the year		
Total comprehensive income for the year		

2015

The notes on pages 9 to 33 form part of these financial statements

AJMAL STEEL TUBES & PIPES INDUSTRIES LIMITED LIABILITY COMPANY, ABU DHABI

Statement of changes in equity for the year ended December 31, 2016

	Share capital	Capital contribution	Revaluation reserve	Statutory reserve	Current account	Retained earnings	Total equity
Balance at January 01, 2015							
Total comprehensive income for the year							
Transfer to revaluation reserve							
Movement in current account, net							
Dividends distributed (Note 18)							
Balance at December 31, 2015							
Total comprehensive income for the year							
Transfer to revaluation reserve							
Movement in current account, net							
Dividends distributed (Note 18)							
Balance at December 31, 2016							

The notes on pages 9 to 33 form part of these financial statements

2015

Note

Cash flows from operating activities	
Net profit for the year	
Adjustments for :	
Depreciation	5
Interest charges	23
Provision for end of service benefits	
Provision for end of service benefits reversed	
Interest income	19
Adjustment in depreciation	
(Increase) decrease in inventories	7
Increase in trade and other receivables	8
Decrease in due from related parties	9
Increase in trade and other payables	11
Increase in due to related parties	9
Cash generated from operations	
Interest paid	
Interest received	
Payment of end of service benefits	
Net cash from operating activities	
Cash flows from investing activities	
Acquisition of property, plant and equipment	5
Proceeds from disposal of property, plant and equipment	
Increase in capital work in progress, net	
Net cash used in investing activities	
Cash flows from financing activities	
Bank borrowings repaid, net	12
Bank margins and fixed deposits placed, net	10
Dividend distributed during the year	18
Movements in current account, net	
Movement in capital advances	
Net cash used in financing activities	
Cash and cash equivalents at the beginning of year	
Cash and cash equivalents at the end of year	24

The notes on pages 9 to 33 form part of these financial statements

1. Status and activity

Ajmal Steel Tubes & Pipes Industries Limited Liability Company ("the Company") is registered as a Limited Liability Company in Abu Dhabi, in accordance with the provisions of the UAE Federal Commercial Companies Law No. 8 of 1984 (as amended). The principal place of business of the Company is located at ICAD - I, Mussafah, Post Box 105361, Abu Dhabi, United Arab Emirates.

The principal activities of the Company are steel pipes manufacturing, metal products coating, metal sections manufacturing and galvanized and painted steel sheets and foils manufacturing. The Company's main products are hot dipped galvanized steel sheets and steel pipes.

The Federal Law No. 8 of 1984 concerning Commercial Companies ("Old Law") has been replaced with Federal Law no. 2 of 2015 ("New Law") which was effective from 1 July 2015. As per Federal Law no. 2 of 2015, the Companies are required to amend their existing Memorandum of Association and Articles of Association to comply with the provisions of the new law by 30 June 2016.

The management is not aware of any significant non-compliance with the provisions of Federal Law No. 2 of 2015. Subsequently to the year end the management has amended the Memorandum of Association and Articles of Association as per the Federal Law No. 2 of 2015.

These financial statements for the year ended December 31, 2016 were authorised for issue by the Board of Directors on June 11, 2017.

These financial statements are presented in UAE Dirhams ("AED").

2. Adoption of new and revised standards

New standards, interpretations and amendments effective from January 1, 2016

The following new and revised IFRSs have been adopted in these separate financial statements. The application of these new and revised IFRSs has not had any material impact on the amounts reported for the current and prior years but may affect the accounting for future transactions or arrangements.

- ♦ ***IFRS 10 and IAS 28 'Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28)' (Effective for annual periods beginning on or after January 1, 2016):***

This amends IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures (2011) to clarify the treatment of the sale or contribution of assets from an investor to its associate or joint venture, as follows:

- ♦ require full recognition in the investor's financial statements of gains and losses arising on the sale or contribution of assets that constitute a business (as defined in IFRS 3 Business Combinations);

- ♦ require the partial recognition of gains and losses where the assets do not constitute a business, i.e. a gain or loss is recognised only to the extent of the unrelated investors' interests in that associate or joint venture.

These requirements apply regardless of the legal form of the transaction, e.g. whether the sale or contribution of assets occurs by an investor transferring shares in an subsidiary that holds the assets (resulting in loss of control of the subsidiary), or by the direct sale of the assets themselves.

These amendments will not impact the Company's financial position or performance and

2. Adoption of new and revised standards (Continued)

- becomes effective for annual periods beginning on or after January 1, 2016.
- ♦ **IFRS 11 'Accounting for Acquisitions of Interests in Joint Operations (Amendments to IFRS 11)'** (Effective for annual periods beginning on or after January 1, 2016): This amends IFRS 11 Joint Arrangements to require an acquirer of an interest in a joint operation in which the activity constitutes a business (as defined in IFRS 3 Business Combinations) to:
 - ♦ apply all of the business combinations accounting principles in IFRS 3 and other IFRSs, except for those principles that conflict with the guidance in IFRS 11;
 - ♦ disclose the information required by IFRS 3 and other IFRSs for business combinations.
 The amendments apply both to the initial acquisition of an interest in joint operation, and the acquisition of an additional interest in a joint operation (in the latter case, previously held interests are not remeasured).
 - ♦ The amendments apply prospectively to acquisitions of interests in joint operations in which the activities of the joint operations constitute businesses, as defined in IFRS 3, for those acquisitions occurring from the beginning of the first period in which the amendments apply. Amounts recognised for acquisitions of interests in joint operations occurring in prior periods are not adjusted.
 - ♦ These amendments will not impact the Company's financial position or performance and becomes effective for annual periods beginning on or after January 1, 2016.
 - ♦ **IFRS 14 'Regulatory Deferral Accounts'** (Effective for annual periods beginning on or after January 1, 2016): IFRS 14 permits an entity which is a first-time adopter of International Financial Reporting Standards to continue to account, with some limited changes, for regulatory deferral account balances' in accordance with its previous GAAP, both on initial adoption of IFRS and in subsequent financial statements.
 - ♦ These amendments will not impact the Company's financial position or performance and becomes effective for annual periods beginning on or after January 1, 2016.
 - ♦ **IAS 1 Presentation of Financial Statements** (Effective for annual periods beginning on or after January 1, 2016): The following narrow-scope amendments have been made to IAS 1 Presentation of Financial Statements to address perceived impediments to preparers exercising their judgments in presenting their financial reports:
 - ♦ **Materiality and aggregation:** clarifies that an entity should not obscure useful information by aggregating or disaggregating information; and that materiality considerations apply to the primary statements, notes and any specific disclosure requirements in IFRSs, i.e. disclosures specifically required by IFRSs need to be provided only if the information is material.
 - ♦ **Statement of financial position and statement of profit or loss and other comprehensive income:** clarifies that the list of line items specified by IAS 1 for these statements can be disaggregated and aggregated as relevant. Additional guidance has been added on the presentation of subtotals in these statements

2. Adoption of new and revised standards (Continued)

IAS 1 (Continued)

- ◆ **Presentation of items of other comprehensive income ("OCI"):** clarifies that an entity's share of OCI of equity-accounted associates and joint ventures should be presented in aggregate as single line items based on whether or not it will subsequently be reclassified to profit or loss.

- ◆ **Notes:** clarifies that entities have flexibility when designing the structure of the notes and provides guidance on how to determine a systematic order of the notes. Also, unhelpful examples regarding the identification of significant accounting policy have been removed.

These amendments will not impact the Company's financial position or performance and becomes effective for annual periods beginning on or after January 1, 2016.

- ◆ **IAS 16 and IAS 38 'Clarification of Acceptable Methods of Depreciation and Amortisation (Amendments to IAS 16 and IAS 38)' (Effective for annual periods beginning on or after January 1, 2016):**

This amends IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets to:

- ◆ clarify that a depreciation method that is based on revenue that is generated by an activity that includes the use of an asset is not appropriate for property, plant and equipment;
- ◆ introduce a rebuttable presumption that an amortisation method that is based on the revenue generated by an activity that includes the use of an intangible asset is inappropriate, which can only be overcome in limited circumstances where the intangible asset is expressed as a measure of revenue, or when it can be demonstrated that revenue and the consumption of the economic benefits of the intangible asset are highly correlated;
- ◆ add guidance that expected future reductions in the selling price of an item that was produced using an asset could indicate the expectation of technological or commercial obsolescence of the asset, which, in turn, might reflect a reduction of the future economic benefits embodied in the asset

These amendments will not impact the Company's financial position or performance and becomes effective for annual periods beginning on or after January 1, 2016.

- ◆ **IAS 27 'Equity Method in Separate Financial Statements (Amendments to IAS 27)' (Effective for annual periods beginning on or after January 1, 2016):**

This amends IAS 27 Separate Financial Statements to permit investments in subsidiaries, joint ventures and associates to be optionally accounted for using the equity method in separate financial statements.

These amendments will not impact the Company's financial position or performance and becomes effective for annual periods beginning on or after January 1, 2016.

2. Adoption of new and revised standards (Continued)

IFRS 5 Non-current Assets Held for Sale and Discontinued Operations

This amendment adds specific guidance in IFRS 5 for cases in which an entity reclassifies an asset from held for sale to held for distribution or vice versa and cases in which held-for-distribution accounting is discontinued. The annual improvement has not impacted the Company's financial position or performance on adoption.

IFRS 7 Financial Instruments: Disclosures

This amendment adds specific guidance in IFRS 5 for cases in which an entity reclassifies an asset from held for sale to held for distribution or vice versa and cases in which held-for-distribution accounting is discontinued. The annual improvement has not impacted the Company's financial position or performance on adoption.

IAS 19 Employee Benefits

This improvement clarifies that the high quality corporate bonds used in estimating the discount rate for post-employment benefits should be denominated in the same currency as the benefits to be paid. The amendment has no impact on the Company's financial position or performance on adoption.

IAS 34 Interim Financial Reporting

The improvement clarifies the meaning of 'elsewhere in the interim report' and requires a cross-reference. The amendment has no impact on the Company's financial position or performance on adoption.

New, amended, and revised standards issued but not yet effective

The Company has not applied the following new and revised IFRSs that have been issued but are not yet effective for annual periods beginning on or after January 01, 2016.

IAS 7 Statement of Cash Flows (disclosure) (Effective for annual period beginning on or after January 1, 2017)

Paragraph 44A added: 'An entity shall provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes';

♦ The following changes in liabilities arising from financing activities shall be disclosed:

- Changes from financing cash flows;
- Changes arising from obtaining or losing control of subsidiaries or other businesses;
- The effect of changes in foreign exchange rates;
- Changes in fair values; and
- Other changes.

Paragraph 44C added: 'Liabilities arising from financing activities are liabilities for which cash flows were, or future cash flows will be, classified in the statement of cash flows as cash flows from financing activities'.

Disclosure requirement in paragraph 44A is fulfilled by providing reconciliation between the opening and closing balances in the statement of financial position for liabilities arising from financing activities.

The Company is yet to assess IAS 7's full impact and intends to adopt IAS 7 no earlier than the accounting period beginning on or after January 1, 2017.

2. Adoption of new and revised standards (Continued)

- IAS 12 Income Taxes - Recognition of Deferred Tax Assets for Unrealised Losses (Effective for annual period beginning on or after January 1, 2017)**
- Amendments to IAS 12 clarify issues regarding recognition and measurement of deferred tax assets (DTAs), including that:
- ◆ If all other recognition criteria are met, DTAs must be recognised for the deductible temporary difference between the fair value and the tax base on fixed rate debt instruments that are not deemed to be impaired (applies to assets classified as AFS), and
 - ◆ Deductible temporary differences must be compared to taxable profits of the same type (e.g. capital or revenue profits) to determine whether there is sufficient taxable profit against which the deductible temporary differences can be utilised.
 - ◆ If an entity applies the amendments to an earlier period this fact must be disclosed
- The Company is yet to assess IAS 12's full impact and intends to adopt IAS 12 no earlier than the accounting period beginning on or after January 1, 2017.
- ◆ **IFRS 15 'Revenue from Contracts with Customers' (Effective for annual periods beginning on or after January 1, 2018):**
- IFRS 15 provides a single, principles based five-step model to be applied to all contracts with customers.
- The five steps in the model are as follows:
- ◆ Identify the contract with the customer;
 - ◆ Identify the performance obligations in the contract;
 - ◆ Determine the transaction price;
 - ◆ Allocate the transaction price to the performance obligations in the contracts;
 - ◆ Recognise revenue when (or as) the entity satisfies a performance obligation.
- Guidance is provided on topics such as the point in which revenue is recognised, accounting for variable consideration, costs of fulfilling and obtaining a contract and various related matters. New disclosures about revenue are also introduced.
- The Company is yet to assess IFRS 15's full impact and intends to adopt IFRS 15 no earlier than the accounting period beginning on or after January 1, 2018.
- ◆ **IFRS 2 'Share based payments' (Effective for annual periods beginning on or after January 1, 2018) - classification and measurement of share-based payment transaction**
- The standard amends to IFRS 2 "Share based payments", clarifying how to account for certain types of share based payments transactions. The amendments provide the requirements on the accounting for:
- ◆ The effects of vesting and non-vesting conditions on the measurement of cash-settled share-based payments
 - ◆ Share-based payment transactions with a net settlement feature for withholding tax obligations

2. Adoption of new and revised standards (Continued)

IFRS 2 (Continued)

- ♦ A modification to the terms and conditions of a share-based payment that changes the classification of the transaction from cash-settled to equity settled.
- The Company is yet to assess IFRS 2's full impact and intends to adopt IFRS 2 no earlier than the accounting period beginning on or after January 1, 2018.
- ♦ **IFRS 16 'Leases' (Effective for annual periods beginning on or after January 1, 2019):**
IFRS 16 specifies how to recognise, measure, present and disclose leases.

- ♦ The standard provides a single lessee accounting model, requiring lessees to recognise assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value.
- ♦ Lessors continue to classify leases as operating or finance, with IFRS 16's approach to lessor accounting substantially unchanged from its predecessor, IAS 17
- ♦ IFRS 16 replaced the following standards and interpretation
 - IAS 17 - Leases
 - IFRIC 4 - Determining whether an arrangement contain a lease
 - SIC-15 - Operating leases - incentives
 - SIC-27 - Evaluating the substance of transaction involving the Legal Form of a Leases

- The Company is yet to assess IFRS 16's full impact and intends to adopt IFRS 16 no earlier than the accounting period beginning on or after January 1, 2019.
- ♦ **IFRS 9 'Financial Instruments (2014)' (Effective for annual periods beginning on or after January 1, 2018):**

A finalised version of IFRS 9 which contains accounting requirements for financial instruments, replacing IAS 39 Financial Instruments: Recognition and Measurement. The standard contains requirements in the following areas:

- ♦ **Classification and measurement** - Financial assets are classified by reference to the business model within which they are held and their contractual cash flow characteristics. The 2014 version of IFRS 9 introduces a 'fair value through other comprehensive income' category for certain debt instruments. Financial liabilities are classified in a similar manner to under IAS 39, however there are differences in the requirements applying to the measurement of an entity's own credit risk.

- ♦ **Impairment** - The 2014 version of IFRS 9 introduces an 'expected credit loss' model for the measurement of the impairment of financial assets, so it is no longer necessary for a credit event to have occurred before a credit loss is recognised.

- ♦ **Hedge accounting** - Introduces a new hedge accounting model that is designed to be more closely aligned with how entities undertake risk management activities when hedging financial and non-financial risk exposures.

- ♦ **Derecognition** - The requirements for the derecognition of financial assets and liabilities are carried forward from IAS 39.

2. Adoption of new and revised standards (Continued)

IFRS 9 (Continued)

Note: IFRS 9 (2014) supersedes IFRS 9 (2009), IFRS 9 (2010) and IFRS 9 (2013), but these standards remain available for application if the relevant date of initial application is before 1 February 2015.

3. Significant accounting policies

These financial statements are prepared under the historical cost convention and in accordance with International Financial Reporting Standards. These financial statements also comply with the requirements of UAE Federal Law No. 2 of 2015.

The significant accounting policies adopted are as follows:

Property, plant and equipment

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

Subsequent to the initial recognition, property, plant and equipment are stated at cost or revalued amount less accumulated depreciation and accumulated impairment losses. Property, plant and equipment are tested for impairment at each statement of financial position date.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. The difference between the net disposal proceeds, if any and the net carrying amount is recognised in the statement of comprehensive income.

Buildings and plant and machinery are measured at fair value, less accumulated depreciation and subsequent impairment losses. Revaluations are performed periodically such that the carrying amounts do not differ materially from those that would be determined using fair values at the date of statement of financial position. Buildings and Plant and machinery are stated at revalued amount, being the fair value. Accumulated depreciation at the revaluation date is restated proportionately with the change in the gross carrying amount of the asset so that the carrying amount of the asset after revaluation equals its revalued amount. Any revaluation increase arising on the revaluation is credited in statement of changes in equity to the revaluation reserve, except to the extent that it reverses a revaluation decrease for the same asset previously recognised in the statement of comprehensive income, in which case the increase is credited to the statement of comprehensive income to the extent of the decrease previously charged. A decrease in the carrying amount arising on the revaluation of such buildings and plant and machinery is charged to the statement of comprehensive income to the extent that it exceeds the balance, if any, held in the revaluation reserve relating to a previous revaluation of that asset.

Capital work in progress is stated at cost, including borrowing costs incurred for financing the asset, if any. All costs related to specific assets incurred during the period are carried under this heading. These are transferred to specific assets when they are available for use.

3. Significant accounting policies (Continued)

Depreciation on revalued buildings and plant and machinery are charged to statement of comprehensive income. On the subsequent sale or retirement of a revalued property, the attributable revaluation surplus remaining in the revaluation reserve is transferred directly to retained earnings. An annual transfer from the revaluation reserve to retained earnings is made for the difference between the depreciation on the revalued amount of the assets and depreciation on the assets' original cost.

Depreciation

Depreciation is consistently provided on the straight-line basis so as to write off the cost or revalued amount of property, plant and equipment over their estimated useful lives. The expected useful lives of the property, plant and equipment are estimated as follows:

Buildings on leasehold land (Revalued)	20 years
Plant and machinery (Revalued)	10 years
Furniture, fixtures and equipments	5 years
Motor vehicles	5 years

Financial assets

All financial assets are recognised and derecognised on trade date and are initially measured at fair value, plus transaction costs, except for those financial assets classified as fair value through profit or loss account, which are initially measured at fair value. The financial assets consist of bank balances and cash, trade and other receivables and due from related parties. Cash consists of cash on hand and cash held on bank current accounts. Any interest earned is accrued monthly and classified as interest income.

The Company classifies its financial assets into one of the following categories depending on the purpose for which the asset was acquired.

Company's accounting policy for each category is as follows:

Fair value through profit or loss

This category comprises only financial assets held for trading. A financial asset is classified as held for trading if:

- ♦ it has been acquired principally for the purpose of selling in the near future; or
- ♦ it is part of an identified portfolio of financial instrument that the Company manages together and has a recent actual pattern of short term profit-taking or
- ♦ it is derivative that is not designated and effective as hedging instrument

Financial assets through profit or loss are stated fair value, with any resulting gain or losses recognized in the consolidated statement of comprehensive income. The Company does not hold any financial asset classified at fair value through profit or loss.

3. Significant accounting policies (Continued)

Loans and receivables

These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through the provision of goods and services to customers (e.g. trade receivables), but also incorporate other types of contractual monetary asset. Loans and receivables consist of trade and other receivables and due from related parties. They are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue, and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment.

Held - to - maturity investment

These assets are non-derivative financial assets with determinable payments and fixed maturities that Company's management has the positive intention and ability to hold till maturity. These assets are measured at amortised costs with changes through statement of comprehensive income. The Company does not hold any held-to-maturity investments.

Available-for-sale financial assets

Non-derivative financial assets not included in the above categories are classified as available for sale. These assets are included in non-current assets unless management has expressed its intention of holding these investments for less than twelve months from the date of statement of financial position, and are carried at fair value with changes in fair value recognised directly in equity. Where a decline in the fair value of an available for sale investments constitutes objective evidence of impairment, the amount of loss is removed from equity and recognised in the statement of comprehensive income.

Exchange differences on investments denominated in a foreign currency and interest calculated using the effective interest rate method is recognised in profit or loss. Purchases and sales of available for sale financial assets are recognised on settlement date with any change in fair value between trade date and settlement date being recognised in the available-for-sale reserve. On sale, the cumulative gain or loss recognised in other comprehensive income is reclassified from the available-for-sale reserve to profit or loss. The Company has not classified any financial asset as available-for-sale financial assets.

*Impairments**(1) Financial assets*

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that that a financial asset or a group of financial assets is impaired and recognises an allowance for impairment when such evidence exists. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

Loans and receivables Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy and default or significant delay in payments are objective evidence that these financial assets are impaired.

3. Significant accounting policies (Continued)

Impairments (Continued)

The carrying amount of these assets is reduced through the use of an impairment allowance which is calculated as the difference between the carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. When the asset becomes uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are recognised against the same line item in profit or loss. The impairment allowance is reduced through profit or loss in a subsequent period when the amount of impairment loss decreases and the related decrease can be objectively measured. The carrying amount of the asset previously impaired is increased to the extent that the new carrying amount does not exceed the amortised cost had no impairment been recognised in prior periods.

(iii) Non-financial assets

The carrying amounts of the non-financial assets, other than investment properties are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated. The recoverable amount of goodwill is estimated at each reporting date. The reduction in value is recognised in the consolidated statement of income.

Property, plant and equipment

Property, plant and equipment is tested for impairment whenever there is any objective evidence or indication that these assets may be impaired.

For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash inflows that are largely independent of those from other assets. If this is the case, the recoverable amount is determined for the cash generating unit (CGU) to which the asset belongs. If the recoverable amount of the asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount. The difference between the carrying amount and recoverable amount is recognised as an impairment loss in profit or loss, unless the asset is carried at revalued amount, in which case, such impairment loss is treated as a revaluation decrease.

An impairment loss for an asset other than goodwill is reversed only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of this asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortisation or depreciation) had no impairment loss been recognised for the asset in prior years.

A reversal of impairment loss for an asset other than goodwill is recognised in profit or loss, unless the asset is carried at revalued amount, in which case, such reversal is treated as a revaluation increase. However, to the extent that an impairment loss on the same revalued asset was previously recognised as an expense, a reversal of that impairment is also recognised in profit or loss.

Inventories

Inventories are initially recognised at cost, and subsequently stated at the lower of average purchase cost and net realisable value. Cost is determined as follows:

3. Significant accounting policies (Continued)

Inventories (Continued)

Raw Materials:

The cost of raw materials includes purchase cost, insurance, freight and other costs incurred in bringing the raw materials to their present location and condition. Raw materials are valued at weighted average cost basis.

Consumables:

Consumables and spare parts are valued based on the weighted average method.

Work in progress:

Work in progress is valued at cost by reference to stage of completion. Cost includes raw material cost plus attributable production overheads.

Finished Goods:

Cost of finished goods comprises cost of raw materials, direct labour, other direct costs and related production overheads.

Net realisable value is the amount that can be realised from the sale of the inventory in the normal course of business after allowing for the costs of realisation.

Goods in transit:

Goods in transit are stated at cost. These are subject to impairment when the recoverable amount is less than the carrying amount.

Employees' end of service benefits

Provision for employees' end of service benefits is made on the basis prescribed in the UAE Labour Law, for the accumulated period of service at the date of the statement of financial position. In accordance with the consistent policy being followed in this regard, provision for employees' end of service benefits is treated as a long-term liability.

Provisions

Provisions are recognised in the statement of financial position when the Company has a present obligation (legal or constructive) as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Financial liabilities

The Company's financial liabilities consist of trade and other payables, bank borrowings and due to related parties. The Company classifies its financial liabilities into one of two categories, depending on the purpose for which the liability was acquired. The Company's accounting policy for each category is as follows:

Fair value through profit or loss

They are carried in the statement of financial position at fair value with changes in fair value recognised in the statement of comprehensive income. The Company does not have any liabilities which are to be designated as being at fair value through profit or loss.

3. Significant accounting policies (Continued)

Financial liabilities (Continued)

Other financial liabilities

Other financial liabilities include the following items:

- ♦ Bank borrowings are initially recognised at fair value net of any transaction costs. Such interest bearing liabilities are subsequently measured at amortised cost using the effective interest rate method, which ensures that any interest expense over the period to repayment is at a constant rate on the balance of the liability carried in the statement of financial position. For the purposes of each financial liability, interest expense includes initial transaction costs and as well as any interest payable while the liability is outstanding.
- ♦ Trade payables and other short-term monetary liabilities, which are initially recognised at fair value and subsequently carried at amortised cost using the effective interest method.

Revenue recognition

Revenue from the sale of goods is recognised net of discounts, when the significant risks and rewards of ownership of the goods have passed to the buyer and the amount is measured reliably.

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

Leasing

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the statement of comprehensive income on a straight-line basis over the period of the lease.

Foreign currencies

Transactions in foreign currencies during the year are converted into AED at rates of exchange ruling at the transaction dates. Monetary assets and liabilities in foreign currencies are translated to AED at the rates of exchange ruling at the date of the statement of financial position. All gains and losses on exchange are taken to the statement of comprehensive income.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation. All other borrowing costs are recognised in the statement of comprehensive income in the period in which they are incurred.

Cash and cash equivalents

For the purposes of the statement of cash flows, cash and cash equivalents comprise cash and bank balances (excluding margin money and fixed deposits) and bank overdrafts.

4. Critical accounting judgements and key sources of estimation uncertainty

In the application of the Company's accounting policies, which are described in Note: 3 amounts of assets and liabilities 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.

Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the date of the statement of financial position, 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.

Property, plant and equipment

Property, plant and equipment are depreciated over their estimated useful lives, which are based on estimates for expected usage of the asset and expected physical wear and tear which are dependent on operational factors. Management has not considered any residual value as it is deemed immaterial.

Inventories

Inventories are stated at the lower of average purchase cost and market value. Adjustments are made to reduce the cost of inventory to its realisable value, if required, for estimated excess, obsolescence or impaired balances. Factors influencing these adjustments include changes in demand, product pricing, quality issues and expired products. Based on the above factors, the Company arrives at certain percentages for allowance for slow moving and obsolete inventories. Revisions to these adjustments would be required if these factors differ from the estimates.

Allowance for doubtful debts

An allowance for doubtful debts is determined using a combination of factors to ensure that the trade receivables are not overstated due to uncollectibility. The allowance for doubtful debts for all customers is based on a variety of factors, including the overall quality and ageing of receivables, continuing credit evaluation of the customers' financial condition and collateral requirements from customers in certain circumstances.

5. Property, plant and equipment

Movements in property, plant and equipment are given on page 29.

The net book value of motor vehicles purchased under financing arrangements, which are subject to a charge, amounted to [] (Previous year: []).

Property, plant and equipment include buildings which are built on leasehold-land, which is renewed periodically. These are being depreciated over the estimated useful lives since the management anticipates that the lease would continue to be renewed in the foreseeable future.

Capital work in progress represents the cost of construction of the new tube mill and to be delivered at the factory premises. Estimated cost of completion of the tube mill is AED and the expected date of completion is June 30, 2017.

These represent advances paid to the vendors for the installation and acquisition of softwares and fixed assets. The advances are to be settled upon the completion and capitalisation of the same.

	Raw materials	
	Work in progress	
	Stores consumables and spares	
	Finished goods	
	Less: Provision for obsolete inventories	

Inventories are stated net of allowance for slow moving and obsolete items.

The cost of inventories recognised as expense amounted to	[
(Previous year:]

	2015
Trade receivables	1
Accrued income	1
Prepayments	1
Deposits	1
Advances	1

There are 21 customers (Previous year: 12 customers) who represent 61 percent (Previous year: 59 percent) of the total balance of trade receivables. Trade receivables amounting to AED [(Previous year: AED) are not past due. The Company does not hold any collateral over these balances nor does it have a legal right of offset against any amounts owed by the Company to the counterparty.

Included in trade receivables are debtors with carrying amounts of [(Previous year:) which are past due at the reporting date for which the Company, based on its past default experience has not provided as it still considers these amounts as recoverable.

The carrying amount of trade receivables approximates to its fair value, which is based on an estimate of the recoverable amount.

8. Trade and other receivables (Continued)

[illegible]

9. Related parties

Related parties include the shareholders, key management personnel, associates, joint ventures and any businesses which are controlled directly or indirectly by the Company or over which they exercise significant management influence. The balances due from / to such parties, which have been disclosed separately in the financial statements are unsecured, interest-free and are repayable on demand.

Significant related party transactions during the year are as follows:

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Related party balances are as under:

[illegible]

10. Bank balances and cash	2015		
Cash in hand			
Bank current accounts			
Margin money with banks			
Bank fixed deposits			
Fixed deposits are under lien with the banks towards the banking facilities availed by the Company.			
The carrying amount of these assets approximates to their fair value.			
11. Trade and other payables	2015		
Trade payables			
Advance from customers			
Provision for expenses			
Accrued expenses			
The Company has financial risk management policies in place to ensure that payables are paid within the credit time frame.			
12. Bank borrowings	2015		
Current			
Term loans - current portion			
Bills discounted			
Trust receipts			
Vehicle loans - current portion			
Bank overdrafts			

2015

Term loans - long term portion
Vehicle loans - long term portion

Significant terms and conditions

Bank loans and overdrafts are secured by the personal guarantee of a shareholder and related party, corporate guarantee or related parties, assignment of insurance policies thereon, subordination of shareholders' current account, hypothecation of inventories and book debts and lien over the Company's fixed deposits. The effective interest rates on bank loans and overdrafts are at fixed and floating rates negotiated from time to time.

The term loans are payable in fixed monthly installments consisting of principal and interest. The installments due within twelve months from the date of the statement of financial position have been classified as current liabilities.

Motor vehicle loans represent loans taken from the bank at a fixed commercial rate of interest. These loans are secured by a charge on the motor vehicles purchased under financing arrangement. The installments due within twelve months from the date of the statement of financial position have been classified as current liabilities. Certain vehicles are registered in the name of the employees of the Company who confirm that these are held by them in trust on behalf of the Company.

13. Provision for employees' end of service benefits

At 1 January

Add: Provisions made during the year
Less: Payments made during the year

Less: Provision for end of service benefits reversed

14. Share capital

Authorised, issued and paid up capital
100 shares of
[] each

14. Share capital (Continued)

Name of shareholders	AED	No. of shares	Percent
Ishaq Mohamed Salem Mohamed Al Meeza Al Beshar	[]	[]	[]
Mohamed Ashraf Shahul Ameen	[]	[]	[]

In addition to the above, Mr. Mohamed Ashraf Shahul Ameen, one of the shareholders, has contributed [] to meet the additional financial requirements of the Company, which is treated as capital contribution.

15. Revaluation reserve

2015

Beginning balance	[]
Transferred to retained earnings	[]
Ending balance	[]

The buildings and plant and machinery were valued by independent valuer in 2013. The excess of the revalued amount over the carrying amount of the buildings and plant and machinery was credited to revaluation reserve. The revaluation reserve is not available for distribution.

The excess depreciation charge on account of revaluation over and above the original cost amounting to AED [] (Previous year: []) has been transferred from revaluation reserve to retained earnings.

16. Statutory reserve

In accordance with article 239 of the Federal Law No. 2 of 2015 (as amended), 10 per cent of the net profit for the year is to be allocated to statutory reserve subject to a minimum of 50 per cent of the share capital of the Company. This reserve is not available for distribution among the shareholders.

During the year, no transfer of net profit has been made to the legal reserve since the legal reserve has already reached 50% of the share capital.

17. Current account

This represents the funds contributed by Mr. Mohamed Ashraf Shahul Ameen, one of the shareholders to support additional financial requirements of the business operations of the Company. The current account balance is subordinated to the bank against the facilities availed by the Company and disclosed as a component of equity. The movements in the current account are given in the statement of changes in equity on page no. 7.

18. Dividend

A dividend of []	[]
[]	[]
[]	[]

	2015	2015
19. Other income		
Interest income		
Write back of provision no longer required		
Adjustment in depreciation		
Miscellaneous		
Net exchange gain		
Miscellaneous income includes rental income from the related parties for use of trailers.		
20. Cost of sales		
Cost of goods sold		
Freight inward and shipping expenses		
Wages		
Depreciation on buildings, plant and machinery		
Consumables		
Other direct expenses		

21. Administrative, selling and general expenses

	2015
Staff salaries and other benefits	
Rent and licence fees	
Communication	
Travelling	
Vehicle and conveyance	
Advertisements, entertainment & business promotion	
Immigration and legal expenses	
Insurance	
Printing and stationery	
Repairs and maintenance	
Selling expenses	
Exchange loss, net	
Other	
Depreciation	
Bad debts	

22. Management fees

As per the provisions of the Memorandum of Association, the Managing Director of the Company is entitled to a management fee of 12% of the gross sales of the Company. During the year the Managing Director has agreed to accept 0.67% (Previous year: 2%) as his management fees and waived his rights to charge the balance fees for which he is entitled.

23. Finance costs

	2015
Bank charges	
Interest on borrowings	

24. Cash and cash equivalents	
	2015
Cash and bank balances	[]
Bank overdrafts	[]

25. Financial instruments - risk management

Capital risk management
The capital is managed by the Company in a way that it is able to continue as a going concern while maximising returns to Shareholders.
The capital structure of the Company consists of borrowings, cash and cash equivalents and equity attributable to equity holders, comprising of capital, reserves, current account and retained earnings.
As a risk management policy, the Company reviews its cost of capital and risks associated with capital. The Company balances its capital structure based on the above review.

Market risk management
The Company is primarily exposed to the financial risks of changes in foreign currency exchange rates (currency risk) and interest rates (interest rate risk).
Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.
Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

Foreign currency risk management

The Company undertakes certain transactions denominated in foreign currencies. Hence, exposures to exchange rate fluctuation arise. The Company is mainly exposed to Australian Dollars (AUD), European Dollars (EUR), Saudi Riyals (SAR) and US Dollars (USD). Since both AUD and SAR are pegged to the USD, the Company is not exposed to any significant exchange rate fluctuations relating to USD and SAR, whereas Company's sensitivity to a 10 percent increase or decrease in the AED against the AUD and EUR is as follows:

	2015
Profit or loss	[]
	[]
	[]

25. Financial instruments - risk management (Continued)

Interest rate risk management

The Company is exposed to interest rate risk as it borrows funds at both fixed and floating interest rates. The effective interest rates on financial assets and financial liabilities are at fixed and floating rates negotiated from time to time. Sensitivity analysis of interest rates are as follows:

If the interest rates have been 50 base points higher or lower and all other variables were held constant, the Company's profits would increase or decrease by

(Previous year : AED

entities in the Company.

Credit risk management

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

The Company is potentially exposed to concentration of credit risk from its financial assets which comprise principally fixed deposits, bank balances, trade and other receivables and amounts due from related parties. The Company's bank accounts are placed with high credit quality financial institutions. There are 21 customers who represent 61 percent of the total balance of trade receivables. The credit risk on trade receivables is subjected to credit evaluations and an allowance is made for estimated irrecoverable amounts. Management does not consider this concentration as a credit risk due to strict credit policies adapted and active follow ups being made to secure the amounts receivable.

As at year end the amounts presented in the statement of financial position are net of allowances for doubtful receivables, the Company's exposure to credit risk from trade receivables situated outside the UAE is as follows:

2015

Country

Australia
GCC(KSA, Qatar, Oman, Kuwait, Bahrain)
Germany
Europe
United States Of America

Liquidity risk management

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities.

The Company has built an appropriate liquidity risk management framework for the management of its short, medium and long term funding and liquidity requirements. The Company manages liquidity risk by maintaining adequate reserves, banking facilities and borrowing facilities by continuously monitoring forecast and actual cashflows.

25. Financial instruments - risk management (Continued)

Financial instruments by category

The carrying amounts for each class of financial instruments are listed below:

	2015
Financial assets	
- Trade and other receivables	
- Due from related parties	
- Bank balances and cash	
Financial liabilities	
- Trade and other payables	
- Due to related parties	
- Term loans	
- Bills discounted	
- Trust receipts	
- Vehicle loans	
- Bank overdrafts	

26. Operating leases	
As at December 31, 2016, the future minimum lease payments under non-cancelable operating leases are as set out below:	
Not later than one year	
Later than one year and not later than five years	
Later than five years	
	2015

27. Contingent liabilities and other commitments

The Company had the following contingent liabilities and other commitments at the date of the statement of financial position:

2015	
Letters of credit	[
Letters of guarantee	[

28. Comparative figures

Previous year's figures have been regrouped or reclassified wherever necessary to make them comparable with those of the current year. These reclassifications are not material.

Schedule of property, plant and equipment

Cost	At January 01, 2015	Additions	Disposals	At December 31, 2015	Additions	Disposals	At December 31, 2016	Depreciation	At January 01, 2015	Charge for the year	On disposals	At December 31, 2015	Charge for the year	Adjustment in depreciation	On disposals	At December 31, 2016	Net Book Value	At December 31, 2016	The depreciation charge is accounted for under the following headings in the statement of comprehensive income	Cost of sales	General expenses	Total
Buildings on leasehold																						
Plant and machinery																						
Furniture, fixtures and equipments																						
Motor vehicles																						
Capital Work-in-progress																						
Total																						

AJMAL STEEL TUBES & PIPES INDUSTRIES
LLC

Abu Dhabi

Financial statements

Year ended December 31, 2017

AJMAL STEEL TUBES & PIPES INDUSTRIES LLC, ABU DHABI

Financial statements for the year ended December 31, 2017

Contents

Page

Managing Director's report

1

Independent Auditor's Report

2 - 4

Financial statements

- Statement of financial position

5

- Statement of comprehensive income

6

- Statement of changes in equity

7

- Statement of cash flows

8

- Notes to the financial statements

9 - 30

Managing Director's report

The Managing Director has pleasure in submitting this report and financial statements of the Company for the year ended December 31, 2017.

Activities

The principal activities of the Company are steel pipes manufacturing, metal products coating, metal sections manufacturing and galvanized and painted steel sheets and foils manufacturing. The Company's main products are hot dipped galvanized steel sheets and steel pipes.

Results and financial position

During the year, the Company has achieved a turnover of [] (Previous year: AED [])
The Company's net assets at the year end were [] (Previous year: [])

Dividends

A final dividend of [] was declared during the year.

Auditors

A resolution to reappoint BDO Chartered Accountants & Advisors, as the auditors for the ensuing year, will be put to the members at the Annual General Meeting.

For and on behalf of the Board


Mohammed Ashraf Shahul Ameen
Managing Director

10 MAY 2018

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Ajmal Steel Tubes & Pipes Industries LLC, Abu Dhabi

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Ajmal Steel Tubes & Pipes Industries LLC, Abu Dhabi ("the Company"), which comprise the statement of financial position at December 31, 2017, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and the notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements of the Company give a true and fair view of the financial position of the Company as at December 31, 2017, and of its financial performance and its cash flows for the year then ended in accordance with the International Financial Reporting Standards (IFRS).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

INDEPENDENT AUDITOR'S REPORT *(Continued)*

To the Shareholders of Ajmal Steel Tubes & Pipes Industries LLC, Abu Dhabi *(Continued)*

Report on the Audit of the Financial Statements *(Continued)*

Auditor's responsibilities for the audit of the financial statements *(Continued)*

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

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

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

Report on Other Legal and Regulatory Requirements

Further, as required by the UAE Federal Law No. (2) of 2015, we report that:

- i) we have obtained all the information we considered necessary for the purposes of our audit;
- ii) the financial statements have been prepared and comply, in all material respects, with the applicable provisions of the UAE Federal Law No. (2) of 2015;
- iii) the Company has maintained proper books of account;
- iv) the financial information included in the report of the Managing Director is consistent with the books of accounts of the Company;



INDEPENDENT AUDITOR'S REPORT (Continued)

To the Shareholders of Ajmal Steel Tubes & Pipes Industries LLC, Abu Dhabi (Continued)

Report on Other Legal and Regulatory Requirements (Continued)

- v) note 9 to the financial statements discloses material related party transactions and balances, and the arrangements in this regard;
- vi) based on the information that has been made available to us nothing has come to our attention which causes us to believe that the company has contravened during the financial year ended December 31, 2017 any of the applicable provisions of the UAE Federal Law No.(2) of 2015 or of its Articles of Association which would materially affect its activities or its financial position as at December 31, 2017.

R. Krishnan

BDO Chartered Accountants & Advisors

R. Krishnan

Reg. No. 89

Abu Dhabi

10 MAY 2018

AJMAL STEEL TUBES & PIPES INDUSTRIES LLC, ABU DHABI

Statement of financial position at December 31, 2017

	Note	AED	2016 AED
Non current assets			
Property, plant and equipment	5		
Advances	6		
Total non current assets			
Current assets			
Inventories	7		
Trade and other receivables	8		
Due from related parties	9		
Bank balances and cash	10		
Total current assets			
Current liabilities			
Trade and other payables	11		
Due to related parties	9		
Bank borrowings	12		
Total current liabilities			
Net current assets			
Non current liabilities			
Bank borrowings	12		
Provision for employees' end of service benefits	13		
Total non current liabilities			
Net assets			
Equity			
Share capital	14		
Capital contribution	14		
Revaluation reserve	15		
Statutory reserve	16		
Current account	17		
Retained earnings			
Total equity			

These financial statements were approved by the Board of Directors on
and are signed on its behalf by:

10 MAY 2018

Mohammed Ashraf Shahul Ameer
Managing Director

The notes on pages 9 to 30 form part of these financial statements

AJMAL STEEL TUBES & PIPES INDUSTRIES LLC, ABU DHABI

Statement of comprehensive income for the year ended December 31, 2017

			2016
	Note	AED	AED
Revenue		[]
Cost of sales	20	[]
Gross profit		[]
Other income	19	[]
Administrative, selling and general expenses	21	[]
Finance costs	23	[]
Profit before management fees		[]
Management fees	22	[]
Profit for the year		[]
Total comprehensive income for the year		[]

The notes on pages 9 to 30 form part of these financial statements

AJMAL STEEL TUBES & PIPES INDUSTRIES LLC, ABU DHABI

Statement of changes in equity for the year ended December 31, 2017

	Share capital	Capital contribution	Revaluation reserve	Statutory reserve	Current account	Retained earnings	Total equity
Balance at January 01, 2016							
Total comprehensive income for the year							
Transfer to revaluation reserve							
Movement in current account, net							
Dividends distributed (Note 18)							
Balance at December 31, 2016							
Total comprehensive income for the year							
Transfer to revaluation reserve							
Movement in current account, net							
Dividends distributed (Note 18)							
Balance at December 31, 2017							

The notes on pages 9 to 30 form part of these financial statements

AJMAL STEEL TUBES & PIPES INDUSTRIES LLC, ABU DHABI

Statement of cash flows for the year ended December 31, 2017

			2016
	Note	AED	AED
Cash flows from operating activities			
Net profit for the year			
Adjustments for :			
Depreciation			
Interest charges			
Provision for end of service benefits			
Provision for end of service benefits reversed			
Profit on disposal of property, plant and equipment			
Interest income			
Adjustment in depreciation			
Increase in inventories			
Increase in trade and other receivables			
(Increase) decrease in due from related parties			
Increase in trade and other payables			
Increase in due to related parties			
Cash (used in) generated from operations			
Interest paid			
Interest received			
Payment of end of service benefits			
Bank margins and fixed deposits placed, net			
Net cash (used in) from operating activities			
Cash flows from investing activities			
Acquisition of property, plant and equipment			
Proceeds from disposal of property, plant and equipment			
Increase in capital work in progress, net			
Movement in capital advances			
Net cash used in investing activities			
Cash flows from financing activities			
Bank borrowings obtained (repaid), net			
Dividend distributed during the year			
Movements in current account, net			
Net cash from (used in) financing activities			
Net increase (decrease) in cash and cash equivalents			
Cash and cash equivalents at the beginning of year			
Cash and cash equivalents at the end of year			

The notes on pages 9 to 30 form part of these financial statements

1. Status and activity

Ajmal Steel Tubes & Pipes Industries LLC ("the Company") is registered as a Limited Liability Company in Abu Dhabi, in accordance with the provisions of the UAE Federal Commercial Companies Law No. 8 of 1984 (as amended). The principal place of business of the Company is located at ICAD - I, Mussafah, Post Box 105361, Abu Dhabi, United Arab Emirates.

The principal activities of the Company are steel pipes manufacturing, metal products coating, metal sections manufacturing and galvanized and painted steel sheets and foils manufacturing. The Company's main products are hot dipped galvanized steel sheets and steel pipes.

These financial statements for the year ended December 31, 2017 were authorised for issue by the Board of Directors on May 10, 2018.

These financial statements are presented in UAE Dirhams ("AED").

2. Adoption of new and revised standards

New standards, interpretations and amendments effective from January 1, 2017

The following new and revised IFRSs have been adopted in these financial statements. The application of these new and revised IFRSs, amendments and interpretations have not had any material impact on the amounts reported for the current and prior years but may affect the accounting for future transactions or arrangements.

♦ **IAS 7 Statement of Cash Flows (disclosure)**

Paragraph 44A added: *'An entity shall provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes'*.

Paragraph 44C added: *'Liabilities arising from financing activities are liabilities for which cash flows were, or future cash flows will be, classified in the statement of cash flows as cash flows from financing activities'*.

One way to comply with this disclosure would be to present a reconciliation of the opening and closing carrying amounts for each item for which cash flows have been or would be classified as financial activities. The reconciliation would include:

- ♦ Opening balance
- ♦ Movements in the period including:
 - Changes from financing cash flows;
 - Changes arising from obtaining or losing control of subsidiaries or other businesses;
 - Other non-cash exchanges (e.g. changes in foreign exchange rates, new finance leases and changes in fair value);
- ♦ Closing balance

Disclosure requirement in paragraph 44A has therefore been fulfilled for the first time by the Company by providing reconciliation between the opening and closing balances in the statement of financial position for liabilities arising from financing activities in Note 24.

2. Adoption of new and revised standards (Continued)

♦ *Annual Improvements to IFRSs 2014-2016 Cycle:*

Amendment to IFRS 12 Disclosure of interests in other entities

The scope of IFRS 12 was clarified to make it clear that the disclosure requirements in this Standard, except for those in paragraphs B10 to B16, apply to interests irrespective of whether they are classified as held for sale, as held for distribution to owners or as discontinued operations in accordance with IFRS 5. The other disclosure requirements in IFRS 12 are not relevant to the consolidated entity classified as held-for-sale in the comparative period and therefore does not impact. The annual improvement has not impacted the Company's financial position or performance on adoption.

New, amended, and revised standards issued but not yet effective

The Company has not applied the following new and revised IFRSs that have been issued but are not yet effective for annual periods beginning on or after January 01, 2017. The most significant of these are:

♦ **IFRS 15 'Revenue from Contracts with Customers'** (Effective for annual periods beginning on or after January 1, 2018):

IFRS 15 provides a single, principles based five-step model to be applied to all contracts with customers.

The five steps in the model are as follows:

- ♦ Identify the contract with the customer;
- ♦ Identify the performance obligations in the contract;
- ♦ Determine the transaction price;
- ♦ Allocate the transaction price to the performance obligations in the contracts;
- ♦ Recognise revenue when (or as) the entity satisfies a performance obligation.

Guidance is provided on topics such as the point in which revenue is recognised, accounting for variable consideration, costs of fulfilling and obtaining a contract and various related matters. New disclosures about revenue are also introduced.

The Company is yet to assess IFRS 15's full impact and intends to adopt IFRS 15 no earlier than the accounting period beginning on or after January 1, 2018.

♦ **IFRS 16 'Leases'** (Effective for annual periods beginning on or after January 1, 2019):

IFRS 16 specifies how to recognise, measure, present and disclose leases.

- ♦ The standard provides a single lessee accounting model, requiring lessees to recognise assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value.
- ♦ Lessors continue to classify leases as operating or finance, with IFRS 16's approach to lessor accounting substantially unchanged from its predecessor, IAS 17
- ♦ IFRS 16 replaced the following standards and interpretation
 - IAS 17 - Leases
 - IFRIC 4 - Determining whether an arrangement contain a lease
 - SIC-15 - Operating leases - incentives
 - SIC-27 - Evaluating the substance of transaction involving the Legal Form of a Leases

2. Adoption of new and revised standards (Continued)

IFRS 16 'Leases' (Continued)

The Company is yet to assess IFRS 16's full impact and intends to adopt IFRS 16 no earlier than the accounting period beginning on or after January 1, 2019.

♦ *IFRS 9 'Financial instruments (2014)' (Effective for annual periods beginning on or after January 1, 2018):*

A finalised version of IFRS 9 which contains accounting requirements for financial instruments, replacing IAS 39 Financial Instruments: Recognition and Measurement. The standard contains requirements in the following areas:

- ♦ **Classification and measurement** - Financial assets are classified by reference to the business model within which they are held and their contractual cash flow characteristics. The 2014 version of IFRS 9 introduces a 'fair value through other comprehensive income' category for certain debt instruments. Financial liabilities are classified in a similar manner to under IAS 39, however there are differences in the requirements applying to the measurement of an entity's own credit risk.
- ♦ **Impairment** - The 2014 version of IFRS 9 introduces an 'expected credit loss' model for the measurement of the impairment of financial assets, so it is no longer necessary for a credit event to have occurred before a credit loss is recognised.
- ♦ **Hedge accounting** - Introduces a new hedge accounting model that is designed to be more closely aligned with how entities undertake risk management activities when hedging financial and non-financial risk exposures.
- ♦ **Derecognition** - The requirements for the derecognition of financial assets and liabilities are carried forward from IAS 39.

Note: IFRS 9 (2014) supersedes IFRS 9 (2009), IFRS 9 (2010) and IFRS 9 (2013), but these standards remain available for application if the relevant date of initial application is before 1 February 2015.

The Company is yet to assess IFRS 9's full impact and intends to adopt IFRS 9 no earlier than the accounting period beginning on or after January 1, 2018.

The Company does not expect any other standards issued, but not yet effective, to have a material impact. A list of other new and amended standards which had been issued but are effective in future periods is as follows:

- ♦ *IFRIC 22 Foreign Currency Translations and Advance Consideration (effective 1 January 2018)*
- ♦ *Amendments to IFRS 4: Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts (effective 1 January 2018)*
- ♦ *Annual Improvements to IFRS Standards 2014-2016 cycle dealing with matters in IFRS 1 First-time Adoption and IAS 28 Investments in Associates and Joint Ventures (effective 1 January 2018)*
- ♦ *IFRIC 23 Uncertainty over Income Tax Positions (effective 1 January 2019)*
- ♦ *Amendments to IFRS 9 Prepayment Features with Negative Compensation (effective 1 January 2019)*
- ♦ *Amendments to IAS 28: Long-term Interests in Associates and Joint Ventures (effective 1*

2. Adoption of new and revised standards (Continued)

January 2019)

- ♦ IFRS 17 Insurance Contracts (effective 1 January 2021)

3. Significant accounting policies

These financial statements are prepared under the historical cost convention and in accordance with International Financial Reporting Standards. These financial statements also comply with the requirements of UAE Federal Law No. 2 of 2015.

The significant accounting policies adopted are as follows:

Property, plant and equipment

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

Subsequent to the initial recognition, property, plant and equipment are stated at cost or revalued amount less accumulated depreciation and accumulated impairment losses. Property, plant and equipment are tested for impairment at each statement of financial position date.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. The difference between the net disposal proceeds, if any and the net carrying amount is recognised in the statement of comprehensive income.

Buildings and plant and machinery are measured at fair value, less accumulated depreciation and subsequent impairment losses. Revaluations are performed periodically such that the carrying amounts do not differ materially from those that would be determined using fair values at the date of statement of financial position. Buildings and Plant and machinery are stated at revalued amount, being the fair value. Accumulated depreciation at the revaluation date is restated proportionately with the change in the gross carrying amount of the asset so that the carrying amount of the asset after revaluation equals its revalued amount. Any revaluation increase arising on the revaluation is credited in statement of changes in equity to the revaluation reserve, except to the extent that it reverses a revaluation decrease for the same asset previously recognised in the statement of comprehensive income, in which case the increase is credited to the statement of comprehensive income to the extent of the decrease previously charged. A decrease in the carrying amount arising on the revaluation of such buildings and plant and machinery is charged to the statement of comprehensive income to the extent that it exceeds the balance, if any, held in the revaluation reserve relating to a previous revaluation of that asset.

Capital work in progress is stated at cost, including borrowing costs incurred for financing the asset, if any. All costs related to specific assets incurred during the period are carried under this heading. These are transferred to specific assets when they are available for use.

3. Significant accounting policies (Continued)

Property, plant and equipment (Continued)

Depreciation on revalued buildings and plant and machinery are charged to statement of comprehensive income. On the subsequent sale or retirement of a revalued property, the attributable revaluation surplus remaining in the revaluation reserve is transferred directly to retained earnings. An annual transfer from the revaluation reserve to retained earnings is made for the difference between the depreciation on the revalued amount of the assets and depreciation on the assets' original cost.

Depreciation

Depreciation is consistently provided on the straight-line basis so as to write off the cost or revalued amount of property, plant and equipment over their estimated useful lives. The expected useful lives of the property, plant and equipment are estimated as follows:

Buildings on leasehold land (Revalued)	20 years
Plant and machinery (Revalued)	10 years
Furniture, fixtures and equipments	5 years
Motor vehicles	5 years

Financial assets

The Company classifies its financial assets into one of the following categories depending on the purpose for which the asset was acquired. Financial assets are recognised and derecognised on the trade date, and are initially measured at fair value, net of transaction costs for those financial assets classified as fair value through profit or loss which are initially measure at fair value.

The Company's accounting policy for each category is as follows:

Fair value through profit or loss

This category comprises only financial assets held for trading. A financial asset is classified as held for trading if:

- ♦ it has been acquired principally for the purpose of selling in the near future; or
- ♦ it is part of an identified portfolio of financial instrument that the Company manages together and has a recent actual pattern of short term profit-taking or
- ♦ it is derivative that is not designated and effective as hedging instrument

Financial assets through profit or loss are stated fair value, with any results gain or losses recognized in the statement of comprehensive income. The Company does not have any financial assets at fair value through profit or loss.

Loans and receivables

These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through the provision of goods and services to customers (e.g. trade receivables), but also incorporate other types of contractual monetary asset. Loans and receivables consist of trade and other receivables and due from related parties. They are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue, and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment.

3. Significant accounting policies (Continued)

Financial assets (Continued)

Held-to-maturity investment

These assets are non-derivative financial assets with determinable payments and fixed maturities that Company's management has the positive intention and ability to hold till maturity. These assets are measured at amortised costs with changes through statement of comprehensive income. The Company does not hold any held-to-maturity investments.

Available-for-sale financial assets

Non-derivative financial assets not included in the above categories are classified as available for Sale. These assets are included in non-current assets unless management has expressed its intention of holding these investments for less than twelve months from the date of statement of financial position, and are carried at fair value with changes in fair value recognized directly in equity. Where a decline in the fair value of an available for sale investments constitutes objective evidence of impairment, the amount of loss is removed from equity and recognized in the statement of comprehensive income.

Exchange differences on investments denominated in a foreign currency and interest calculated using the effective interest rate method is recognised in profit or loss. Purchases and sales of available for sale financial assets are recognised on settlement date with any change in fair value between trade date and settlement date being recognised in the available-for-sale reserve. On sale, the cumulative gain or loss recognised in other comprehensive income is reclassified from the available-for-sale reserve to profit or loss. The Company has not classified any financial asset as available-for-sale financial assets.

Impairments

(I) Financial assets

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that a financial asset or a group of financial assets is impaired and recognises an allowance for impairment when such evidence exists. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

Loans and receivables

Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy and default or significant delay in payments are objective evidences that these financial assets are impaired.

The carrying amount of these assets is reduced through the use of an impairment allowance which is calculated as the difference between the carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. When the asset becomes uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are recognised against the same line item in profit or loss. The impairment allowance is reduced through profit or loss in a subsequent period when the amount of impairment loss decreases and the related decrease can be objectively measured. The carrying amount of the asset previously impaired is increased to the extent that the new carrying amount does not exceed the amortised cost had no impairment been recognised in prior periods.

3. Significant accounting policies (Continued)

Impairments (Continued)

(II) Non-financial assets

The carrying amounts of the non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated. The reduction in value is recognised in the consolidated statement of income.

Property, plant and equipment

Property, plant and equipment is tested for impairment whenever there is any objective evidence or indication that these assets may be impaired.

For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash inflows that are largely independent of those from other assets. If this is the case, the recoverable amount is determined for the cash generating unit (CGU) to which the asset belongs. If the recoverable amount of the asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount. The difference between the carrying amount and recoverable amount is recognised as an impairment loss in profit or loss, unless the asset is carried at revalued amount, in which case, such impairment loss is treated as a revaluation decrease.

An impairment loss for an asset is reversed only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of this asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortisation or depreciation) had no impairment loss been recognised for the asset in prior years.

A reversal of impairment loss for an asset is recognised in profit or loss, unless the asset is carried at revalued amount, in which case, such reversal is treated as a revaluation increase. However, to the extent that an impairment loss on the same revalued asset was previously recognised as an expense, a reversal of that impairment is also recognised in profit or loss.

Inventories

Inventories are initially recognised at cost, and subsequently stated at the lower of average purchase cost and net realisable value. Cost is determined as follows:

Raw Materials:

The cost of raw materials includes purchase cost, insurance, freight and other costs incurred in bringing the raw materials to their present location and condition. Raw materials are valued at weighted average cost basis.

Consumables:

Consumables and spare parts are valued based on the weighted average method.

Work in progress:

Work in progress is valued at cost by reference to stage of completion. Cost includes raw material cost plus attributable production overheads.

3. Significant accounting policies (Continued)

Inventories (Continued)

Finished Goods:

Cost of finished goods comprises cost of raw materials, direct labour, other direct costs and related production overheads.

Net realisable value is the amount that can be realised from the sale of the inventory in the normal course of business after allowing for the costs of realisation.

Goods in transit:

Goods in transit are stated at cost. These are subject to impairment when the recoverable amount is less than the carrying amount.

Employees' end of service benefits

Provision for employees' end of service benefits is made on the basis prescribed in the UAE Labour Law, for the accumulated period of service at the date of the statement of financial position. In accordance with the consistent policy being followed in this regard, provision for employees' end of service benefits is treated as a long-term liability.

Provisions

Provisions are recognised in the statement of financial position when the Company has a present obligation (legal or constructive) as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Financial liabilities

The Company's financial liabilities consist of trade and other payables, bank borrowings and due to related parties. The Company classifies its financial liabilities into one of two categories, depending on the purpose for which the liability was acquired. The Company's accounting policy for each category is as follows:

Fair value through profit or loss

They are carried in the statement of financial position at fair value with changes in fair value recognised in the statement of comprehensive income. The Company does not have any liabilities which are to be designated as being at fair value through profit or loss.

Other financial liabilities

Other financial liabilities include the following items:

- ♦ Bank borrowings, which are initially recognised at fair value net of any transaction costs. Such interest bearing liabilities are subsequently measured at amortised cost using the effective interest rate method, which ensures that any interest expense over the period to repayment is at a constant rate on the balance of the liability carried in the statement of financial position. For the purposes of each financial liability, interest expense includes initial transaction costs as well as any interest payable while the liability is outstanding.
- ♦ Trade payables and other short-term monetary liabilities, which are initially recognised at fair value and subsequently carried at amortised cost using the effective interest method.

3. Significant accounting policies (Continued)

Revenue recognition

Revenue from the sale of goods is recognised net of discounts, when the significant risks and rewards of ownership of the goods have passed to the buyer and the amount is measured reliably.

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

Leasing

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the statement of comprehensive income on a straight-line basis over the period of the lease.

Foreign currencies

Transactions in foreign currencies during the year are converted into AED at rates of exchange ruling at the transaction dates. Monetary assets and liabilities in foreign currencies are translated to AED at the rates of exchange ruling at the date of the statement of financial position. All gains and losses on exchange are taken to the statement of comprehensive income.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation. All other borrowing costs are recognised in the statement of comprehensive income in the period in which they are incurred.

Cash and cash equivalents

For the purposes of the statement of cash flows, cash and cash equivalents comprise cash and bank balances (excluding margin money and fixed deposits) and bank overdrafts.

4. Critical accounting judgements and key sources of estimation uncertainty

In the application of the Company's accounting policies, which are described in Note: 3 management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities 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.

Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the date of the statement of financial position, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are as follows:

4. Critical accounting judgements and key sources of estimation uncertainty (Continued)

Useful lives of property, plant and equipment

Property, plant and equipment are depreciated over their estimated useful lives, which are based on estimates for expected usage of the asset and expected physical wear and tear which are dependent on operational factors. Management has not considered any residual value as it is deemed immaterial.

Inventories

Inventories are stated at the lower of average purchase cost and market value. Adjustments are made to reduce the cost of inventory to its realisable value, if required, for estimated excess, obsolescence or impaired balances. Factors influencing these adjustments include changes in demand, product pricing, quality issues and expired products. Based on the above factors, the Company arrives at certain percentages for allowance for slow moving and obsolete inventories. Revisions to these adjustments would be required if these factors differ from the estimates.

Allowance for doubtful debts

An allowance for doubtful debts is determined using a combination of factors to ensure that the trade receivables are not overstated due to uncollectibility. The allowance for doubtful debts for all customers is based on a variety of factors, including the overall quality and ageing of receivables, continuing credit evaluation of the customers' financial condition and collateral requirements from customers in certain circumstances.

5. Property, plant and equipment

Movements in property, plant and equipment are given on page 30.

The net book value of motor vehicles purchased under financing arrangements, which are subject to a charge, amounted to []

Property, plant and equipment include buildings which are built on leasehold-land, which is renewed periodically. These are being depreciated over their estimated useful lives since the management anticipates that the lease would continue to be renewed in the foreseeable future.

6. Advances

These represent advances paid for the acquisition of property, plant and equipment, warehouse and additional facilities.

7. Inventories

		2016
	AED	AED
Raw materials	[]
Work in progress	[]
Stores consumables and spares	[]
Finished goods	[]
Less: Provision for obsolete inventories	[]

Inventories are stated net of allowance for slow moving and obsolete items.

The cost of inventories recognised as expense amounted to [] (Previous year: [])

8. Trade and other receivables

		2016
Trade receivables	[]
Accrued income	[]
Prepayments	[]
Deposits	[]
Advances	[]

There are 30 customers (Previous year: 21 customers) who represent 68 percent (Previous year: 61 percent) of the total balance of trade receivables. Trade receivables amounting to AED [] are not past due. The Company does not hold any collateral over these balances nor does it have a legal right of offset against any amounts owed by the Company to the counterparty.

Included in trade receivables are debtors with carrying amounts of [] (Previous year: []), which are past due at the reporting date for which the Company, based on its past default experience has not provided as it still considers these amounts as recoverable.

The carrying amount of trade receivables approximates to its fair value, which is based on an estimate of the recoverable amount.

8. Trade and other receivables (Continued)

	AED	2016 AED
Ageing analysis of past due receivables is as under:	[]
Amount past due but not impaired	[]
Above 120 days	[]
Total trade receivables past due	[]

9. Related parties

Related parties include the shareholders, key management personnel, associates, joint ventures and any businesses which are controlled directly or indirectly by the Company or over which they exercise significant management influence. The balances due from / to such parties, which have been disclosed separately in the financial statements are unsecured, interest-free and are repayable on demand.

Significant related party transactions during the year are as follows:

	AED	2016 AED
Related parties		
- Revenue	[]
- Purchases	[]
- Other income	[]
- Director's remuneration	[]
- Management fees	[]
Related party balances are as under:	[]
Payables:		
- Other related parties	[]
Receivables:		
- Other related parties	[]

AJMAL STEEL TUBES & PIPES INDUSTRIES LLC, ABU DHABI

Notes to the financial statements for the year ended December 31, 2017 (Continued)

10. Bank balances and cash

	2016
Cash in hand	[]
Bank current accounts	[]
Margin money with banks	[]
Bank fixed deposits	[]

Fixed deposits are under lien with the banks towards the banking facilities availed by the Company.

The carrying amount of these assets approximates to their fair value.

11. Trade and other payables

	2016
Trade payables	[]
Advance from customers	[]
Provision for expenses	[]
Accrued expenses	[]

The Company has financial risk management policies in place to ensure that payables are paid within the credit time frame.

12. Bank borrowings

	AED	2016 AED
<i>Current</i>		
Term loans - current portion	[]	[]
Bills discounted	[]	[]
Trust receipts	[]	[]
Vehicle loans - current portion	[]	[]
Borrowings (other than overdrafts)	[]	[]
Bank overdrafts	[]	[]

AJMAL STEEL TUBES & PIPES INDUSTRIES LLC, ABU DHABI

Notes to the financial statements for the year ended December 31, 2017 (Continued)

12. Bank borrowings (Continued)

		2016
	AED	AED
<i>Non current</i>		
Term loans - long term portion		
Vehicle loans - long term portion		
	—	
	—	

Significant terms and conditions

Bank loans and overdrafts are secured by the personal guarantee of a shareholder and related party, corporate guarantee of related parties, subordination of shareholders' current account, hypothecation of inventories and book debts and lien over the Company's fixed deposits. The effective interest rates on bank loans and overdrafts are at fixed and floating rates negotiated from time to time.

The term loans are payable in fixed monthly installments consisting of principal and interest. The installments due within twelve months from the date of the statement of financial position have been classified as current liabilities.

Vehicle loans represent loans taken from the bank at a fixed commercial rate of interest. These loans are secured by a charge on the motor vehicles purchased under financing arrangement. The installments due within twelve months from the date of the statement of financial position have been classified as current liabilities. Certain vehicles are registered in the name of the employees of the Company who confirm that these are held by them in trust on behalf of the Company.

13. Provision for employees' end of service benefits

At 1 January		
Add: Provisions made during the year		
Less: Payments made during the year		
Less: Provision for end of service benefits reversed		

14. Share capital

Authorised, issued and paid up capital		

AJMAL STEEL TUBES & PIPES INDUSTRIES LLC, ABU DHABI

Notes to the financial statements for the year ended December 31, 2017 (Continued)

14. Share capital (Continued)

Name of shareholders

Ishaq Mohamed Salem Mohamed Al Meeza Al Beshar
Mohamed Ashraf Shahul Ameen

In addition to the above, Mohamed Ashraf Shahul Ameen, one of the shareholders, has contribute [] to meet the additional financial requirements of the Company, which is treated as capital contribution.

15. Revaluation reserve

Beginning balance

Transferred to retained earnings

Ending balance

The buildings and plant and machinery were valued by independent valuer in 2013. The excess of the revalued amount over the carrying amount of the buildings and plant and machinery was credited to revaluation reserve. The revaluation reserve is not available for distribution.

The excess depreciation charge on account of revaluation over and above the original cost amounting to [] has been transferred from revaluation reserve to retained earnings.

16. Statutory reserve

In accordance with article 239 of the Federal Law No.2 of 2015 (as amended), 10 per cent of the net profit for the year is to be allocated to statutory reserve subject to a minimum of 50 per cent of the share capital of the Company. This reserve is not available for distribution among the shareholders.

During the year, no transfer of net profit has been made to the legal reserve since the legal reserve has already reach [] of the share capital.

17. Current account

This represents the funds contributed by Mr. Mohamed Ashraf Shahul Ameen, one of the shareholders to support additional financial requirements of the business operations of the Company. The current account balance is subordinated to the bank against the facilities availed by the Company and disclosed as a component of equity. The movements in the current account are given in the statement of changes in equity on page no.7.

18. Dividend

A dividend of [] [] per share]] was distributed to shareholders for the year ended December 31, 2017.

19. Other income

	AED	2016 AED
Interest income		
Write back of provision no longer required		
Adjustment in depreciation		
Miscellaneous		
Net exchange gain		
Miscellaneous income includes rental income from the relate		

20. Cost of sales

Cost of goods sold	
Freight inward and shipping expenses	
Wages	
Depreciation on buildings, plant and machinery	
Consumables	
Other direct expenses	

AJMAL STEEL TUBES & PIPES INDUSTRIES LLC, ABU DHABI

Notes to the financial statements for the year ended December 31, 2017 (Continued)

21. Administrative, selling and general expenses

	AED	2016 AED
Staff salaries and other benefits		
Rent and licence fees		
Communication		
Depreciation		
Bad debts		
Travelling		
Vehicle and conveyance		
Advertisements, entertainment & business promotion		
Immigration and legal expenses		
Insurance		
Printing and stationery		
Repairs and maintenance		
Selling expenses		
Exchange loss, net		
Other		
22. Management fees		
As per the provisions of the Memorandum of Association, the Managing Director is entitled to a management fee of 12% of the gross sales of the company. The Managing Director has agreed to waive off his rights to charge the management fee as he is entitled to a salary as Managing Director. The management fee charged as per the provisions of the Memorandum of Association is as follows:		
23. Finance costs		
Bank charges		
Interest on borrowings		

Notes to the financial statements for the year ended December 31, 2017 (Continued)

24. Cash and cash equivalents

		2016
	AED	AED
Cash and bank balances	[]
Bank overdrafts	[]
<i>Note supporting cash flows</i>	[]
The reconciliation between opening and closing balances transactions is as follows:	[]
Borrowings (other than overdrafts)	[]
	[]
As at 1 January 2017	[]
Cash flows, net	[]
As at 31 December 2017	[]
<i>Less: Non current</i>	[]
<i>Current</i>	[]

25. Financial instruments - risk management

Capital risk management

The capital is managed by the Company in a way that it is able to continue as a going concern while maximising returns to the Shareholders.

The capital structure of the Company consists of borrowings, cash and cash equivalents and equity attributable to equity holders, comprising of capital, reserves, current account and retained earnings.

As a risk management policy, the Company reviews its cost of capital and risks associated with capital. The Company balances its capital structure based on the above review.

Market risk management

The Company is primarily exposed to the financial risks of changes in foreign currency exchange rates (currency risk) and interest rates (interest rate risk).

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

25. Financial instruments - risk management (Continued)

Foreign currency risk management

The Company undertakes certain transactions denominated in foreign currencies. Hence, exposures to exchange rate fluctuation arise. The Company is mainly exposed to Australian Dollars (AUD), Euro (EUR), Saudi Riyals (SAR) and US Dollars (USD). Since both AED and SAR are pegged to the USD, the Company is not exposed to any significant exchange rate fluctuations relating to USD and SAR, whereas Company's sensitivity to a 10 percent increase or decrease in the AED against the AUD and EUR is as follows:

	2016
Profit or loss	

Interest rate risk management

The Company is exposed to interest rate risk as it borrows funds at both fixed and floating interest rates. The effective interest rates on financial assets and financial liabilities are at fixed and floating rates negotiated from time to time. Sensitivity analysis of interest rates are as follows:

If the interest rates have been 50 base points higher or lower and all other variables were held constant, the Company's profits would increase or decrease by []
[] ities in the Company.

Credit risk management

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

The Company is potentially exposed to concentration of credit risk from its financial assets which comprise principally fixed deposits, bank balances, trade and other receivables and amounts due from related parties. The Company's bank accounts are placed with high credit quality financial institutions. There are 30 customers who represent 68 percent of the total balance of trade receivables. The credit risk on trade receivables is subjected to credit evaluations and an allowance is made for estimated irrecoverable amounts. Management does not consider this concentration as a credit risk due to strict credit policies adapted and active follow ups being made to secure the amounts receivable.

As at year end the amounts presented in the statement of financial position are net of allowances for doubtful receivables, the Company's exposure to credit risk from trade receivables situated outside the UAE is as follows:

	2016
Country	
Australia	
GCC(KSA, Qatar, Oman, Kuwait, Bahrain)	
India	
Europe	
United States Of America	

25. Financial instruments - risk management (Continued)**Liquidity risk management**

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities.

The Company has built an appropriate liquidity risk management framework for the management of its short, medium and long term funding and liquidity requirements. The Company manages liquidity risk by maintaining adequate reserves, banking facilities and borrowing facilities by continuously monitoring forecast and actual cashflows.

Financial instruments by category

The carrying amounts for each class of financial instruments are listed below:

		2016
	AED	AED
<i>Financial assets</i>		
- Trade and other receivables		
- Due from related parties		
- Bank balances and cash		
<i>Financial liabilities</i>		
- Trade and other payables		
- Due to related parties		
- Term loans		
- Bills discounted		
- Trust receipts		
- Vehicle loans		
- Bank overdrafts		

26. Operating leases

The future minimum lease payments under non-cancelable operating leases are as set out below:

	2016	
	AED	AED
Not later than one year	[]
Later than one year and not later than five years	[]
Later than five years	[]
27. Contingent liabilities and other commitments	[]
The Company had the following contingent liabilities and statement of financial position:	[]
	[]
	[]
Letters of credit	[]
Letters of guarantee	[]
	[]

28. Comparative figures

Previous year's figures have been regrouped or reclassified wherever necessary to make them comparable with those of the current year. These reclassifications are not material.

AJMAL STEEL TUBES & PIPES INDUSTRIES LLC, ABU DHABI

Notes to the financial statements for the year ended December 31, 2017 (Continued)

Schedule of property, plant and equipment

	Buildings on leasehold	Plant and machinery	Furniture, fixtures and equipments	Motor vehicles	Capital Work-in-progr ess	Total
Cost	[]]]
At January 01, 2016	[]]]
Additions	[]]]
Disposals	[]]]
At December 31, 2016	[]]]
Additions	[]]]
Transfer	[]]]
Disposals	[]]]
At December 31, 2017	[]]]
Depreciation	[]]]
At January 01, 2016	[]]]
Charge for the year	[]]]
Adjustment in depreciation	[]]]
On disposals	[]]]
At December 31, 2016	[]]]
Charge for the year	[]]]
On disposals	[]]]
At December 31, 2017	[]]]
Net Book Value	[]]]
At December 31, 2017	[]]]
At December 31, 2016	[]]]

The depreciation charge is accounted for under the following headings in the statement of comprehensive income

	2017	2016
Cost of sales	[]
General expenses	[]
Total	[]

AJMAL STEEL TUBES & PIPES INDUSTRIES
L.L.C.

Abu Dhabi

Financial statements

Year ended December 31, 2018

Contents

	Page
Managing Director's report	1
Independent Auditor's Report	2 - 4
Financial statements	
- Statement of financial position	5
- Statement of comprehensive income	6
- Statement of changes in equity	7
- Statement of cash flows	8
- Notes to the financial statements	9 - 23

AJMAL STEEL TUBES & PIPES INDUSTRIES L.L.C., ABU DHABI

Managing Director's report

The Managing Director has pleasure in submitting this report and financial statements of the Company for the year ended December 31, 2018.

Activities

The principal activities of the Company are steel pipes manufacturing, metal products coating, metal sections manufacturing and galvanized and painted steel sheets and foils manufacturing. The Company's main products are hot dipped galvanized steel sheets and steel pipes.

Results and financial position

During the year, the Company has achieved a turnover of [] Previous year: AED
The Company's net assets at the year end were AED [] (Previous year: [])

Dividends

A final dividend of [] was declared during the year.

Auditors

A resolution to reappoint BDO Chartered Accountants & Advisors, as the auditors for the ensuing year, will be put to the members at the Annual General Meeting.

For and on behalf of the Board

Mohammed Ashraf Shahul Ameen
Managing Director

15 JUL 2019



INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Ajmal Steel Tubes & Pipes Industries L.L.C., Abu Dhabi

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Ajmal Steel Tubes & Pipes Industries L.L.C., Abu Dhabi ("the Company"), which comprise the statement of financial position at December 31, 2018, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and the notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements of the Company give a true and fair view of the financial position of the Company as at December 31, 2018, and of its financial performance and its cash flows for the year then ended in accordance with the International Financial Reporting Standards for Small and Medium sized Entities. (IFRS for SMEs).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

INDEPENDENT AUDITOR'S REPORT (Continued)

To the Shareholders of Ajmal Steel Tubes & Pipes Industries L.L.C., Abu Dhabi (Continued)

Report on the Audit of the Financial Statements (Continued)

Auditor's responsibilities for the Audit of the Financial Statements (Continued)

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

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

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

Report on Other Legal and Regulatory Requirements

Further, as required by the UAE Federal Law No. (2) of 2015, we report that:

- i) we have obtained all the information we considered necessary for the purposes of our audit;
- ii) the financial statements have been prepared and comply, in all material respects, with the applicable provisions of the UAE Federal Law No. (2) of 2015;
- iii) the Company has maintained proper books of account;
- iv) the financial information included in the report of the Managing Director is consistent with the books of accounts of the Company;

INDEPENDENT AUDITOR'S REPORT (Continued)

To the Shareholders of Ajmal Steel Tubes & Pipes Industries L.L.C., Abu Dhabi (Continued)

Report on Other Legal and Regulatory Requirements (Continued)

- v) note 9 to the financial statements discloses material related party transactions and balances, and the arrangements in this regard;
- vi) based on the information that has been made available to us, nothing has come to our attention which causes us to believe that the Company has contravened during the financial year ended December 31, 2018, any of the applicable provisions of the UAE Federal Law No.(2) of 2015 or of its Articles of Association, which would materially affect its activities or its financial position as at December 31, 2018.


BDO Chartered Accountants & Advisors
R. Krishnan
Reg. No. 89
Abu Dhabi
15 JUL 2019



AJMAL STEEL TUBES & PIPES INDUSTRIES L.L.C., ABU DHABI

Statement of financial position at December 31, 2018

	Note	AED	2017 AED
Non current assets			
Property, plant and equipment	5		
Advances	6		
Total non current assets			
Current assets			
Inventories	7		
Trade and other receivables	8		
Due from related parties	9		
Bank balances and cash	10		
Total current assets			
Current liabilities			
Trade and other payables	11		
Due to related parties	9		
Bank borrowings	12		
Total current liabilities			
Net current assets			
Non current liabilities			
Bank borrowings	12		
Provision for employees' end of service benefits	13		
Total non current liabilities			
Net assets			
Equity			
Share capital	14		
Capital contribution	14		
Revaluation reserve	15		
Statutory reserve	16		
Current account	17		
Retained earnings			
Total equity			

These financial statements were approved by the Board of Directors on 15 JUL 2019 and are signed on its behalf by:

Mohammed Ashraf Shahul Ameen
Managing Director



The notes on pages 9 to 23 form part of these financial statements.

AJMAL STEEL TUBES & PIPES INDUSTRIES L.L.C., ABU DHABI

Statement of comprehensive income for the year ended December 31, 2018

	Note	AED	2017 AED
Revenue			
Cost of sales			
Gross profit			
Other income			
Administrative, selling and general expenses			
Finance costs			
Profit for the year			
Total comprehensive income for the year			

The notes on pages 9 to 23 form part of these financial statements

AJMAL STEEL TUBES & PIPES INDUSTRIES L.L.C., ABU DHABI

Statement of changes in equity for the year ended December 31, 2018

	Share capital	Capital contribution	Revaluation reserve	Statutory reserve	Current account	Retained earnings	Total equity
Balance at January 1, 2017							
Total comprehensive income for the year							
Transfer from revaluation reserve							
Movement in current account, net							
Dividends distributed (Note 18)							
Balance at December 31, 2017							
Total comprehensive income for the year							
Transfer from revaluation reserve							
Movement in current account, net							
Dividends distributed (Note 18)							
Balance at December 31, 2018							

The notes on pages 9 to 23 form part of these financial statements

AJMAL STEEL TUBES & PIPES INDUSTRIES L.L.C., ABU DHABI

Statement of cash flows for the year ended December 31, 2018

	Note	AED	2017 AED
Cash flows from operating activities			
Net profit for the year			
Adjustments for :			
Depreciation			
Interest charges			
Provision for end of service benefits			
Profit on disposal of property, plant and equipment			
Increase in inventories			
Increase in trade and other receivables			
Increase in due from related parties			
Increase in trade and other payables			
Increase in due to related parties			
Cash used in operations			
Interest paid			
Payment of end of service benefits			
Bank margins and fixed deposits placed, net			
Net cash used in operating activities			
Cash flows from investing activities			
Acquisition of property, plant and equipment			
Proceeds from disposal of property, plant and equipment			
Movement in advances			
Net cash used in investing activities			
Cash flows from financing activities			
Bank borrowings obtained, net			
Dividend distributed during the year			
Movements in current account, net			
Net cash from financing activities			
Net (decrease) increase in cash and cash equivalents			
Cash and cash equivalents at the beginning of year			
Cash and cash equivalents at the end of year			

The notes on pages 9 to 23 form part of these financial statements

1. Status and activity

Ajmal Steel Tubes & Pipes Industries L.L.C. ("the Company") is registered as a Limited Liability Company in Abu Dhabi, in accordance with the provisions of the UAE Federal Commercial Companies Law No. 8 of 1984 (as amended). The principal place of business of the Company is located at ICAD - I, Mussafah, Post Box 105361, Abu Dhabi, United Arab Emirates.

The principal activities of the Company are steel pipes manufacturing, metal products coating, metal sections manufacturing and galvanized and painted steel sheets and foils manufacturing. The Company's main products are hot dipped galvanized steel sheets and steel pipes.

These financial statements for the year ended December 31, 2018 were authorised for issue by the Board of Directors on 15 JUL 2019.

These financial statements are presented in UAE Dirhams ("AED").

2. Transition to IFRS for SME

The Company's financial statements for the year ended December 31, 2018 are its first financial statements prepared under accounting policies that comply with International Financial Reporting Standards for Small and Medium-sized Entities.

The Company's transition date is 01 January 2017. The Company has prepared its opening statement of financial position in accordance with International Financial Reporting Standards for Small and Medium-sized Entities at that date. The transition from International Financial Reporting Standards to International Financial Reporting Standards for Small and Medium-sized Entities has not affected the equity and retained earnings of the Company as reported earlier.

3. Significant accounting policies

The financial statements of the Company have been prepared under the historical cost convention, except where otherwise stated in the accounting policies below, and in accordance with the International Financial Reporting Standards for Small and Medium-sized Entities (IFRSs for SMEs). The Company does not have public accountability as it neither has debt or equity instruments which are traded in the public market nor it is in the process of issuing such instruments. The Company also does not hold assets in a fiduciary capacity for a broad group of outsiders as one of its primary business. These financial statements also comply with the requirements of UAE Federal Law No. 2 of 2015.

The significant accounting policies adopted are as follows:

Property, plant and equipment

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

Subsequent to the initial recognition, property, plant and equipment (other than buildings and plant and machinery) are stated at cost or revalued amount less accumulated depreciation and accumulated impairment losses. Property, plant and equipment are tested for impairment at each statement of financial position date.

3. Significant accounting policies (Continued)*Property, plant and equipment (Continued)*

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. The difference between the net disposal proceeds, if any and the net carrying amount is recognised in the statement of comprehensive income.

Buildings and plant and machinery are measured at fair value, less accumulated depreciation and subsequent impairment losses. Revaluations are performed periodically such that the carrying amounts do not differ materially from those that would be determined using fair values at the date of statement of financial position. Buildings and Plant and machinery are stated at revalued amount, being the fair value. Accumulated depreciation at the revaluation date is restated proportionately with the change in the gross carrying amount of the asset so that the carrying amount of the asset after revaluation equals its revalued amount. Any revaluation increase arising on the revaluation is credited in statement of changes in equity to the revaluation reserve, except to the extent that it reverses a revaluation decrease for the same asset previously recognised in the statement of comprehensive income, in which case the increase is credited to the statement of comprehensive income to the extent of the decrease previously charged. A decrease in the carrying amount arising on the revaluation of such buildings and plant and machinery is charged to the statement of comprehensive income to the extent that it exceeds the balance, if any, held in the revaluation reserve relating to a previous revaluation of that asset.

Capital work in progress is stated at cost. All costs related to specific assets incurred during the period are carried under this heading. These are transferred to specific assets when they are available for use.

Depreciation

Depreciation is consistently provided on the straight-line basis so as to write off the cost or revalued amount of property, plant and equipment over their estimated useful lives. The expected useful lives of the property, plant and equipment are estimated as follows:

Buildings on leasehold land (Revalued)	20 years
Plant and machinery (Revalued)	10 years
Furniture, fixtures and equipments	5 years
Motor vehicles	5 years

Depreciation on revalued buildings and plant and machinery are charged to statement of comprehensive income. On the subsequent sale or retirement of a revalued property, the attributable revaluation surplus remaining in the revaluation reserve is transferred directly to retained earnings. An annual transfer from the revaluation reserve to retained earnings is made for the difference between the depreciation on the revalued amount of the assets and depreciation on the assets' original cost.

Impairments of non-financial assets

The carrying amounts of the Company's assets are reviewed annually at each date of the statement of financial position to determine whether the assets have been impaired during the year. Where an asset has been impaired, the recoverable amount of the asset is determined. Where the carrying amount exceeds the recoverable amount, the asset is written down to its recoverable amount. The resultant impairment loss is recognised as an expense in the statement of comprehensive income.

3. Significant accounting policies (Continued)

Inventories

Inventories are initially recognised at cost, and subsequently stated at the lower of average purchase cost and net realisable value. Cost is determined as follows:

Raw Materials:

The cost of raw materials includes purchase cost, insurance, freight and other costs incurred in bringing the raw materials to their present location and condition. Raw materials are valued at weighted average cost basis.

Consumables:

Consumables and spare parts are valued based on the weighted average method.

Work in progress:

Work in progress is valued at cost by reference to stage of completion. Cost includes raw material cost plus attributable production overheads.

Finished Goods:

Cost of finished goods comprises cost of raw materials, direct labour, other direct costs and related production overheads.

Net realisable value is the amount that can be realised from the sale of the inventory in the normal course of business after allowing for the costs of realisation.

Goods in transit:

Goods in transit are stated at cost. These are subject to impairment when the recoverable amount is less than the carrying amount.

Financial assets

All financial assets are recognised and derecognised on trade date and are initially measured at fair value, plus transaction costs, except for those financial assets classified as fair value through profit and loss account, which are initially measured at fair value. The financial assets consist of bank balances and cash, trade and other receivables and due from related parties. Cash consists of cash on hand and cash held on bank current accounts or on short-term deposits at variable interest rates. Any interest earned is accrued monthly and classified as interest income. Trade and other receivables and due from related parties are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment.

Impairment of financial assets

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that that a financial asset or a group of financial assets is impaired. The Company recognises an allowance for impairment when such evidence exists. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

Significant financial difficulties of the debtors, probability that the debtors will enter bankruptcy and default or significant delay in payments are objective evidence that these financial assets are impaired.

3. Significant accounting policies (Continued)

Impairment of financial assets (Continued)

The carrying amount of these assets is reduced through the use of an impairment allowance which is calculated as the difference between the carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. When the asset becomes irrecoverable, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are recognised against the same line item in statement of comprehensive income.

The impairment allowance is reduced through profit or loss in a subsequent period when the amount of impairment loss decreases, and the related decrease can be objectively measured. The carrying amount of the asset previously impaired is increased to the extent that the new carrying amount does not exceed the amortised cost, had no impairment been recognised in prior periods.

Employees' end of service benefits

Provision for employees' end of service benefits is made on the basis prescribed in the UAE Labour Law, for the accumulated period of service at the date of the statement of financial position. In accordance with the consistent policy being followed in this regard, provision for employees' end of service benefits is treated as a long-term liability.

Provisions

Provisions are recognised in the statement of financial position when the Company has a present obligation (legal or constructive) as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Financial liabilities

Financial liabilities are classified as either financial liabilities at fair value through profit or loss account or other financial liabilities. The Company's financial liabilities consist of the following:

- ♦ Bank borrowings are initially recognised at fair value net of any transaction costs. Such interest bearing liabilities are subsequently measured at amortised cost using the effective interest rate method, which ensures that any interest expense over the period to repayment is at a constant rate on the balance of the liability carried in the statement of financial position. For the purposes of each financial liability, interest expense includes initial transaction costs and as well as any interest payable while the liability is outstanding.
- ♦ Trade payables and other liabilities (including due to related party), which are initially recognised at fair value and subsequently carried at amortised cost using the effective interest method, except for short-term payable when the recognition of interest would be immaterial.

3. Significant accounting policies (Continued)

Revenue recognition

Revenue from the sale of goods is recognised net of discounts, when the significant risks and rewards of ownership of the goods have passed to the buyer and the amount is measured reliably.

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

Value added tax

Expenses and assets are recognised net of the amount of value added tax, except;

- ♦ When the value added tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the value added tax 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 value added tax included.

The net amount of value added tax payable to the taxation authority is included as part of payables in the financial statements.

Leasing

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the statement of comprehensive income on a straight-line basis over the period of the lease.

Foreign currencies

Transactions in foreign currencies during the year are converted into AED at rates of exchange ruling at the transaction dates. Monetary assets and liabilities in foreign currencies are translated to AED at the rates of exchange ruling at the date of the statement of financial position. All gains and losses on exchange are taken to the statement of comprehensive income.

Borrowing costs

All borrowing costs are recognised in the statement of comprehensive income in the period in which they are incurred.

Cash and cash equivalents

For the purposes of the statement of cash flows, cash and cash equivalents comprise cash and bank balances (excluding margin money and fixed deposits) and bank overdrafts.

4. Critical accounting judgements and key sources of estimation uncertainty

In the application of the Company's accounting policies, which are described in Note: 3 management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities 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.

4. Critical accounting judgements and key sources of estimation uncertainty (Continued)

Critical judgment in applying accounting policies

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

Capital advances

Group of assets purchased from third parties are assessed and treated as either assets acquired or business acquired under the scope of "Section 9 - Business Combinations and Goodwill". This assessment is made on the basis of key judgments made including inputs, processes applied to those inputs and resulting outputs that are or will be used to generate revenues. Further, this assessment also considers, whether substantially all the fair value concentrated in one or more similar assets acquired or is there an acquired workforce that has necessary skills for producing outputs now or developing future outputs. During the year 2018, based on these factors, the Company has assessed the assets purchased ('warehouse facility') under the name of "Emirates Engineering Industries L.L.C." (formerly known as "Zeenath Star Recycling L.L.C.") as assets acquired and considered these out of the scope of "Section 9 - Business Combinations and Goodwill". The warehouse facility is purchased under Emirates Engineering Industries L.L.C., which is beneficially owned by a shareholder of the Company, who has further assigned beneficial ownership of the facility in favour of the Company. Consequently, pending a decision on the future development and usage of this facility, the payments made for acquisition of the facility are classified under capital advances. Based on the management's future plans, the advances would be either capitalised or the facility would be disposed of at a later stage as the case may be.

Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the date of the statement of financial position, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are as follows:

Useful lives of property, plant and equipment

Property, plant and equipment are depreciated over their estimated useful lives, which are based on estimates for expected usage of the asset and expected physical wear and tear which are dependent on operational factors. Management has not considered any residual value as it is deemed immaterial.

Impairment of property, plant and equipment

The Company reviews its property and equipment to assess impairment, if there is an indication of impairment. In determining whether impairment losses should be recorded in the statement of comprehensive income, the Company makes judgment as to whether there is any observable date indicating that there is a reduction in the carrying value of property and equipment. Accordingly, provision for impairment is made when there is an identified loss event or condition which, based on previous experience, is evidence of a reduction in the carrying value of property and equipment.

4. Critical accounting judgements and key sources of estimation uncertainty (Continued)

Key sources of estimation uncertainty (Continued)

Inventories

Inventories are stated at the lower of average purchase cost and market value. Adjustments are made to reduce the cost of inventory to its realisable value, if required, for estimated excess, obsolescence or impaired balances. Factors influencing these adjustments include changes in demand, product pricing, quality issues and expired products. Based on the above factors, the Company arrives at certain percentages for allowance for slow moving and obsolete inventories. Revisions to these adjustments would be required if these factors differ from the estimates.

Allowance for doubtful debts

An allowance for doubtful debts is determined using a combination of factors to ensure that the trade receivables are not overstated due to uncollectibility. The allowance for doubtful debts for all customers is based on a variety of factors, including the overall quality and ageing of receivables, continuing credit evaluation of the customers' financial condition and collateral requirements from customers in certain circumstances.

5. Property, plant and equipment

Movements in property, plant and equipment are given on page 23.

The net book value of motor vehicles purchased under financing arrangements, which are subject to a charge, amounted to []

Property, plant and equipment include buildings which are built on leasehold-land, which is renewed periodically. These are being depreciated over their estimated useful lives since the management anticipates that the lease would continue to be renewed in the foreseeable future.

6. Advances

These represent advances paid for the acquisition of intangible assets, property, plant and equipment, warehouse and additional facilities.

7. Inventories

Raw materials

Work in progress

Stores consumables and spares

Finished goods

Less: Provision for obsolete inventories

7. Inventories (Continued)

Inventories are stated net of allowance for slow moving and obsolete items.

The cost of inventories recognised as expense amounted to [] Previous year: []

8. Trade and other receivables

Trade receivables, net

Prepayments

Deposits

Customs duty refund receivable

Advances

There are 39 customers (Previous year: 30 customers) who represent 69 percent (Previous year: 68 percent) of the total balance of trade receivables. Trade receivables amounting to AED [] Previous year: [] are not past due. The Company does not hold any collateral over these balances nor does it have a legal right of offset against any amounts owed by the Company to the counterparty.

Included in trade receivables are debtors with carrying amounts of [] (Previous year: [] which are past due at the reporting date for which the Company, based on its past default experience has not provided as it still considers these amounts as recoverable.

The carrying amount of trade receivables approximates to its fair value, which is based on an estimate of the recoverable amount.

Ageing analysis of past due receivables is as under:

Amount past due but not impaired

Total trade receivables past due

9. Related parties

Related parties include the shareholders, key management personnel, associates, joint ventures and any businesses which are controlled directly or indirectly by the Company or over which they exercise significant management influence. The balances due from / to such parties, which have been disclosed separately in the financial statements are unsecured, interest-free and are repayable on demand.

9. Related parties (Continued)

Significant related party transactions during the year are as follows:

Related parties

- Revenue
- Purchases
- Other income
- Director's remuneration

Related party balances are as under:

Payables:

- Other related parties

Receivables:

- Other related parties

10. Bank balances and cash

Cash in hand

Bank current accounts

Margin money with banks

Bank fixed deposits

Fixed deposits are under lien with the banks towards the banking facilities availed by the Company.

The carrying amount of these assets approximates to their fair value.

11. Trade and other payables

Trade payables	
Advance from customers	
Provision for expenses	
Accrued expenses	
Other finance liability	
VAT payable, net	

The Company has financial risk management policies in place to ensure that payables are paid within the credit time frame.

- 11.1 Other finance liability pertains to a trade credit facility availed with a financing company by the Company to manage its working capital. These facilities bear an interest based on floating rates negotiated from time to time, are secured by customer purchase orders and, are repayable within [] from the date of availing the facility, when the invoices become due.

12. Bank borrowings

		2017
	AED	AED
<i>Current</i>		
Term loans - current portion		
Bills discounted		
Trust receipts		
Vehicle loans - current portion		
Borrowings (other than overdrafts)		
Bank overdrafts		
<i>Non current</i>		
Term loans - long term portion		
Vehicle loans - long term portion		

12. Bank borrowings (Continued)*Significant terms and conditions*

Bank loans and overdrafts are secured by the personal guarantee of a shareholder and related party, corporate guarantee of related parties, subordination of shareholders' current account, hypothecation of inventories and book debts and lien over the Company's fixed deposits. The effective interest rates on bank loans and overdrafts are at fixed and floating rates negotiated from time to time.

The term loans are payable in fixed monthly installments consisting of principal and interest. The installments due within twelve months from the date of the statement of financial position have been classified as current liabilities.

Vehicle loans represent loans taken from the bank at a fixed commercial rate of interest. These loans are secured by a charge on the motor vehicles purchased under financing arrangement. The installments due within twelve months from the date of the statement of financial position have been classified as current liabilities. Certain vehicles are registered in the name of the employees of the Company who confirm that these are held by them in trust on behalf of the Company.

13. Provision for employees' end of service benefits

At 1 January

Add: Provisions made during the year

Less: Payments made during the year

14. Share capital

Authorised, issued and paid up capital

[]

Name of shareholders

Ishaq Mohamed Salem Mohamed Al Meeza Al Beshar
Mohamed Ashraf Shahul Ameen

In addition to the above, Mohamed Ashraf Shahul Ameen, one of the shareholders, has contributed [] to meet the additional financial requirements of the Company, which is treated as capital contribution.

15. Revaluation reserve

Beginning balance

Transferred to retained earnings

Ending balance

The buildings and plant and machinery were valued by indepe of the revalued amount over the carrying amount of the buildings and plant and machinery was credited to revaluation reserve. The revaluation reserve is not available for distribution.

The excess depreciation charge on account of revaluation over and above the original cost amounting to [] has been transferred from revaluation reserve to retained earnings.

16. Statutory reserve

In accordance with article 239 of the Federal Law No.2 of 2015 (as amended), 10 per cent of the net profit for the year is to be allocated to statutory reserve subject to a minimum of 50 per cent of the share capital of the Company. This reserve is not available for distribution among the shareholders.

During the year, no transfer of net profit has been made to the legal reserve since the legal reserve has already reached [] of the share capital.

17. Current account

This represents the funds contributed by Mr. Mohamed Ashraf Shahul Ameen, one of the shareholders to support additional financial requirements of the business operations of the Company. The current account balance is subordinated to the bank against the facilities availed by the Company and disclosed as a component of equity. The movements in the current account are given in the statement of changes in equity on page no.7.

18. Dividend

A dividend of [] [Previous year [] share]] was distributed to shareholders for the year ended December 31, 2018.

19. Other income

Profit on disposal of property, plant and equipment

Miscellaneous

Miscellaneous income includes rental income from the related parties for use of trailers.

20. Cost of sales

	AED	2017 AED
Cost of goods sold		
Freight Inward and shipping expenses		
Wages		
Depreciation on buildings, plant and machinery		
Consumables		
Other direct expenses		

21. Administrative, selling and general expenses

Staff salaries and other benefits	
Rent and licence fees	
Communication	
Depreciation	
Bad debts	
Travelling	
Vehicle and conveyance	
Advertisements and business promotion	
Immigration and legal expenses	
Insurance	
Printing and stationery	
Repairs and maintenance	
Selling expenses	
Exchange loss, net	
Other	

21.1 Selling expenses include shipping expenses, customs duties and related expenses in connection with export sales of the Company.

22. Management fees

As per the provisions of the Memorandum of Association, the Managing Director of the Company is entitled to a management fee of 12% of the gross sales of the Company. Managing Director has agreed to waive off his rights to charge the management fees for the current and previous years.

23. Finance costs

		2017
	AED	AED
Bank charges on bills discounting and other facilities		
Interest on borrowings		

24. Cash and cash equivalents

Cash and bank balances	
Bank overdrafts	

25. Contingent liabilities and other commitments

The Company had the following contingent liabilities and other commitments as at the end of the reporting period, as stated in the statement of financial position:

Letters of credit	
Letters of guarantee	

26. Operating leases

As of December 31, 2018, the future minimum lease payments under operating leases are as set out below:

Not later than one year	
Later than one year and not later than five years	
Later than five years	

27. Comparative figures

Previous year's figures have been regrouped or reclassified wherever necessary to make them comparable with those of the current year. These reclassifications are not material.

Schedule of property, plant and equipment

	Buildings on leasehold	Plant and machinery	Furniture, fixtures and equipments	Motor vehicles	Capital Work-in- progress	Total
Cost						
At January 1, 2017						
Additions						
Transfer						
Disposals						
At December 31, 2017						
Additions						
Disposals						
At December 31, 2018						
Depreciation						
At January 01, 2017						
Charge for the year						
On disposals						
At December 31, 2017						
Charge for the year						
On disposals						
At December 31, 2018						
Net Book Value						
At December 31, 2018						
At December 31, 2017						

The depreciation charge is accounted for under the following headings in the statement of comprehensive income

Cost of sales	
Administrative, selling and general expenses	
Total	

AJMAL STEEL TUBES & PIPES INDUSTRIES
L.L.C,

Abu Dhabi

Financial statements

Year ended December 31, 2019

Contents

	Page
Managing Director's report	1
Independent Auditor's Report	2 - 4
Financial statements	
- Statement of financial position	5
- Statement of profit or loss and other comprehensive income	6
- Statement of changes in equity	7
- Statement of cash flows	8
- Notes to the financial statements	9 - 26

Managing Director's report

The Managing Director has pleasure in submitting this report and financial statements of the Company for the year ended December 31, 2019.

Activities

The principal activities of the Company are steel pipes manufacturing, metal products coating, metal sections manufacturing and galvanized and painted steel sheets and foils manufacturing. The Company's main products are hot dipped galvanized steel sheets and steel pipes.

Results and financial position

During the year, the Company has achieved a turnover of [] 'Previous year: AED
[] Company's net assets at the year end were AED [] (Previous year: [])

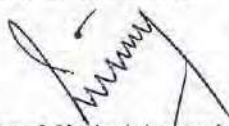
Dividends

A final dividend of [] was declared during the year.

Auditors

A resolution to reappoint BDO Chartered Accountants & Advisors, as the auditors for the ensuing year, will be put to the members at the Annual General Meeting.

For and on behalf of the Board



Mohammed Ashraf Shahul Ameen
Managing Director





INDEPENDENT AUDITOR'S REPORT *(Continued)*

To the Shareholders of Ajmal Steel Tubes & Pipes Industries L.L.C., Abu Dhabi *(Continued)*

Report on the Audit of the Financial Statements *(Continued)*

Auditor's responsibilities for the Audit of the Financial Statements *(Continued)*

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

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

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

Report on Other Legal and Regulatory Requirements

Further, as required by the UAE Federal Law No. (2) of 2015, we report that:

- i) we have obtained all the information we considered necessary for the purposes of our audit;
- ii) the financial statements have been prepared and comply, in all material respects, with the applicable provisions of the UAE Federal Law No. (2) of 2015;
- iii) the Company has maintained proper books of account;
- iv) the financial information included in the report of the Managing Director is consistent with the books of accounts of the Company;



INDEPENDENT AUDITOR'S REPORT (Continued)

To the Shareholders of Ajmal Steel Tubes & Pipes Industries L.L.C., Abu Dhabi (Continued)

Report on Other Legal and Regulatory Requirements (Continued)

- v) note 7 to the financial statements discloses material related party transactions and balances, and the arrangements in this regard;
- vi) based on the information that has been made available to us, nothing has come to our attention which causes us to believe that the Company has contravened during the financial year ended December 31, 2019, any of the applicable provisions of the UAE Federal Law No.(2) of 2015 or of its Articles of Association, which would materially affect its activities or its financial position as at December 31, 2019.



BDO Chartered Accountants & Advisors

Abu Dhabi

Yunus Yusuf Saifee

Reg. No. 418

August 4, 2020

AJMAL STEEL TUBES & PIPES INDUSTRIES L.L.C., ABU DHABI

Statement of financial position at December 31, 2019

	Note	AED	2018 AED
Non current assets			
Property, plant and equipment	4		
Advances			
Total non current assets			
Current assets			
Inventories	5		
Trade and other receivables	6		
Due from related parties	7		
Other bank deposits	8		
Bank balances and cash	9		
Total current assets			
Current liabilities			
Trade and other payables	10		
Due to related parties	7		
Bank borrowings	11		
Total current liabilities			
Net current assets			
Non current liabilities			
Bank borrowings	11		
Provision for employees' end of service benefits	12		
Total non current liabilities			
Net assets			
Equity			
Share capital	13		
Capital contribution	13		
Statutory reserve	14		
Current account	15		
Retained earnings			
Total equity			

These financial statements were approved by the Board of Directors on August 04, 2020 and are signed on its behalf by:

Mohammed Ashraf Shahul Ameer
Managing Director



The notes on pages 9 to 26 form part of these financial statements

AJMAL STEEL TUBES & PIPES INDUSTRIES L.L.C., ABU DHABI

Statement of profit or loss and other comprehensive income for the year ended December 31, 2019

	Note		
Revenue			
Cost of sales	18	—	
Gross profit			
Other income	17	—	
Administrative, selling and general expenses	19		
Finance costs	21	—	
Profit for the year		—	
Total comprehensive income for the year		—	

The notes on pages 9 to 26 form part of these financial statements

AJMAL STEEL TUBES & PIPES INDUSTRIES L.L.C., ABU DHABI

Statement of changes in equity for the year ended December 31, 2019

	Share capital	Capital contribution	Revaluation reserve	Statutory reserve	Current account	Retained earnings	Total equity
Balance at December 31, 2017							
Effect of restatement of change in accounting policy (Note 26)							
Balance at December 31, 2017 (as restated)							
Total comprehensive income for the year							
Movement in current account, net							
Dividends distributed (Note 16)							
Balance at December 31, 2018 (as restated)							
Total comprehensive income for the year							
Movement in current account, net							
Dividends distributed (Note 16)							
Balance at December 31, 2019							

The notes on pages 9 to 26 form part of these financial statements

AJMAL STEEL TUBES & PIPES INDUSTRIES L.L.C., ABU DHABI

Statement of cash flows for the year ended December 31, 2019

	Note	AED	2018 AED (Restated)
Cash flows from operating activities			
Net profit for the year			
Adjustments for :			
Depreciation			
Interest charges			
Provision for end of service benefits			
Profit on disposal of property, plant and equipment			
Decrease (increase) in inventories			
Decrease (increase) in trade and other receivables			
Increase in due from related parties			
(Decrease) increase in trade and other payables			
Increase in due to related parties			
Cash generated from (used in) operations			
Interest paid			
Payment of end of service benefits			
Bank margins and fixed deposits placed, net			
Net cash from (used in) operating activities			
Cash flows from investing activities			
Acquisition of property, plant and equipment			
Proceeds from disposal of property, plant and equipment			
Movement in advances			
Net cash used in investing activities			
Cash flows from financing activities			
Bank borrowings obtained, net			
Dividend distributed during the year			
Movements in current account, net			
Net cash from financing activities			
Net increase (decrease) in cash and cash equivalents			
Cash and cash equivalents at the beginning of year			
Cash and cash equivalents at the end of year			
Significant non-cash transactions which have been excluded			
Acquisition of building and plant and machinery from a relat			
Capital advances transferred to related party			
The notes on pages 9 to 26 form part of these financial statements			

1. Status and activity

Ajmal Steel Tubes & Pipes Industries L.L.C. ("the Company") is registered as a Limited Liability Company in Abu Dhabi, in accordance with the provisions of the UAE Federal Commercial Companies Law No. 8 of 1984 (as amended). The principal place of business of the Company is located at ICAD - I, Mussafah, Post Box 105361, Abu Dhabi, United Arab Emirates.

The principal activities of the Company are steel pipes manufacturing, metal products coating, metal sections manufacturing and galvanized and painted steel sheets and foils manufacturing. The Company's main products are hot dipped galvanized steel sheets and steel pipes.

These financial statements for the year ended December 31, 2019 were authorised for issue by the Board of Directors on August 04, 2020.

These financial statements are presented in UAE Dirhams ("AED").

2. Significant accounting policies

Basis of preparation

The financial statements of the Company have been prepared under the historical cost convention, except where otherwise stated in the accounting policies below, and in accordance with the International Financial Reporting Standards for Small and Medium-sized Entities (IFRSs for SMEs). The Company does not have public accountability as it neither has debt or equity instruments which are traded in the public market nor it is in the process of issuing such instruments. The Company also does not hold assets in a fiduciary capacity for a broad group of outsiders as one of its primary business. These financial statements also comply with the requirements of UAE Federal Law No. 2 of 2015.

The significant accounting policies adopted are as follows:

Property, plant and equipment

Property, plant and equipment are initially recognised at cost. Subsequent costs are included in the asset's carrying amount or are recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably.

The carrying amount of a replaced part is derecognised. All other repairs and maintenance are charged to the statement of profit or loss and other comprehensive income during the year in which they are incurred.

Subsequent to the initial recognition, property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. Property, plant and equipment are tested for impairment at each date of the statement of financial position.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. The difference between the net disposal proceeds, if any and the net carrying amount is recognised in the statement of profit or loss and other comprehensive income.

Capital work in progress is stated at cost. All costs related to specific assets incurred during the period are carried under this heading. These are transferred to specific assets when they become available for use. Depreciation on capital work in progress does not commence until they are complete and available for use.

Effective January 1, 2019, the Company changed its accounting policy to subsequently measure buildings on leasehold land and plant and machinery at cost less accumulated depreciation and impairment loss (cost model). The Company previously measured these class of assets at fair value less accumulated depreciation and subsequent impairment losses (revaluation model). The change in accounting policy has been applied retrospectively in these financial statements, refer note 26 for further details.

2. Significant accounting policies (Continued)

Depreciation

Depreciation is consistently provided on the straight-line basis so as to write off the cost or revalued amount of property, plant and equipment over their estimated useful lives. The expected useful lives of the property, plant and equipment are estimated as follows:

Buildings on leasehold land (Revalued)	20 years
Plant and machinery (Revalued)	10 years
Furniture, fixtures and equipment	5 years
Motor vehicles	5 years

Financial assets

The financial assets of the Company are classified into the following specified categories: cash and cash equivalents, debt instruments measured at amortised cost, financial assets at fair value through profit or loss and financial assets that are equity instruments measured at cost less impairment (where fair value is not available without undue cost or effort).

Financial asset is classified as a debt instrument measured at amortised cost where it results in a fixed amount or a fixed rate of return or a variable return benchmarked to a quoted or observable interest rate, over the life of the financial instrument. For these financial assets, there is no contractual and conditional provision that could, by its terms result in the holder losing the principal amount or any interest attributable to current or prior periods.

Other debt and equity instruments are classified as fair value through profit or loss except for equity instruments which are not publicly traded and whose fair value cannot otherwise be measured reliably without undue cost or effort. Such equity instruments are measured at cost less impairment.

The initial recognition of all the financial assets is at transaction price (including transaction costs except in the initial measurement of financial assets and liabilities that are subsequently measured at fair value through profit or loss) unless the arrangement constitutes, in effect, a financing transaction for debt instruments at amortised cost.

If the arrangement constitutes a financing transaction, the Company measures the debt instrument at amortised cost, at the present value of the future payments discounted at a market rate of interest for a similar debt instrument as determined at initial recognition.

The amortised cost of a financial asset comprise of the amount at which financial asset is measured at initial recognition together with cumulative amortisation using the effective interest method less repayments and impairment.

The Company's debt instruments at amortised cost comprise of trade and other receivables (excluding prepayments), other bank deposits (not classified as cash and cash equivalent) and due from related parties that have fixed or determinable payments. The Company does not have any financial assets that are equity instruments and financial assets at fair value through profit or loss at the date of statement of financial position.

2. Significant accounting policies (Continued)

Financial assets (Continued)

The Company derecognises a financial asset when either:

- ♦ the contractual rights to the cashflows from the financial asset expire or are settled;
- ♦ the Company transfers to another party substantially all of the risks and rewards of ownership of the financial asset; or
- ♦ the Company has transferred control of the asset to another party and the other party has the practical unilateral ability to sell the asset in its entirety to an unrelated third party.

Cash and cash equivalents

For the purposes of the statement of cash flows, cash and cash equivalents comprise cash and bank balances and bank overdrafts.

Impairments

Financial assets

A financial asset is assessed at each reporting date to determine whether a financial asset or group of financial assets is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy and default or significant delay in payments are objective evidence that these financial assets are impaired. Where such evidence exists, the Company recognises an allowance for impairment.

The carrying amount of the financial asset classified as debt instrument at amortised cost is reduced through the use of an impairment allowance account which is calculated as the difference between the carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. For other financial assets, impairment is calculated as the difference between the carrying amount of the asset and the best estimate of the amount that the Company would receive for the asset if it were to be sold at the reporting date.

When the asset becomes uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are recognised against the same line item in profit or loss.

The impairment allowance is reduced through profit or loss in a subsequent period when the amount of impairment loss decreases, and the related decrease can be objectively measured. The carrying amount of the asset previously impaired is increased to the extent that the new carrying amount does not exceed the amortised cost had no impairment been recognised in prior periods.

Non-financial assets

Assets that are subject to depreciation or amortisation are assessed at each reporting date to determine whether there is any indication that the assets are impaired. Where there is any indication that an asset may be impaired, the carrying value of the asset is tested for impairment. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

2. Significant accounting policies (Continued)

Impairments (Continued)

Non-financial assets (Continued)

The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (CGUs). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

An impairment loss for an asset other than goodwill is reversed only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of this asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortisation or depreciation) had no impairment loss been recognised for the asset in prior years.

A reversal of impairment loss for an asset other than goodwill is recognised in statement of profit or loss and other comprehensive income, unless the asset is carried at revalued amount, in which case, such reversal is treated as a revaluation increase. However, to the extent that an impairment loss on the same revalued asset was previously recognised as an expense, a reversal of that impairment is also recognised in statement of profit or loss and other comprehensive income.

Employees' end of service benefits

Provision for employees' end of service benefits is made on the basis prescribed in the UAE Labour Law, for the accumulated period of service at the date of the statement of financial position. In accordance with the consistent policy being followed in this regard, provision for employees' end of service benefits is treated as a long-term liability.

Provisions

Provisions are recognised in the statement of financial position when the Company has a present obligation (legal or constructive) as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Leasing

The Company recognises a finance lease where substantially all of the risks and rewards incidental to ownership of a leased asset have been transferred to the Company. The asset is treated as if it had been purchased outright and the amount initially recognised is the lower of the fair value of the leased property and the present value of the minimum lease payments payable over the term of the lease. The corresponding lease commitment is shown as a liability. Lease payments are analysed between capital and interest.

The interest element is charged to the statement of profit or loss and other comprehensive income over the period of the lease and is calculated so that it represents a constant proportion of the lease liability. The capital element reduces the balance owed to the lessor.

Where substantially all of the risks and rewards incidental to ownership are not transferred to the Company (an "operating lease"), the total rentals payable under the lease are charged to the statement of profit or loss and other comprehensive income on a straight-line basis over the lease term. The aggregate benefit of lease incentives is recognised as a reduction of the rental expense over the lease term on a straight-line basis.

2. Significant accounting policies (Continued)

Financial liabilities

The Company classifies its financial liabilities into one of two categories, depending on the purpose for which the liability was acquired. The Company's accounting policy for each category is as follows:

Fair value through profit or loss

They are carried in the statement of financial position at fair value with changes in fair value recognised in the statement of profit or loss and other comprehensive income. The Company does not have any liabilities which are to be designated as being at fair value through profit or loss.

Other financial liabilities

- ♦ Bank borrowings are initially recognised at fair value net of any transaction costs. Such interest bearing liabilities are subsequently measured at amortised cost using the effective interest rate method, which ensures that any interest expense over the period to repayment is at a constant rate on the balance of the liability carried in the statement of financial position. For the purposes of each financial liability, interest expense includes initial transaction costs and as well as any interest payable while the liability is outstanding.
- ♦ Other financial liabilities include trade payables, due to related party and other short-term monetary liabilities, which are initially recognised at fair value and subsequently carried at amortised cost using the effective interest method, except for short-term payable when the recognition of interest would be immaterial.

Foreign currencies

(a) Functional and presentation currency

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

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in statement of profit or loss and other comprehensive income.

Inventories

Inventories are initially recognised at cost, and subsequently stated at the lower of average purchase cost and net realisable value. Cost is determined as follows:

Raw Materials:

The cost of raw materials includes purchase cost, insurance, freight and other costs incurred in bringing the raw materials to their present location and condition. Raw materials are valued at weighted average cost basis.

2. Significant accounting policies (Continued)

Inventories (Continued)

Consumables:

Consumables and spare parts are valued based on the weighted average method.

Work in progress:

Work in progress is valued at cost by reference to stage of completion. Cost includes raw material cost plus attributable production overheads.

Finished Goods:

Cost of finished goods comprises cost of raw materials, direct labour, other direct costs and related production overheads.

Net realisable value is the amount that can be realised from the sale of the inventory in the normal course of business after allowing for the costs of realisation.

Goods in transit:

Goods in transit are stated at cost. These are subject to impairment when the recoverable amount is less than the carrying amount.

Revenue recognition

Revenue from the sale of goods is recognised net of discounts, when the significant risks and rewards of ownership of the goods have passed to the buyer and the amount is measured reliably.

Revenue from services is recognised when the services are rendered and are spread over the period. Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

Share Capital

Financial instruments issued by the Company are classified as equity only to the extent that they do not meet the definition of a financial liability or financial asset. The Company's ordinary shares are classified as equity instruments.

Borrowing costs

All borrowing costs are recognised in the statement of profit or loss and other comprehensive income in the period in which they are incurred.

Value added tax

VAT asset/liability is recorded in the financial statements of the Company based on the requirements of the regulations as defined by the Federal Tax Authority (FTA).

Expenses and assets are recognised net of the amount of value added tax, except:

- ♦ When the value added tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the value added tax 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 value added tax included.

The net amount of value added tax receivable/payable from/to the taxation authority is included as part of receivables/payables in the financial statements.

3. Critical accounting judgements and key sources of estimation uncertainty

In the application of the Company's accounting policies, which are described in Note: 2 management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities 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.

Critical judgment in applying accounting policies

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

Subsequent measurement of buildings and plant and machinery - change from revaluation model to cost model

During the current year, the management has reassessed its judgment in the application of the Company's accounting policy with respect to the revaluation model for the class of assets relating to buildings on leasehold land and plant and machinery. The management has formed a judgment that the Company's intention is to derive the economic benefits from these assets over their estimated useful lives by bringing them into use for the Company's principal manufacturing activities rather than selling these business assets at market value in near future. On this basis, the Company has voluntarily changed its accounting policy from the revaluation model to cost model as it will result in providing the users of the financial statements more reliable and relevant information on the Company's financial position, performance and business activities.

Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the date of the statement of financial position, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are as follows:

Useful lives of property, plant and equipment

Property, plant and equipment are depreciated over their estimated useful lives, which are based on estimates for expected usage of the asset and expected physical wear and tear which are dependent on operational factors. Management has not considered any residual value as it is deemed immaterial.

Impairment of property, plant and equipment

The Company reviews its property and equipment to assess impairment, if there is an indication of impairment. In determining whether impairment losses should be recorded in the statement of profit or loss and other comprehensive income, the Company makes judgment as to whether there is any observable date indicating that there is a reduction in the carrying value of property and equipment. Accordingly, provision for impairment is made when there is an identified loss event or condition which, based on previous experience, is evidence of a reduction in the carrying value of property and equipment.

3. Critical accounting judgements and key sources of estimation uncertainty (Continued)*Inventories*

Inventories are stated at the lower of average purchase cost and market value. Adjustments are made to reduce the cost of inventory to its realisable value, if required, for estimated excess, obsolescence or impaired balances. Factors influencing these adjustments include changes in demand, product pricing, quality issues and expired products. Based on the above factors, the Company arrives at certain percentages for allowance for slow moving and obsolete inventories. Revisions to these adjustments would be required if these factors differ from the estimates.

Allowance for doubtful debts

An allowance for doubtful debts is determined using a combination of factors to ensure that the trade receivables are not overstated due to uncollectibility. The allowance for doubtful debts for all customers is based on a variety of factors, including the overall quality and ageing of receivables, continuing credit evaluation of the customers' financial condition and collateral requirements from customers in certain circumstances.

4. Property, plant and equipment

Movements in property, plant and equipment are given on page 26.

The net book value of machinery and equipment at the end of the year was AED [] , which are subject to a charge, amounting to AED [] .

Property, plant and equipment include buildings which are built on leasehold-land, which is renewed periodically. These are being depreciated over their estimated useful lives since the management anticipates that the lease would continue to be renewed in the foreseeable future.

Property, plant and equipment also includes a building on leasehold land held under the name of a related party. The shareholder of the related party has confirmed that the land is being held in trust and for the benefit of the Company.

5. Inventories

		2018
	AED	AED
Raw materials	[]	[]
Work in progress	[]	[]
Stores consumables and spares	[]	[]
Finished goods	[]	[]
Less: Provision for obsolete inventories	[]	[]

Inventories are stated net of allowance for slow moving and obsolete items.

The cost of inventories recognised as expense amounted to AED [] in the previous year: AED []

6. Trade and other receivables

Trade receivables, net
 Prepayments
 Deposits
 Customs duty refund receivable
 Advances

There are 31 customers (Previous year: 39 customers) who represent 72 percent (Previous year: 60 percent) of the total balance of trade receivables. Trade receivables amounting to AED [] are not past due. The Company does not hold any collateral over these balances nor does it have a legal right of offset against any amounts owed by the Company to the counterparty.

Included in trade receivables are debtors with carrying amounts of [] Previous [] which are past due at the reporting date for which the Company, based on its past default experience has not provided as it still considers these amounts as recoverable.

The carrying amount of trade receivables approximates to its fair value, which is based on an estimate of the recoverable amount.

Ageing analysis of past due receivables is as under:

Amount past due but not impaired

Above 120 days

Total trade receivables past due

7. Related parties

Related parties include the shareholders, key management personnel, associates, joint ventures and any businesses which are controlled directly or indirectly by the Company or over which they exercise significant management influence. The balances due from / to such parties, which have been disclosed separately in the financial statements are unsecured, interest-free and are repayable on demand, unless otherwise stated.

7. Related parties (Continued)

Significant related party transactions during the year are as follows:

		2018
Related parties		
- Revenue		
- Purchases		
- Acquisition of property, plant and equipment	7	
- Advances transferred to related party		
- Other income		
- Director's remuneration		

- 7.1 This represents acquisition of building and plant and machinery from a related party, amountin []

Related party balances are as under:

Payables:

- Other related parties

Receivables:

- Other related parties

8. Other bank deposit

Margin money with banks

Bank fixed deposits

Fixed deposits are under lien with the banks towards the banking facilities availed by the Company.

9. Bank balances and cash

2018

Cash in hand
Current accounts with banks

10. Trade and other payables

Trade payables
Advance from customers
Provision for expenses
Accrued expenses
Other finance liability
VAT payable, net

The Company has financial risk management policies in place to ensure that payables are paid within the credit time frame.

11. Bank borrowings

2018

Current
Term loans - current portion
Bills discounted
Trust receipts
Vehicle loans - current portion
Current borrowings (other than overdrafts)
Bank overdrafts

2018

Term loans - long term portion
Vehicle loans - long term portion

Bank loans and overdrafts are secured by the personal guarantee of a shareholder and related party, corporate guarantee of related parties, subordination of shareholders' current account, hypothecation of inventories and book debts and lien over the Company's fixed deposits. The effective interest rates on bank loans and overdrafts are at fixed and floating rates negotiated from time to time.

Vehicle loans represent loans taken from the bank at a fixed commercial rate of interest. These loans are secured by a charge on the motor vehicles purchased under financing arrangement. The installments due within twelve months from the date of the statement of financial position have been classified as current liabilities. Certain vehicles are registered in the name of the employees of the Company who confirm that these are held by them in trust on behalf of the Company.

2018

At 1 January
Add: Provisions made during the year
Less: Payments made during the year

Authorised, issued and paid up capital
100 shares of AED 3,000 each

13. Share capital (Continued)

Name of shareholders	No. of shares	Percent %
Ishaq Mohamed Salem Mohamed Al Meeza Al Beshar	[]
Mohamed Ashraf Shahul Ameen	[]

In addition to the above, Mohamed Ashraf Shahul Ameen, one of the shareholders, has contribute [] to meet the additional financial requirements of the Company, which is treated as capital contribution.

14. Statutory reserve

In accordance with article 239 of the Federal Law No.2 of 2015 (as amended), 10 per cent of the net profit for the year is to be allocated to statutory reserve subject to a minimum of 50 per cent of the share capital of the Company. This reserve is not available for distribution among the shareholders.

During the year, no transfer of net profit has been made to the legal reserve since the legal reserve has already reached []

15. Current account

This represents the funds contributed by Mr. Mohamed Ashraf Shahul Ameen, one of the shareholders to support additional financial requirements of the business operations of the Company. The current account balance is subordinated to the bank against the facilities availed by the Company and disclosed as a component of equity. The movements in the current account are given in the statement of changes in equity on page no.7.

16. Dividend

A dividend of [] was distributed []

17. Other income

	2018
Profit on disposal of property, plant and equipment	[
Miscellaneous	[

18. Cost of sales

	AED	2018 AED (Restated)
Cost of goods sold		
Freight inward and shipping expenses		
Wages		
Depreciation		
Consumables		
Other direct expenses		

19. Administrative, selling and general expenses

Staff salaries and other benefits	
Rent and licence fees	
Communication	
Depreciation	
Bad debts	
Travelling	
Vehicle and conveyance	
Advertisements and business promotion	
Immigration and legal expenses	
Insurance	
Printing and stationery	
Repairs and maintenance	
Selling expenses	
Exchange loss, net	
Other	

19.1 Selling expenses include shipping expenses, customs duties and related expenses in connection with export sales of the Company.

20. Management fees

As per the provisions of the Memorandum of Association, the Managing Director of the Company is entitled to a management fee. Managing Director has agreed to waive off his rights to charge the management fees for the current and previous years.

21. Finance costs

2018

Bank charges on bills discounting and other facilities
Interest on borrowings

22. Cash and cash equivalents

Cash and bank balances
Bank overdrafts

23. Contingent liabilities and other commitments

The Company had the following contingent liabilities and other commitments at the date of the statement of financial position:

2018

Letters of credit
Letters of guarantee

24. Operating leases

As of December 31, 2019, the future minimum lease payments under non- cancelable operating leases are as set out below:

		2018
	AED	AED
Not later than one year	[]
Later than one year and not later than five years	[]
Later than five years	[]
	[]
	[]
	[]

25. Events after reporting date

Subsequent to the year end, there was global outbreak of a new strain of coronavirus (the "COVID-19 outbreak"). The World Health Organization ("WHO") announced this outbreak as a global health emergency as the virus spreads globally beyond its point of origin. In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally.

The Company is dependent on its workforce to deliver its services. Developments in response to COVID-19, such as social distancing and shelter-in-place directives, may impact the Company's ability to deploy its workforce effectively. These same developments may affect the operations and timing of deliverables from the Company's subcontractors and suppliers, as their own workforces and operations are disrupted by efforts to curtail the spread of this virus. Further, the Company's customers may either delay or cancel existing or future projects based on these same developments. Further, unforeseen conditions may require contract modifications and changes in the Company's estimates to complete its existing contracts. However, at this point in time, the management is unable to estimate the potential impact these events will have on their business operations. The management is actively monitoring the situation and will take corrective measures to mitigate any operation risks.

26. Restatement

Effective January 1, 2019 the Company voluntarily changed its accounting policy to subsequently measure buildings on leasehold lands and plant and machinery at cost less accumulated depreciation and impairment loss (cost model). Previously, the Company measured these class of assets using the revaluation model in accordance with Section 17 of IFRS for SMEs. The change in accounting policy has been made because it is management's opinion that the cost model provides a more reliable and relevant measurement basis for property, plant and equipment since the Company's business activities do not involve selling these assets but to use them in business solely to derive economic benefits from these assets throughout their economic useful lives.

26. Restatement (Continued)

The above change in accounting policy in the financial statements have been applied retrospectively in accordance with Section 10 'Accounting Policies, Estimates and Errors' of IFRS for SMEs and comparative information has been restated.

As a result of this retrospective restatement, the revaluation reserves have been eliminated against the carrying amount of property, plant and equipment. The depreciation expense of the Company under cost of sales for respective years has also been reduced accordingly. The impact of the restatement carried into the financial statements is as follows:

	As previously reported AED	Restatement AED	As restated AED
<i>Statement of financial position as at December 31, 2017</i>			
Property, plant and equipment, net book value			
Revaluation reserve			
<i>Statement of profit or loss and other comprehensive income for the year ended December 31, 2017</i>			
Cost of sales			
Profit for the year			
<i>Statement of financial position as at December 31, 2018</i>			
Property, plant and equipment, net book value			
Revaluation reserve			
<i>Statement of profit or loss and other comprehensive income for the year ended December 31, 2018</i>			
Cost of sales			
Profit for the year			

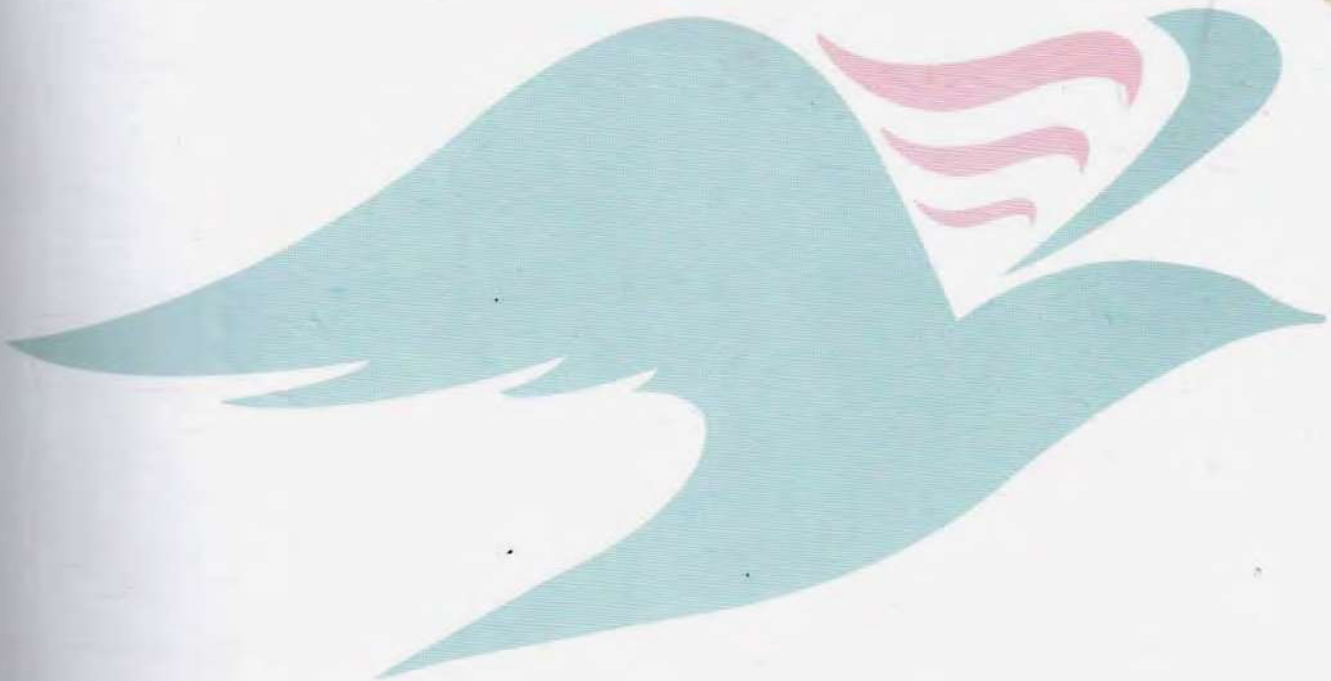
Schedule of property, plant and equipment

	Buildings on leasehold AED	Plant and machinery AED	Furniture, fixtures and equipment AED	Motor vehicles AED	Capital Work-in- progress AED	Total AED
Cost						
At December 31, 2017						
Effect of restatement (Note 26)						
At December 31, 2017 (Restated)						
Additions						
Disposals						
At December 31, 2018 (Restated)						
Additions						
Disposals						
At December 31, 2019						
Depreciation						
At December 31, 2017						
Effect of restatement (Note 26)						
At December 31, 2017 (Restated)						
Charge for the year (Restated)						
On disposals						
At December 31, 2018 (Restated)						
Charge for the year						
On disposals						
At December 31, 2019						
Net Book Value						
At December 31, 2019						
At December 31, 2018 (Restated)						

The depreciation charge is accounted for under the following headings in the statement of profit or loss and other comprehensive income

Cost of sales	
Administrative, selling and general expenses	
Total	

NOBLE STEEL INDUSTRIES L.L.C.
UNITED ARAB EMIRATES



NOBLE STEEL INDUSTRIES L.L.C.

UNITED ARAB EMIRATES

**FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT FOR THE
YEAR ENDED DECEMBER 31, 2013**

NOBLE STEEL INDUSTRIES L.L.C.

ABU DHABI - UNITED ARAB EMIRATES

**FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REPORT
FOR THE YEAR ENDED DECEMBER 31, 2013**

TABLE OF CONTENTS

	Page No.
Independent Auditor's Report	1 - 2
Statement of Financial Position	3
Statement of Comprehensive Income	4
Statement of Changes in Equity	5
Statement of Cash Flows	6
Notes to the Financial Statements	7 - 12



BAKER TILLY

Auditors . Accountants . Advisors

Suit 1102, Al Ain Ahlia Ins. Co. Bldg.

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Ref: X/2697-AR/AV/14-292

Independent Auditor's Report

**To
The Shareholders,
Noble Steel Industries L.L.C.,
P. O. Box: 105361,
Abu Dhabi - U.A.E.**

We have audited the accompanying financial statements of **Noble Steel Industries L.L.C.-Abu Dhabi, United Arab Emirates**, which comprise the statement of financial position as at **December 31, 2013** and the statements of comprehensive income, changes in equity and cash flows for the year then ended and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Generally Accepted Accounting Policies, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance, whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of **Noble Steel Industries - Abu Dhabi, United Arab Emirates** as at **December 31, 2013**, and of its financial performance, and its cash flows for the year ended in accordance with Generally Accepted Accounting Policies.

Emphasis of Matter

We draw attention to note 6 relating to preoperative expenses and their amortization.

Our opinion is not qualified in this regard.

Report on Other Legal and Regulatory Requirements

Also, in our opinion, proper books of account are maintained by the Company. We have obtained all the information and explanations which we considered necessary for the purpose of our audit. According to the information available to us, there were no contraventions of the UAE Federal Commercial Companies Law No. (8) of 1984 (as amended) or the Articles of Association of the Company which might have a material effect on the financial position of the Company or on the results of its operations for the year.

Baker Tilly

(B.S.MONY)
Director
Auditor License No: 628

BAKER TILLY
Auditors
Abu Dhabi - United Arab Emirates



Date: July 23, 2014



NOBLE STEEL INDUSTRIES L.L.C.
ABU DHABI - UNITED ARAB EMIRATES

Statement of Financial Position
(In Arab Emirates Dirhams)

As at December 31,

	<u>Notes</u>	<u>2013</u>	<u>2012</u>
ASSETS			
Current assets			
Cash and cash equivalents	4		
Inventory			
Other current assets	5		
Total current assets			
Non-current assets			
Pre-operative expenses	6		
Property, plant and equipment	9		
Capital work in progress	10		
Total non-current assets			
Total Assets			
LIABILITIES AND EQUITY			
Current liabilities			
Accrued expense			
Trade payables			
Short term borrowings	7		
Total current liabilities			
Non-current liabilities			
Long term borrowings	7		
Due to related party	8		
Total Non-current liabilities			
Total liabilities			
Equity			
Share capital			
Other components of equity			
Total equity			
Total Liabilities and Equity			

The financial statements were approved on July 23, 2014 and signed by:



THE ACCOMPANYING NOTES FORM AN INTEGRAL PART OF THE FINANCIAL STATEMENTS



**NOBLE STEEL INDUSTRIES L.L.C.
ABU DHABI - UNITED ARAB EMIRATES**

**Statement of Comprehensive Income
for the year ended December 31, 2013
(In Arab Emirates Dirhams)**

	<u>Notes</u>	<u>2013</u>	<u>2012</u>
Revenue			
Less: Cost of sales			
Gross Profit			
Add:			
Other Income			
 Deduct:			
General and administrative expenses			
Depreciation			
Finance charges			
Total expenses			
 Profit for the year			
Other comprehensive income			
Total comprehensive income for the year			

There is no revenue or expense item in the statement of comprehensive income for this period as commercial operations have not yet started.

The financial statements were approved on July 23, 2014 and signed by:



THE ACCOMPANYING NOTES FORM AN INTEGRAL PART OF THE FINANCIAL STATEMENTS



**NOBLE STEEL INDUSTRIES L.L.C.
ABU DHABI - UNITED ARAB EMIRATES**

**Statement of Changes in Equity
for the year ended December 31, 2013**

	Share Capital	Other Components of Equity	Total
Capital introduced			
Contribution			
Balance as on January 1, 2013			
Total comprehensive income			
Net movements during the year			
Balance as on December 31, 2013			

Note :- Other components of equity above include amounts contributed by a shareholder Mr. M.S. Amed to meet the pre-operative and capital expenditure.





NOBLE STEEL INDUSTRIES L.L.C.
ABU DHABI - UNITED ARAB EMIRATES

Statement of Cash Flows
for the year ended December 31, 2013
(In Arab Emirates Dirhams)

	2013	2012
Cash flow from operating activities:		
Total comprehensive income for the year		
Adjustment for non cash items:		
Operating profit before working capital changes		
Changes in :		
Inventory		
Other current asset		
Accrued expense		
Due to related party		
Trade payables		
Net cash flow from operating activities		
Cash flow from investing activities:		
Purchase of property, plant and equipment		
Capital work in progress		
Pre-operative expenses		
Net cash used in investing activities		
Cash flow from financing activities:		
Share capital		
Movements in other components of equity		
Borrowings		
Net cash from financing activities		
Net increase in cash and cash equivalents		
Cash and cash equivalents as at begining,		
Cash and cash equivalents as at end,		



NOBLE STEEL INDUSTRIES L.L.C.
ABU DHABI - UNITED ARAB EMIRATES

Notes to the Financial Statements
for the year ended December 31, 2013

1. Legal status and business activities

Noble Steel Industries LLC - Abu Dhabi - is registered under the License No.1535 issued by the Higher Corporation For Specialized Economic Zones, Abu Dhabi.

The company's activities are steel pipe manufacturing, scaffold manufacturing, metal product coating and metal section manufacturing.

The Registered office is located at Industrial City of Abu Dhabi, United Arab Emirates.

2. Share Capital

The authorised, issued share capital of the company is []
shares of []

Sr. No	Name of the shareholder	Nationality	%	Amount
1	Mr.Ishaq Mohamed Salem Almeeza Albeshar	[]	[]	[]
2	Mr.Mohamed Ashraf Shahul Ameen	[]	[]	[]
	TOTAL	[]	[]	[]

3. Summary of significant accounting policies

Basis of preparation

The financial statements have been prepared in accordance with Generally accepted accounting principles and applicable requirements of the U.A.E. Law. A summary of the significant accounting policies, which have been applied consistently, are set out below:

a) Accounting convention

The financial statements have been prepared under historical cost convention method.



NOBLE STEEL INDUSTRIES L.L.C.
ABU DHABI - UNITED ARAB EMIRATES

Notes to the financial statements
for the year ended December 31, 2013

3. Summary of significant accounting policies (continued)

b) Foreign currencies

Transactions denominated in foreign currencies are initially recorded at the rate of exchange prevailing on the date of the transactions. Monetary assets and liabilities denominated in such currencies are translated at the rates prevailing on the statement of financial position date. Gains and losses arising are included in the Statement of Comprehensive Income.

c) Property, Plant and equipment

Property, plant and equipment are recorded at costs which comprises of purchase price, levies, duties and any directly attributable cost of bringing the asset to its working condition.

d) Impairment of assets

Fixed assets are reviewed for impairment, whenever events or changes in circumstances indicate that the carrying amount of an assets may not be recoverable. Whenever the carrying amount of an assets exceeds its recoverable amount, an impairment loss is recognised in the Statement of Comprehensive Income.

e) Cash and cash equivalents

For the purpose of the statement of cash flows, cash and cash equivalents comprise cash on hand, balance with bank and deposits with banks within a maturity period of three months or less from the date of deposit, free of encumbrances.

f) Pre-operative expenses

Pre-operative expenses are amortized over a period of ten years.

g) Land lease rental

Lease land rental expenses are amortized over a period of ten years.



NOBLE STEEL INDUSTRIES L.L.C.
ABU DHABI - UNITED ARAB EMIRATES

Notes to the financial statements
for the year ended December 31, 2013

3 Summary of significant accounting policies (continued)

h) Financial instruments

The financial instruments comprise financial assets and financial liabilities. Financial assets and financial liabilities are recognised on the company's statement of financial position when the company has become a party to the contractual provisions of the instrument. A financial asset is any asset that is cash, a contractual right to receive cash or other financial asset, a contractual right to exchange financial instruments under condition that are potentially favourable or an equity instrument. A financial liability is any liability that is a contractual obligation to deliver cash or another financial asset, or to exchange financial instrument under conditions that are potentially unfavourable.

4. Cash and cash equivalents

Cash in hand
Cash at bank :
 Current account - AED

As at December 31,

2013 2012

5. Other current assets

Prepayments
Staff advance
Deposit
Advance to supplier

6. Pre-operative expenses

Pre-operative expenses
Land lease rental

Pre-operative expenses relate to the expenses incurred by the company before commencement of trade for the period February 13, 2008 to December 31, 2013.



NOBLE STEEL INDUSTRIES L.L.C.
ABU DHABI - UNITED ARAB EMIRATES

Notes to the financial statements
for the year ended December 31, 2013

6. Pre-operative expenses (continued)

Lease rental relates to Plot No. 399HR8 located in ICAD 2. The land area is [REDACTED] mtrs.

It may be noted that the land lease rental expenses included above relate to a period of five years only. However, these will be amortized over a period of ten years along with other pre-operative expenses.

7. Borrowings

As at December 31,

2013

2012

Term loan

Presented in the statement of financial position as

Short term borrowings

Long term borrowings

8. Related parties transactions

Due to related party

Other related parties

**NOBLE STEEL INDUSTRIES L.L.C.
ABU DHABI - UNITED ARAB EMIRATES**

**Notes to the Financial Statements
for the year ended December 31, 2013**



9. Property, plant and equipment

	Land and Building	Furniture and Fixtures	Motor Vehicles	Machinery and Equipment	Total
At February 13, 2008					
Additions					
At January 1, 2013					
Capitalised during the year					
Additions					
At December 31, 2013					
10. Capital work in progress					
At February 13, 2008					
Additions					
At January 1, 2013					
Capitalised during the year					
At December 31, 2013					



NOBLE STEEL INDUSTRIES L.L.C.
ABU DHABI - UNITED ARAB EMIRATES

Notes to the financial statements
for the year ended December 31, 2013

11. Financial instruments

Financial instruments of the company relates to cash at bank.

Credit risk

Financial asset which potentially expose the company to concentration of credit risk is principally the company bank account. The company bank account is placed with high credit quality financial institutions.

Currency risk

There are no significant exchange risks as substantially all financial assets and financial liabilities are denominated in Arab Emirates Dirhams.

Interest rate risk

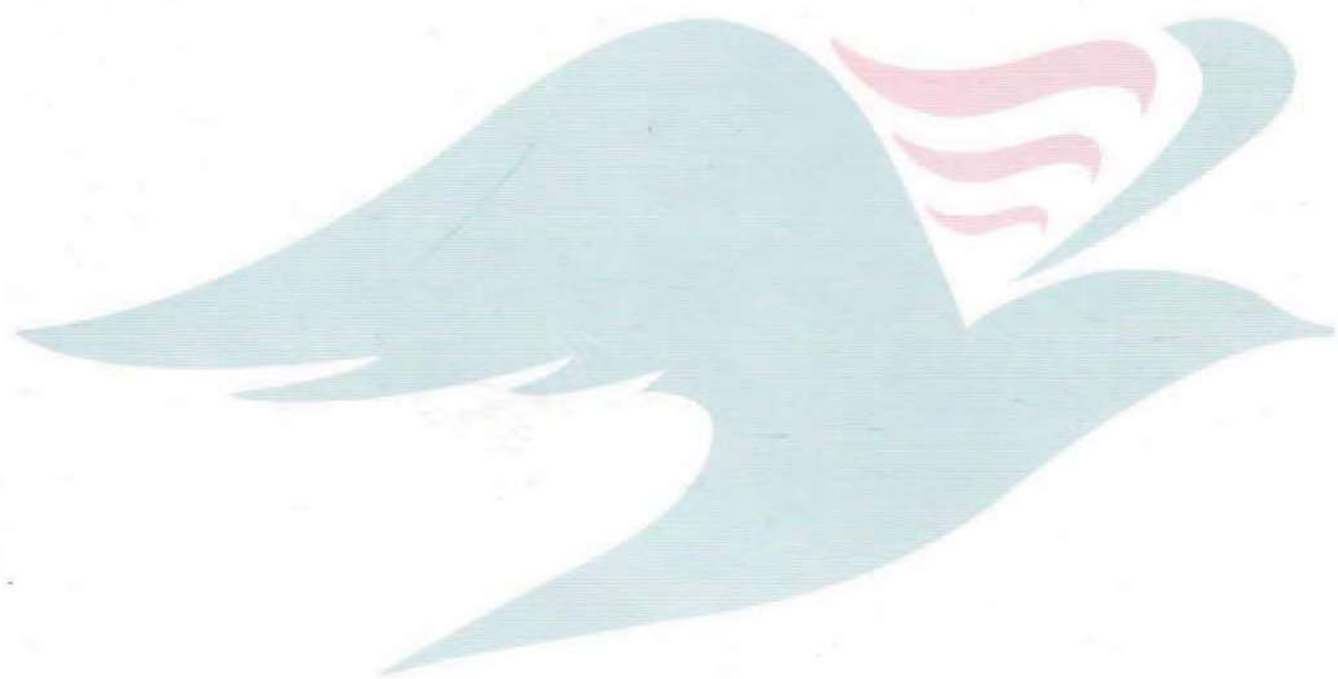
The company is not exposed to any significant interest rate risk.

Fair value

At the statement of financial position date, the fair values of the financial assets and liabilities at the year end approximate their carrying value.

12. Comparative amounts

Previous year figures have been regrouped and reclassified wherever necessary to conform to current year presentation.



NOBLE STEEL INDUSTRIES L.L.C.

UNITED ARAB EMIRATES

**FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT FOR THE
YEAR ENDED DECEMBER 31, 2014**

NOBLE STEEL INDUSTRIES L.L.C.

ABU DHABI - UNITED ARAB EMIRATES

FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REPORT
FOR THE YEAR ENDED DECEMBER 31, 2014

TABLE OF CONTENTS

	Page No.
Independent Auditor's Report :	1 - 2
Statement of Financial Position :	3
Statement of Comprehensive Income :	4
Statement of Changes in Equity :	5
Statement of Cash Flows :	6
Notes to the Financial Statements :	7 - 13



BAKER TILLY

Auditors • Accountants • Advisors

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Ref: X/2697-AR/AV/15-220

Independent Auditor's Report

To
The Shareholders,
Noble Steel Industries L.L.C.,
P. O. Box: 105361,
Abu Dhabi - U.A.E.

Report on the financial statements

We have audited the accompanying financial statements of **Noble Steel Industries L.L.C.-Abu Dhabi, United Arab Emirates**, which comprise the statement of financial position as at **December 31, 2014** and the statements of comprehensive income, changes in equity and cash flows for the year then ended and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Generally Accepted Accounting Policies, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance, whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of **Noble Steel Industries - Abu Dhabi, United Arab Emirates** as at **December 31, 2014**, and of its financial performance, and its cash flows for the year ended in accordance with Generally Accepted Accounting Policies.

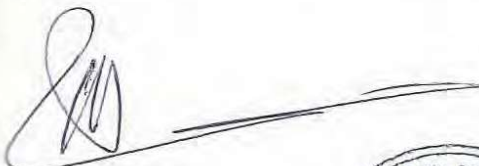
Emphasis of Matter

We draw attention to Note 6 relating to preoperative expenses and their amortization. Also, we draw attention to the fact that some of the Capital purchases invoices and bills were in the name of the related party for better terms and conditions.

Our opinion is not qualified in this regard.

Report on Other Legal and Regulatory Requirements

Also, in our opinion, proper books of account are maintained by the Company. We have obtained all the information and explanations which we considered necessary for the purpose of our audit. According to the information available to us, there were no contraventions of the UAE Federal Commercial Companies Law No. (8) of 1984 (as amended) or the Articles of Association of the Company which might have a material effect on the financial position of the Company or on the results of its operations for the year.



(B.S.MONY)

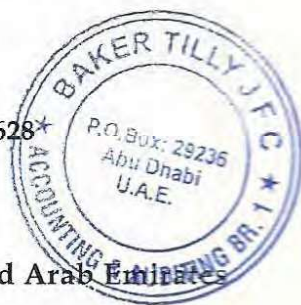
Director

Auditor License No: 628

BAKER TILLY

Auditors

Abu Dhabi - United Arab Emirates



Date: May 20, 2015



NOBLE STEEL INDUSTRIES L.L.C.
ABU DHABI - UNITED ARAB EMIRATES

Statement of Financial Position
(In Arab Emirates Dirhams)

As at December 31,

	<u>Notes</u>	<u>2014</u>	<u>2013</u>
ASSETS			
Current assets			
Cash and cash equivalents	5		
Accounts receivable			
Other current assets	6		
Inventory			
Total current assets			
Non-current assets			
Pre-operative expenses	7		
Property, plant and equipment	10		
Total non-current assets			
Total Assets			
LIABILITIES AND EQUITY			
Current liabilities			
Accrued expenses			
Trade payables and other payables			
Short term borrowings	8		
Total current liabilities			
Non-current liabilities			
Long term borrowings	8		
Due to related party	9		
End of service benefits			
Total Non-current liabilities			
Total liabilities			
Equity			
Share capital			
Retained Earnings			
Other components of equity			
Total equity			
Total Liabilities and Equity			

The financial statements were approved on May 19, 2015 and signed by:

THE ACCOMPANYING NOTES FORM AN INTEGRAL PART OF THE FINANCIAL STATEMENTS






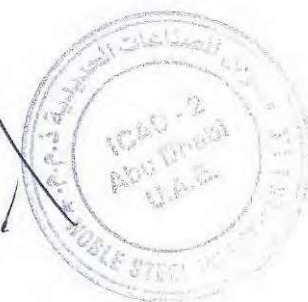
NOBLE STEEL INDUSTRIES L.L.C.
ABU DHABI - UNITED ARAB EMIRATES

Statement of Comprehensive Income
for the year ended December 31, 2014
(In Arab Emirates Dirhams)

	<u>Notes</u>	<u>2014</u>	<u>2013</u>
Revenue			
Less: Cost of sales			
Gross Profit			
Add:			
Other Income			
Deduct:			
General and administrative expenses	11		
Depreciation	10		
Finance charges			
Total expenses			
Profit for the year			
Other comprehensive income			
Total comprehensive income for the year			

Date of commencement of commercial operations were from July 1, 2014. Revenue and expense item in the statement of comprehensive income are from July 1, 2014 to December 31, 2014.

The financial statements were approved on May 19, 2015 and signed by:

THE ACCOMPANYING NOTES FORM AN INTEGRAL PART OF THE FINANCIAL STATEMENTS

**NOBLE STEEL INDUSTRIES L.L.C.
ABU DHABI - UNITED ARAB EMIRATES**



**Statement of Changes in Equity
for the year ended December 31, 2014**

	Share Capital	Retained Earnings	Other Components of Equity	Total
Balance as on January 1, 2013				
Net movements during the year				
Balance as on January 1, 2014				
Total comprehensive income				
Net movements during the year				
Balance as on December 31, 2014				

Note :- Other components of equity above include amounts contributed by a shareholder Mr. M.S. Ameen to meet the pre-operative and capital expenditure.



NOBLE STEEL INDUSTRIES L.L.C.
ABU DHABI - UNITED ARAB EMIRATES

Statement of Cash Flows
for the year ended December 31, 2014
(In Arab Emirates Dirhams)

	2014	2013
Cash flow from operating activities:		
Total comprehensive income for the year		
Adjustment for non cash items:		
Depreciation		
End of service benefits		
Operating profit before working capital changes		
Changes in :		
Inventory		
Accounts receivable		
Other current asset		
Accrued expense		
Due to related party		
Trade payables		
Net cash flow from operating activities		
Cash flow from investing activities:		
Purchase of property, plant and equipment		
Pre-operative expenses		
Net cash used in investing activities		
Cash flow from financing activities:		
Share capital		
Movements in other components of equity		
Borrowings		
Net cash from financing activities		
Net increase in cash and cash equivalents		
Cash and cash equivalents as at beginning,		
Cash and cash equivalents as at end,		

THE ACCOMPANYING NOTES FORM AN INTEGRAL PART OF THE FINANCIAL STATEMENTS



NOBLE STEEL INDUSTRIES L.L.C.
ABU DHABI - UNITED ARAB EMIRATES

Notes to the Financial Statements
for the year ended December 31, 2014

1. Legal status and business activities

Noble Steel Industries LLC - Abu Dhabi - is registered under the License No.1535 issued by the Industrial Development Bureau, Abu Dhabi.

The company's activities are steel pipe manufacturing, scaffold manufacturing, metal product coating and metal section manufacturing.

The Registered office is located at Industrial City of Abu Dhabi, United Arab Emirates.

2. Share Capital

The authorised, issued share capital of the company is [] divided into [] shares of []

Sr. No	Name of the shareholder	Nationality	%	Amount
1	Mr.Ishaq Mohamed Salem Almeeza Albeshar	[]	[]	[]
2	Mr.Mohamed Ashraf Shahul Ameen	[]	[]	[]
	TOTAL	[]	[]	[]

3. Summary of significant accounting policies

Basis of preparation

The financial statements have been prepared in accordance with Generally accepted accounting principles and applicable requirements of the U.A.E. Law. A summary of the significant accounting policies, which have been applied consistently, are set out below:

a) Accounting convention

The financial statements have been prepared under historical cost basis.



NOBLE STEEL INDUSTRIES L.L.C.
ABU DHABI - UNITED ARAB EMIRATES

Notes to the financial statements
for the year ended December 31, 2014

3. Summary of significant accounting policies (continued)

b) Revenue recognition

Revenue represents the invoiced value of goods delivered by the Company during the year net of discounts and returns.

c) Foreign currencies

Transactions denominated in foreign currencies are initially recorded at the rate of exchange prevailing on the date of the transactions. Monetary assets and liabilities denominated in such currencies are translated at the rates prevailing on the statement of financial position date. Gains and losses arising are included in the Statement of Comprehensive Income.

d) Property, Plant and equipment

Property, plant and equipment are recorded at costs which comprises of purchase price, levies, duties and any directly attributable cost of bringing the asset to its working condition.

e) Impairment of assets

Fixed assets are reviewed for impairment, whenever events or changes in circumstances indicate that the carrying amount of an assets may not be recoverable. Whenever the carrying amount of an assets exceeds its recoverable amount, an impairment loss is recognised in the Statement of Comprehensive Income.

f) Cash and cash equivalents

For the purpose of the statement of cash flows, cash and cash equivalents comprise cash on hand, balance with bank and deposits with banks within a maturity period of three months or less from the date of deposit, free of encumbrances.

g) Pre-operative expenses

Pre-operative expenses are amortized over a period of ten years.



**NOBLE STEEL INDUSTRIES L.L.C.
ABU DHABI - UNITED ARAB EMIRATES**

**Notes to the financial statements
for the year ended December 31, 2014**

3 Summary of significant accounting policies (continued)

b) Land lease rental

Lease land rental expenses are amortized over a period of ten years.

c) Financial instruments

The financial instruments comprise financial assets and financial liabilities. Financial assets and financial liabilities are recognised on the company's statement of financial position when the company has become a party to the contractual provisions of the instrument. A financial asset is any asset that is cash, a contractual right to receive cash or other financial asset, a contractual right to exchange financial instruments under condition that are potentially favourable or an equity instrument. A financial liability is any liability that is a contractual obligation to deliver cash or another financial asset, or to exchange financial instrument under conditions that are potentially unfavourable.

4 Critical judgments and key sources of estimation uncertainty

In the application of the company's accounting policies management is required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities 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. Revisions to accounting estimates are recognised in the period 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.

Critical judgements in applying accounting principles

Property, Plant and Equipment

The cost of property, plant and equipment is depreciated over the estimated useful life, which is based on expected usage of the asset, expected physical wear and tear and technological obsolescence arising from changes and residual value. The management has not considered any residual value as it is deemed immaterial.



NOBLE STEEL INDUSTRIES L.L.C.
ABU DHABI - UNITED ARAB EMIRATES

Notes to the financial statements
for the year ended December 31, 2014

7. Pre-operative expenses (continued)

Pre-operative expenses relate to the expenses incurred by the company before commencement of trade for the period February 13, 2008 to June 30, 2014.

Lease rental relates to Plot No. 399HR8 located in ICAD 2. The land area is [] sq
meters.

It may be noted that the land lease rental expenses included above relate to a period of five years only. However, these will be amortized over a period of ten years along with other pre-operative expenses.

8. Borrowings

	As at December 31,	
	2014	2013
Term loan	[]	[]
Bank overdraft	[]	[]
Bills discounting	[]	[]
Presented in the statement of financial position as -	[]	[]
Short term borrowings	[]	[]
Long term borrowings	[]	[]

Term loan is repayable in 20 quarterly instalments [] each at an interest of 8%. The loan instalments due within 12 months from the date of the statement of financial position are considered as short term.

9. Related parties transactions

Due to related party

	As at December 31,	
	2014	2013
Ajmal Steel Tubes and Pipe Industries LLC	[]	[]
Halima Pipe Company Limited	[]	[]
Noble Marine Metals Co. W.L.L.	[]	[]
	[]	[]
	[]	[]



Notes to the Financial Statements
for the year ended December 31, 2014

10. Property, plant and equipment

	Land and Building	Furniture and Fixtures	Motor Vehicles	Machinery and Equipment	Total
Cost					
At January 1, 2013					
Capitalised during the year					
Additions	—				
At January 1, 2014					
Additions	—				
At December 31, 2014	—				
Accumulated depreciation:					
At January 1, 2013					
Charge for the year	—				
At January 1, 2014					
Charge for the year	—				
At December 31, 2014	—				
Carrying amount					
At December 31, 2014	=				
At December 31, 2013	=				



WIGLE STEEL INDUSTRIES L.L.C.
ABU DHABI - UNITED ARAB EMIRATES

Notes to the financial statements
for the year ended December 31, 2014

II. General and administrative Expense	As at December 31,	
	2014	2013
Salary and other related benefits		
Amortisation expenses		
Rent		
Municipal, legal and consulting fees		
Repair and maintenance		
Freight and shipment expense		
Insurance		
Communication expenses		
Miscellaneous expenses		
III. Financial instruments		

Financial instruments of the company relates to cash at bank.

Credit risk

Financial asset which potentially expose the company to concentration of credit risk is principally the company bank account. The company bank account is placed with high credit quality financial institutions.

Currency risk

There are no significant exchange risks as substantially all financial assets and financial liabilities are denominated in Arab Emirates Dirhams.

Interest rate risk

The company is not exposed to any significant interest rate risk.

Fair value

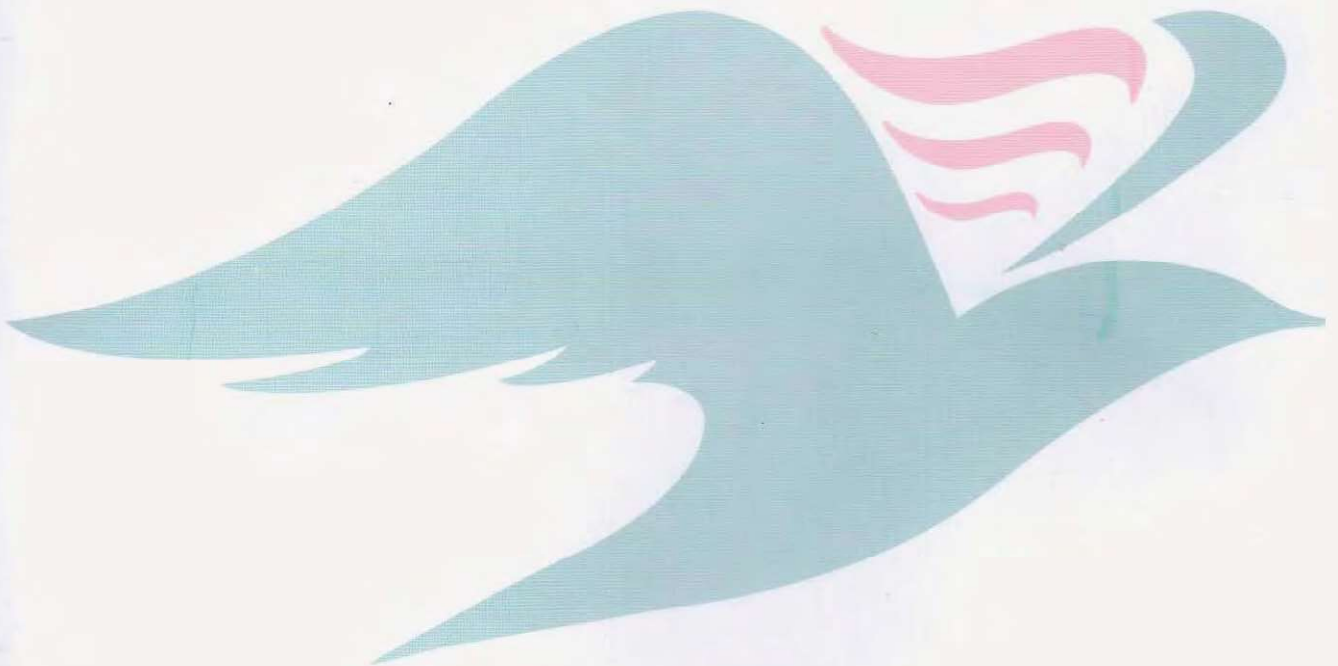
At the statement of financial position date, the fair values of the financial assets and liabilities at the year end approximate their carrying value.

IV. Comparative amounts

Previous year figures have been regrouped and reclassified wherever necessary to conform to current year presentation.

NOBLE STEEL INDUSTRIES L.L.C.

UNITED ARAB EMIRATES



NOBLE STEEL INDUSTRIES L.L.C.

UNITED ARAB EMIRATES

**FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT FOR THE
YEAR ENDED DECEMBER 31, 2015**

NOBLE STEEL INDUSTRIES L.L.C.

ABU DHABI - UNITED ARAB EMIRATES

**FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REPORT
FOR THE YEAR ENDED DECEMBER 31, 2015**

TABLE OF CONTENTS

	Page No.
Independent Auditor's Report	1 - 2
Statement of Financial Position	3
Statement of Comprehensive Income	4
Statement of Changes in Equity	5
Statement of Cash Flows	6
Notes to the Financial Statements	7 - 14

Ref: X/2697-AR/SN/16-366

Independent Auditor's Report

To
The Shareholders,
Noble Steel Industries L.L.C.,
P. O. Box: 105361,
Abu Dhabi - U.A.E.

Report on the financial statements

We have audited the accompanying financial statements of **Noble Steel Industries L.L.C.-Abu Dhabi, United Arab Emirates**, which comprise the statement of financial position as at **December 31, 2015** and the statements of comprehensive income, changes in equity and cash flows for the year then ended and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Generally Accepted Accounting Policies, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance, whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of **Noble Steel Industries - Abu Dhabi, United Arab Emirates** as at **December 31, 2015**, and of its financial performance, and its cash flows for the year ended in accordance with Generally Accepted Accounting Policies.

Emphasis of Matter

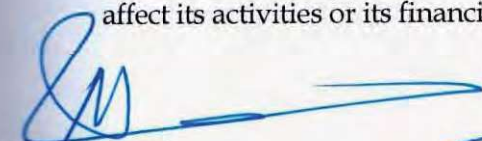
We draw attention to Note 9 relating to preoperative expenses and their amortization. Also, we draw attention to the fact that some of the Capital purchases invoices and bills were in the name of the related party for better terms and conditions.

Our opinion is not qualified in this regard.

Report on Other Legal and Regulatory Requirements

Further, as required by the UAE Federal Law No. (2) of 2015, we report that:

- i) we have obtained all the information we considered necessary for the purposes of our audit;
- ii) the financial statements have been prepared and comply, in all material respects, with the applicable provisions of the UAE Federal Law No. (2) of 2015;
- iii) the company has maintained proper books of account;
- iv) note 8 to the financial statements discloses material related party balances;
- v) based on the information that has been made available to us nothing has come to our attention which causes us to believe that the company has contravened during the financial year ended **December 31, 2015** any of the applicable provisions of the UAE Federal Law No. (2) of 2015 or of its Articles of Association which would materially affect its activities or its financial position as at **December 31, 2015**.



(B.S. MONY)
Director

Auditor License No: 628

BAKER TILLY

Auditors

Abu Dhabi - United Arab Emirates

Date: October 13, 2016.



NOBLE STEEL INDUSTRIES L.L.C.
ABU DHABI - UNITED ARAB EMIRATES



Statement of Financial Position
(in Arab Emirates Dirhams)

As at December 31,

	<u>Notes</u>	<u>2015</u>	<u>2014</u>
ASSETS			
Current assets			
Cash and cash equivalents	5		
Accounts receivable	6		
Other current assets	7		
Due from related party	8		
Inventory			
Total current assets			
Non-current assets			
Pre-operative expenses	9		
Property, plant and equipment	11		
Total non-current assets			
Total Assets			
LIABILITIES AND EQUITY			
Current liabilities			
Trade payables			
Other payables			
Due to related party	8		
Short term borrowings	10		
Total current liabilities			
Non-current liabilities			
Long term borrowings	10		
End of service benefits			
Total non-current liabilities			
Total liabilities			
Equity			
Share capital			
Retained earnings			
Other components of equity			
Total equity			
Total Liabilities and Equity			

The financial statements were approved on October 13, 2016 and signed by:

THE ACCOMPANYING NOTES FORM AN INTEGRAL PART OF THE FINANCIAL STATEMENTS



NOBLE STEEL INDUSTRIES L.L.C.
ABU DHABI - UNITED ARAB EMIRATES



Statement of Comprehensive Income
for the year ended December 31, 2015
(In Arab Emirates Dirhams)

	<u>Notes</u>	<u>2015</u>	<u>2014</u>
Revenue			
Less: Cost of sales			
Add:			
Other Income			
Deduct:			
General and administrative expenses	12		
Profit before interest and depreciation			
Deduct:			
Depreciation	11		
Amortisation expenses	9		
Finance charges			
Profit/(loss) after interest and depreciation			
Other comprehensive income			
Total comprehensive income for the year			

The financial statements were approved on October 13, 2016 and signed by:



THE ACCOMPANYING NOTES FORM AN INTEGRAL PART OF THE FINANCIAL STATEMENTS



NOBLE STEEL INDUSTRIES L.L.C.
ABU DHABI - UNITED ARAB EMIRATES

Statement of Changes in Equity
for the year ended December 31, 2015

	Share Capital	Retained Earnings	Other Components of Equity	Total
Balance as on January 1, 2014				
Total comprehensive income				
Net movements during the year				
Balance as on December 31, 2014				
Total comprehensive income				
Net movements during the year				
Balance as on December 31, 2015				

THE ACCOMPANYING NOTES FORM AN INTEGRAL PART OF THE FINANCIAL STATEMENTS



Statement of Cash Flows
for the year ended December 31, 2015
(In Arab Emirates Dirhams)

	2015	2014
Cash flow from operating activities:		
Total comprehensive income for the year		
Adjustment for non cash items:		
Depreciation		
Ammortization		
End of service benefits		
Operating profit before working capital changes		
Changes in :		
Accounts receivable		
Other current asset		
Due from related party		
Inventory		
Trade payables		
Other payables		
Due to related party		
Net cash flow from operating activities		
Cash flow from investing activities:		
Purchase of property, plant and equipment		
Pre-operative expenses		
Net cash used in investing activities		
Cash flow from financing activities:		
Net movement in other components of equity		
Net movement in borrowings		
Net cash from financing activities		
Net increase in cash and cash equivalents		
Cash and cash equivalents as at begining,		
Cash and cash equivalents as at end,		

THE ACCOMPANYING NOTES FORM AN INTEGRAL PART OF THE FINANCIAL STATEMENTS

Notes to the Financial Statements
for the year ended December 31, 2015

1. Legal status and business activities

Noble Steel Industries LLC - Abu Dhabi - is registered under the License No.1535 issued by the Industrial Development Bureau, Abu Dhabi.

The company's activities are manufacturing of steel pipes, scaffold, metal section and metal product coating.

The Registered office is located at Industrial City 2 of Abu Dhabi, United Arab Emirates.

2. Share Capital

The authorised, issued share capital of the company []
 shares of []

Sl. No	Name of the shareholder	Nationality	%	Amount
1	Mr.Ishaq Mohamed Salem Almeeza Albeshar	[]	[]	[]
2	Mr.Mohamed Ashraf Shahul Ameen	[]	[]	[]
	TOTAL	[]	[]	[]

3. Summary of significant accounting policies

Basis of preparation

The financial statements have been prepared in accordance with Generally accepted accounting principles and applicable requirements of the U.A.E. Law. A summary of the significant accounting policies, which have been applied consistently, are set out below:

a) Accounting convention

The financial statements have been prepared under historical cost basis.

b) Revenue recognition

Revenue represents the invoiced value of goods delivered by the Company during the year net of discounts and returns.

c) Foreign currencies

Transactions denominated in foreign currencies are initially recorded at the rate of exchange prevailing on the date of the transactions. Monetary assets and liabilities denominated in such currencies are translated at the rates prevailing on the statement of financial position date. Gains and losses arising are included in the Statement of Comprehensive Income.



Notes to the financial statements
for the year ended December 31, 2015

3. Summary of significant accounting policies (continued)

d) Property, plant and equipment

Property, plant and equipment are recorded at costs which comprises of purchase price, levies, duties and any directly attributable cost of bringing the asset to its working condition.

e) Impairment of assets

Fixed assets are reviewed for impairment, whenever events or changes in circumstances indicate that the carrying amount of an assets may not be recoverable. Whenever the carrying amount of an assets exceeds its recoverable amount, an impairment loss is recognised in the Statement of Comprehensive Income.

f) Cash and cash equivalents

For the purpose of the statement of cash flows, cash and cash equivalents comprise cash on hand, balance with bank and deposits with banks within a maturity period of three months or less from the date of deposit, free of encumbrances.

g) Pre-operative expenses

Pre-operative expenses are amortized over a period of ten years.

h) Land lease rental

Lease land rental expenses are amortized over a period of ten years.

a) Financial instruments

The financial instruments comprise financial assets and financial liabilities. Financial assets and financial liabilities are recognised on the company's statement of financial position when the company has become a party to the contractual provisions of the instrument. A financial asset is any asset that is cash, a contractual right to receive cash or other financial asset, a contractual right to exchange financial instruments under condition that are potentially favourable or an equity instrument. A financial liability is any liability that is a contractual obligation to deliver cash or another financial asset, or to exchange financial instrument under conditions that are potentially unfavourable.

Notes to the financial statements
for the year ended December 31, 2015

4. Critical judgments and key sources of estimation uncertainty

In the application of the company's accounting policies management is required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities 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. Revisions to accounting estimates are recognised in the period 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.

Critical judgements in applying accounting principles

Property, Plant and Equipment

The cost of property, plant and equipment is depreciated over the estimated useful life, which is based on expected usage of the asset, expected physical wear and tear and technological obsolescence arising from changes and residual value. The management has not considered any residual value as it is deemed immaterial.

Key sources of estimation uncertainty

The management reviews periodically items classified as receivables to assess whether a provision for impairment should be recorded in the statement of comprehensive income. Management estimates the amount and timing of future cash flows when determining the level of provisions required. Management is also required to apply judgement in determining the level of work completion for the calculation of work-in-progress. Such estimates are necessarily based on assumptions about several factors which involve various degrees of judgement and uncertainty.

5. Cash and cash equivalents

	As at December 31,	
	2015	2014
Cash in hand	[]
Cash at bank	[]
	[]
	[]
	[]
	[]



Notes to the financial statements
for the year ended December 31, 2015

6. Accounts receivable

As at December 31,

2015

2014

Accounts receivable

Age wise analysis:

Due for less than 6 months

Due for between 6 to 12 months

Due for more than 12 months

The fair value of accounts receivable is not materially
in the statement of financial position.

7. Other current assets

Bank deposit

Advance to supplier

Prepayments

Staff advance

Other deposits

8. Related parties

The Company enters into transactions with companies
definition of a related party as contained in International
The Company believes that the terms of such transactions
from those that could have been obtained from third parties.

Due from related party

Halima Pipe Company Limited

Due to related party

Ajmal Steel Tubes and Pipe Industries LLC

Noble Marine Metals Co. W.L.L.

Halima Pipe Company Limited



Notes to the financial statements
for the year ended December 31, 2015

9. Pre-operative expenses

As at December 31,

	2015	2014
Pre-operative expenses		
Land lease rental		
Less: Amortisation Expense		

Pre-operative expenses relate to the expenses incurred by the company before commencement of trade for the period February 13, 2008 to June 30, 2014.

Lease rental relates to Plot No. 399HR8 located in ICAD 2. The land area mtrs.

It may be noted that the land lease rental expenses included above relate to a period of five years only. However, these will be amortized over a period of ten years along with other pre-operative expenses.

10. Borrowings

As at December 31,

	2015	2014
Term loan		
Trust receipt facility		
Bank overdraft		
Bills discounting		

Presented in the statement of financial position as

Short term borrowings
 Long term borrowings

Term loan is repayable in instalments of at an interest of 8%. The loan instalments due within 12 months from the date of the statement of financial position are considered as short term.

The Trust receipt facility and bank overdraft have been obtained against the below mentioned securities:

- (i) Letter of continuing security.
- (ii) Letter of pledge and lien on deposits to be kept as cash margin.
- (iii) Letter of authority to renew deposits to be kept as cash margin.

**NOBLE STEEL INDUSTRIES L.L.C.
ABU DHABI - UNITED ARAB EMIRATES**



**Notes to the Financial Statements
for the year ended December 31, 2015**

11. Property, plant and equipment

	Land and Buildings	Furniture and Fixtures	Motor Vehicles	Machinery and Equipment	Total
Cost					
At January 1, 2014					
Additions					
At December 31, 2014					
Additions					
At December 31, 2015					
Accumulated depreciation:					
At January 1, 2014					
Charge for the year					
At December 31, 2014					
Charge for the year					
At December 31, 2015					
Carrying amount					
At December 31, 2015					
At December 31, 2014					



Notes to the financial statements
for the year ended December 31, 2015

12. General and administrative expense	Year ended December 31,	
	2015	2014
Rent		
Salary and other related benefits		
License and professional fee		
Vehicle expenses		
Insurance		
Travel and transportation		
Business promotion and selling		
Communication expenses		
Office expenses		
Miscellaneous expenses		
13. Contingent liabilities		
Bank guarentee		

Except the above and on going business obligations which are under normal course of business against which no loss is expected, there has been no other known contingent liability or capital commitment on company account.

14. Financial instruments

Financial instruments of the company comprises of cash at bank, accountsreceivable, other assets, accounts payables, due to banks and other liabilities.

Credit risk

Financial asset which potentially expose the company to concentration of credit risk is principally the company bank account. The company bank account is placed with high credit quality financial institutions.

Currency risk

There are no significant exchange risks as substantially all financial assets and financial liabilities are denominated in Arab Emirates Dirhams.



ABU DHABI - UNITED ARAB EMIRATES
for the year ended December 31, 2015

14. Financial instruments (continued)

Interest rate risk

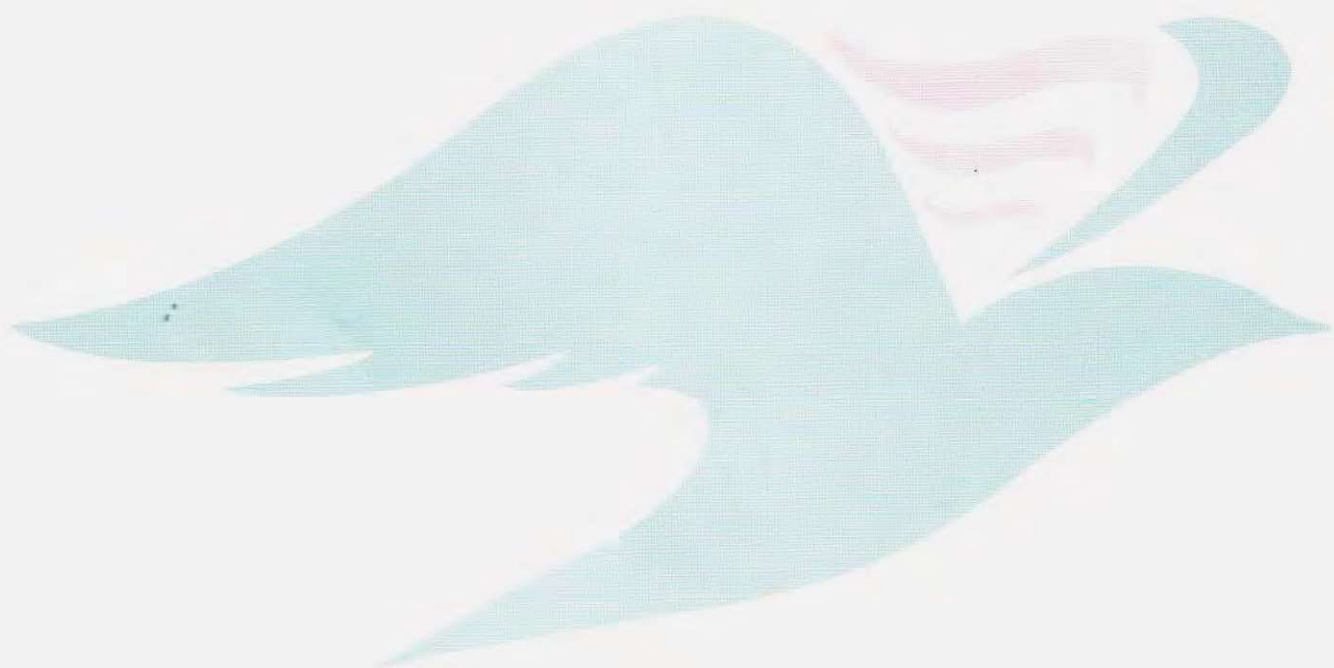
The company is not exposed to any significant interest rate risk.

Fair value

At the statement of financial position date, the fair values of the financial assets and liabilities at the year end approximate their carrying value.

15. Comparative amounts

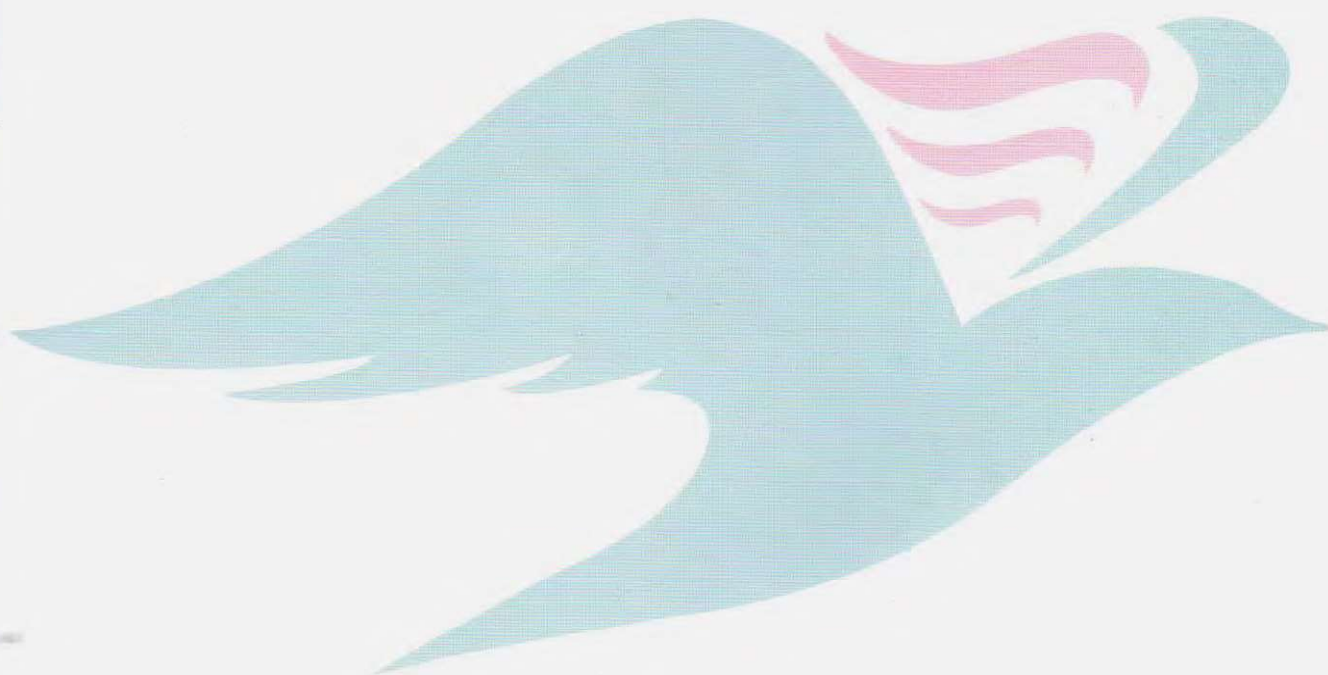
Previous year figures have been regrouped and reclassified wherever necessary to conform to current year presentation.



 **بيكرتلي**

NOBLE STEEL INDUSTRIES L.L.C.

UNITED ARAB EMIRATES



NOBLE STEEL INDUSTRIES L.L.C.

ABU DHABI - UNITED ARAB EMIRATES

**FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REPORT
FOR THE YEAR ENDED DECEMBER 31, 2016**

TABLE OF CONTENTS

	Page No.
Independent Auditor's Report :	1 - 3
Statement of Financial Position :	4
Statement of Comprehensive Income :	5
Statement of Changes in Equity :	6
Statement of Cash Flows :	7
Notes to the Financial Statements :	8 - 17

Ref: X/2697-AR/JA/17-18/050

Independent Auditor's Report

To
The Shareholders,
Noble Steel Industries L.L.C,
P. O. Box: 105361,
Abu Dhabi - U.A.E.

Report on the Financial Statements

Opinion

We have audited the accompanying financial statements of **Noble Steel Industries L.L.C (the "Company")** which comprise the statement of financial position as at **December 31, 2016** and the statements of comprehensive income, changes in equity and cash flows for the year then ended and a summary of significant accounting policies and other explanatory notes.

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of **December 31, 2016** and of its financial performance and its cash flows for the year then ended in accordance with Generally Accepted Accounting Principal.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (the "IESBA code") together with other ethical requirements that are relevant to our audit of the financial statements in the United Arab Emirates, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of matter

We draw attention to the Note 11 relating to pre-operative expenses and their amortization.

Our opinion is not qualified in this regard.

Responsibilities of the Management's for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Generally Accepted Accounting Principal and their preparation in compliance with the applicable provisions of the UAE Federal Law No. (2) of 2015, and for such internal control as management determines is necessary to enable the

preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

The management is responsible for overseeing the Company's financial reporting process.

Auditor's Responsibility

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

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

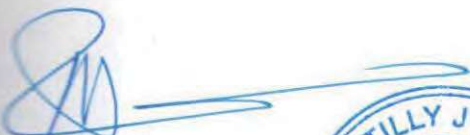
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting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

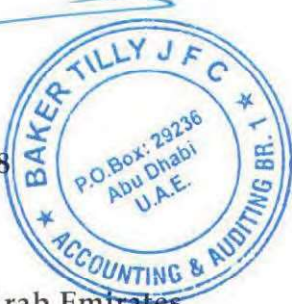
We communicate with the management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on Other Legal and Regulatory Requirements

Further, as required by the UAE Federal Law No. (2) of 2015, we report that:

- i) we have obtained all the information we considered necessary for the purposes of our audit;
- ii) the financial statements have been prepared and comply, in all material respects, with the applicable provisions of the UAE Federal Law No. (2) of 2015;
- iii) the company has maintained proper books of account;
- iv) note 8 to the financial statements discloses material related party balances;
- v) based on the information that has been made available to us nothing has come to our attention which causes us to believe that the company has contravened during the financial year ended **December 31, 2016** any of the applicable provisions of the UAE Federal Law No. (2) of 2015 or of its Memorandum of Association which would materially affect its activities or its financial position as at **December 31, 2016**.


(B.S. MONY)
Partner
Auditor License No: 628



BAKER TILLY
Auditors
Abu Dhabi - United Arab Emirates

Date: September 10, 2017



NOBLE STEEL INDUSTRIES L.L.C.
ABU DHABI - UNITED ARAB EMIRATES

Statement of Financial Position
(In Arab Emirates Dirham)

As at December 31,

	<u>Notes</u>	<u>2016</u>	<u>2015</u>
ASSETS			
Current assets			
Cash and cash equivalents	5		
Accounts receivable	6		
Other current assets	7		
Due from related party	8		
Inventory	9		
Total current assets			
Non-current assets			
Pre-operative expenses	11		
Property, plant and equipment	10		
Total non-current assets			
Total Assets			
LIABILITIES AND EQUITY			
Current liabilities			
Trade payable			
Other payable	12		
Due to related party	8		
Short term borrowings	13		
Total current liabilities			
Non-current liabilities			
Long term borrowings	13		
End of service benefits			
Total non-current liabilities			
Total liabilities			
Equity			
Share capital			
Legal reserve			
Retained earnings	14		
Other components of equity	15		
Total equity			
Total Liabilities and Equity			

The financial statements were approved on September 09, 2017 and signed by:

THE ACCOMPANYING NOTES FORM AN INTEGRAL PART OF THE FINANCIAL STATEMENTS



NOBLE STEEL INDUSTRIES L.L.C.
ABU DHABI - UNITED ARAB EMIRATES



Statement of Comprehensive Income
for the year ended December 31, 2016
(In Arab Emirates Dirham)

	<u>Notes</u>	<u>2016</u>	<u>2015</u>
Revenue	16		
Less: Cost of sales	17		
Add:			
Other income			
Deduct:			
General and administrative expenses	18		
Profit before interest and depreciation			
Deduct:			
Depreciation	10		
Amortization expenses	11		
Finance charges			
Profit/(loss) after interest and depreciation			
Other comprehensive income			
Total comprehensive income for the year			

The financial statements were approved on September 09, 2017 and signed by:



THE ACCOMPANYING NOTES FORM AN INTEGRAL PART OF THE FINANCIAL STATEMENTS

**NOBLE STEEL INDUSTRIES L.L.C.
ABU DHABI - UNITED ARAB EMIRATES**



**Statement of Changes in Equity
for the year ended December 31, 2016**

	Share Capital	Legal reserve	Retained Earnings	Other Components of Equity	Total
Balance as on January 1, 2015	-	-	-	-	-
Total comprehensive income	-	-	-	-	-
Net movements during the year	-	-	-	-	-
Balance as on December 31, 2015	-	-	-	-	-
Total comprehensive income	-	-	-	-	-
Profit transferred to legal reserve	-	-	-	-	-
Net movements during the year	-	-	-	-	-
Balance as on December 31, 2016	-	-	-	-	-

NOBLE STEEL INDUSTRIES L.L.C.
ABU DHABI - UNITED ARAB EMIRATES



Statement of Cash Flows
for the year ended December 31, 2016
(In Arab Emirates Dirham)

	2016	2015
Cash flow from operating activities:		
Total comprehensive income for the year		
Adjustment for non cash items:		
Depreciation		
Amortization		
End of service benefits		
Operating profit before working capital changes		
Changes in :		
Accounts receivable		
Other current asset		
Due from related party		
Inventory		
Trade payable		
Other payable		
Due to related party		
Net cash flow from operating activities		
Cash flow from investing activities:		
Purchase of property, plant and equipment		
Pre-operative expenses		
Net cash used in investing activities		
Cash flow from financing activities:		
Net movement in other components of equity		
Net movement in borrowings		
Net cash used in financing activities		
Net increase in cash and cash equivalents		
Cash and cash equivalents as at beginning,		
Cash and cash equivalents as at end,		

THE ACCOMPANYING NOTES FORM AN INTEGRAL PART OF THE FINANCIAL STATEMENTS



NOBLE STEEL INDUSTRIES L.L.C.
ABU DHABI - UNITED ARAB EMIRATES

Notes to the Financial Statements
for the year ended December 31, 2016

1. Legal status and business activities

Noble Steel Industries LLC, Abu Dhabi is registered under the License No. IN-1001535 issued by the Industrial Development Bureau, Abu Dhabi.

The company's activities are manufacturing of non-ferrous metal sections, cast iron tubes, pipes, metal industrial frameworks, metal coating, hollow profiles and fittings.

The Registered office is located at Industrial City 2 of Abu Dhabi, United Arab Emirates.

2. Share capital

The authorized, issued share capital of the company is AED 300,000 divided into 100 shares of AED 3,000 each.

Sr. No	Name of the shareholder	Nationality	%	Amount
1	Mr.Ishaq Mohamed Salem Almeeza Albeshar			
2	Mr.Mohamed Ashraf Shahul Ameen			
	TOTAL			

3. Summary of significant accounting policies

Statement of compliance

The financial statements have been prepared in accordance with Generally accepted accounting principles and applicable requirements of the U.A.E Law.

The UAE Federal Law No. 2 of 2015 ("Companies Law") has come into force on 1 July 2015. The company has twelve months from the effective date of the Companies Law to comply with its provisions ("the transitional provisions") and the company has availed of these transitional provisions.

Basis of preparation

The financial statements have been prepared under historical cost basis.



NOBLE STEEL INDUSTRIES L.L.C.
ABU DHABI - UNITED ARAB EMIRATES

Notes to the financial statements
for the year ended December 31, 2016

3. Summary of significant accounting policies (continued)

A summary of the significant accounting policies, which have been applied consistently, are set out below:

a) Revenue recognition

Revenue represents the invoiced value of goods delivered by the Company during the year net of discounts and returns.

b) Foreign currencies

Transactions denominated in foreign currencies are initially recorded at the rate of exchange prevailing on the date of the transactions. Monetary assets and liabilities denominated in such currencies are translated at the rates prevailing on the statement of financial position date. Gains and losses arising are included in the Statement of Comprehensive Income.

c) Property, plant and equipment

Property, plant and equipment are recorded at costs which comprises of purchase price, levies, duties and any directly attributable cost of bringing the asset to its working condition.

Depreciation is calculated to write off the cost of property, plant and equipment less estimated residual value on current price on a straight line basis over the expected useful lives of the assets.

	<u>Years</u>
Land and Building	20
Furniture and Fixtures	5
Motor Vehicles	5
Machinery and Equipment	10

d) Impairment of assets

Fixed assets are reviewed for impairment, whenever events or changes in circumstances indicate that the carrying amount of an assets may not be recoverable. Whenever the carrying amount of an assets exceeds its recoverable amount, an impairment loss is recognized in the Statement of Comprehensive Income.



NOBLE STEEL INDUSTRIES L.L.C.
ABU DHABI - UNITED ARAB EMIRATES

Notes to the financial statements
for the year ended December 31, 2016

3. Summary of significant accounting policies (continued)

e) Cash and cash equivalents

For the purpose of the statement of cash flows, cash and cash equivalents comprise cash on hand, balance with bank and deposits with banks within a maturity period of three months or less from the date of deposit, free of encumbrances.

f) Pre-operative expenses

Pre-operative expenses are amortized over a period of ten years.

g) Land lease rental

Lease land rental expenses are amortized over a period of ten years.

h) Financial instruments

The financial instruments comprise financial assets and financial liabilities. Financial assets and financial liabilities are recognized on the company's statement of financial position when the company has become a party to the contractual provisions of the instrument. A financial asset is any asset that is cash, a contractual right to receive cash or other financial asset, a contractual right to exchange financial instruments under condition that are potentially favourable or an equity instrument. A financial liability is any liability that is a contractual obligation to deliver cash or another financial asset, or to exchange financial instrument under conditions that are potentially unfavourable.

4. Critical judgments and key sources of estimation uncertainty

In the application of the company's accounting policies management is required to make judgments, estimates and assumptions about the carrying amount of assets and liabilities 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. Revisions to accounting estimates are recognized in the period 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.



Notes to the financial statements
for the year ended December 31, 2016

4. Critical judgments and key sources of estimation uncertainty (continued)

Critical judgments in applying accounting principles

Property, Plant and Equipment

The cost of property, plant and equipment is depreciated over the estimated useful life, which is based on expected usage of the asset, expected physical wear and tear and technological obsolescence arising from changes and residual value. The management has not considered any residual value as it is deemed immaterial.

Key sources of estimation uncertainty

The management reviews periodically items classified as receivables to assess whether a provision for impairment should be recorded in the statement of comprehensive income. Management estimates the amount and timing of future cash flows when determining the level of provisions required. Management is also required to apply judgment in determining the level of work completion for the calculation of work-in-progress. Such estimates are necessarily based on assumptions about several factors which involve various degrees of judgment and uncertainty.

5. Cash and cash equivalents

Cash in hand
 Cash at bank

As at December 31,

2016

2015

6. Accounts receivable

Accounts receivable

Age wise analysis:

Due for less than 6 months
 Due for between 6 to 12 months
 Due for more than 12 months

The fair value of accounts receivable is not materially different from their balance shown in the statement of financial position.

NOBLE STEEL INDUSTRIES L.L.C.
ABU DHABI - UNITED ARAB EMIRATES



Notes to the financial statements
for the year ended December 31, 2016

7. Other current assets

	As at December 31,	
	2016	2015
Prepayments		
Bank margin deposit		
Advance to supplier		
Bank term deposit		
Staff advance		
Other deposits		

The above bank deposits are on lien against borrowings.

8. Related parties

The Company enters into transactions with companies and entities that fall within the definition of related parties. The Company believes that the terms of such transactions are not significantly different from those that could have been obtained from third parties.

The nature of significant related party transactions and the amounts involved are as follows:

	As at December 31,	
	2016	2015
Sales		
Purchases		
Fund received		
Fund transferred		

9. Inventory

Finished goods		
Work in progress		
Accessories, stores and spares		

**NOBLE STEEL INDUSTRIES L.L.C.
ABU DHABI - UNITED ARAB EMIRATES**



**Notes to the Financial Statements
for the year ended December 31, 2016**

10. Property, plant and equipment

	Land and Building	Furniture and Fixtures	Motor Vehicles	Machinery and Equipment	Total
Cost					
At January 1, 2015					
Additions					
At December 31, 2015					
Additions					
At December 31, 2016					
Accumulated depreciation:					
At January 1, 2015					
Charge for the year					
At December 31, 2015					
Charge for the year					
At December 31, 2016					
Carrying amount					
At December 31, 2016					
At December 31, 2015					

Note:

- (i) One vehicle is registered in the name of an employee.
- (ii) Some of the Capital purchase invoices and bills were in the name of related party for better terms and conditions.



NOBLE STEEL INDUSTRIES L.L.C.
ABU DHABI - UNITED ARAB EMIRATES

Notes to the financial statements
for the year ended December 31, 2016

13. Borrowings

Term loan
Vehicle loan
Trust receipt facility
Bank overdraft
Bills discounting

Presented in the statement of financial position as:

Short term borrowings
Long term borrowings

As at December 31,

2016

2015

The above facilities have been obtained against the below mentioned securities:

- (i) Personal guarantees of Mr. Mohamed Ashraf Shahul Ameen and Mrs. Ameena Begum Shahul Ameen
- (ii) Corporate guarantees of the related parties
- (iii) Possessory pledge of plant & machinery and other moveable fixed assets
- (iv) Mortgage of factory's building
- (v) Mortgage of vehicle
- (vi) Security cheque in favour of the bank

14. Legal reserve

In accordance with the UAE Federal Commercial Companies Law number (2) of 2015, concerning Commercial Companies and the Company's Articles of Association, 10% of the Company's annual profit is transferred to an undistributable legal reserve until such reserve equals 50% of paid up capital of the Company. This reserve is not available for distribution.



NOBLE STEEL INDUSTRIES L.L.C.
ABU DHABI - UNITED ARAB EMIRATES

Notes to the financial statements
for the year ended December 31, 2016

15. Other components of equity

	Ishaq Mohamed Salem Almeeza Albeshar	Mohamed Ashraf Shahul Ameed
Balance at January 1,		
Net movements during the year		
Balance at December 31,		

16. Revenue

Sales
 Job work

17. Cost of sales

Cost of goods sold
 Direct wages
 Other direct expenses

18. General and administrative expense

Salary and other related benefits
 Rent
 License and professional fee
 Vehicle expenses
 Travel and transportation
 Insurance
 Business promotion and selling
 Communication expenses
 Office expenses
 Miscellaneous expenses

Year ended December 31,
2016 2015



NOBLE STEEL INDUSTRIES L.L.C.
ABU DHABI - UNITED ARAB EMIRATES

Notes to the financial statements
for the year ended December 31, 2016

19. Contingent liabilities

	As at December 31,	
	2016	2015
Bank guarantee	—	—
Letter of credit	—	—

Except the above and on going business obligations which are under normal course of business against which no loss is expected, there has been no other known contingent liability or capital commitment on company account.

20. Financial instruments

Financial instruments of the company comprises of cash at bank, accounts receivable, other assets, accounts payables, due to banks and other liabilities.

Credit risk

Financial asset which potentially expose the company to concentration of credit risk is principally the company bank account. The company bank account is placed with high credit quality financial institutions.

Currency risk

There are no significant exchange risks as substantially all financial assets and financial liabilities are denominated in Arab Emirates Dirham.

Interest rate risk

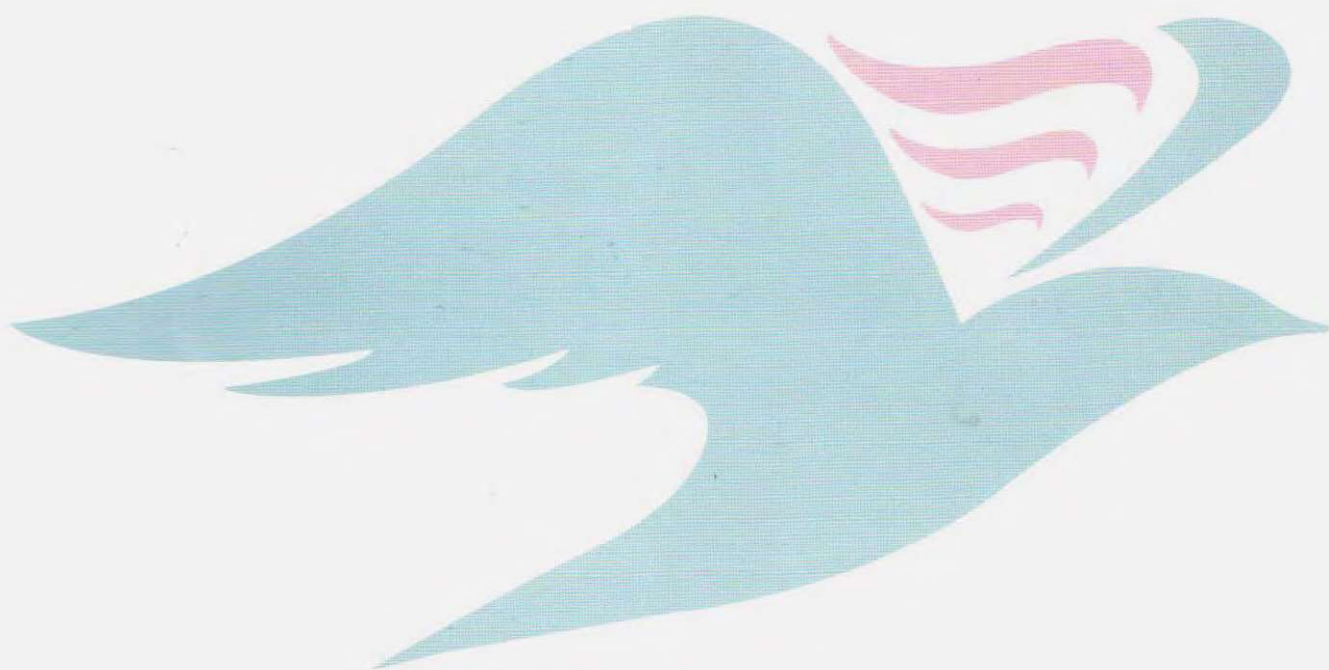
The company is not exposed to any significant interest rate risk.

Fair value

At the statement of financial position date, the fair values of the financial assets and liabilities at the year end approximate their carrying value.

21. Comparative amounts

Previous year figures have been regrouped and reclassified wherever necessary to conform to current year presentation.



**NOBLE STEEL INDUSTRIES L.L.C.
ABU DHABI - UNITED ARAB EMIRATES
FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITOR'S REPORT
FOR THE YEAR ENDED DECEMBER 31, 2017**

NOBLE STEEL INDUSTRIES L.L.C.
ABU DHABI - UNITED ARAB EMIRATES
FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITOR'S REPORT
FOR THE YEAR ENDED DECEMBER 31, 2017

Table of contents

Independent Auditor's Report	1	-	3
Statement of Financial Position	4		
Statement of Comprehensive Income	5		
Statement of Cash Flows	6		
Statement of Changes in Equity	7		
Notes to the Financial Statements	8	-	25

Pages

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF NOBLE STEEL INDUSTRIES L.T.C., ABU DHABI, UNITED ARAB EMIRATES Opinion

Audit of the previous year was done by other auditors. The comparative figures included in these financial statements are based on the audited statements and we do not express an opinion thereon.

We have audited the accompanying financial statements of NOBLE STEEL INDUSTRIES L.T.C., Abu Dhabi, United Arab Emirates which comprise of the statement of financial position as at December 31, 2017 and the statement of comprehensive income, the statement of cash flows, statement of changes in equity for the year then ended and a summary of significant accounting policies and other explanatory notes.

In our opinion, except for the possible effects if any of the above, the financial statements read along with the notes to the accounts, present fairly in all material respects, the financial position of NOBLE STEEL INDUSTRIES L.T.C., Abu Dhabi, United Arab Emirates as at December 31, 2017 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of financial statements in United Arab Emirates, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

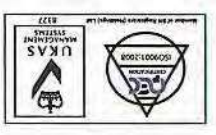
Responsibilities of Management and Those Charged with Governance for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards (IFRSs), and for such internal control as management determines is necessary to enable the presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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Sharjah, UAE
Contact +971 55 980 1130



- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

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

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

Auditor's Responsibilities for the Audit of the financial statements

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



PRS Chartered Accountants
Dubai - United Arab Emirates
July 2, 2018

Jassim Mohammad Jamil Ahmad Albalooshi
Audit License # 801



We also confirm that in our opinion, proper books of accounts have been kept by the Company in the Company in accordance with the provisions of the U.A.E. Federal Law # 2 of 2015 concerning the regulation of Limited Liability Company in U.A.E. We obtained all the information and explanations which we required for the purpose of our audit and to the best of our knowledge and belief no violations of the applicable law or Memorandum and Articles of Association have occurred during the year which would have had a material effect on the business of the Company or on its financial position.

Report on Other Legal and Regulatory Requirements

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

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

NOBLE STEEL INDUSTRIES L.L.C.
ABU DHABI - UNITED ARAB EMIRATES
Statement of Financial Position
as at December 31, 2017

December 31, 2017	December 31, 2016
Notes	
ASSETS	
Non-current assets	
Property, plant and equipment	4
Pre-operative expenses	5
Total Non-current assets	
Current assets	
Inventories	6
Trade receivables	7
Due from related parties	8
Other current assets	9
Cash and cash equivalents	10
Total Current assets	
TOTAL ASSETS	
EQUITY & LIABILITIES	
Equity	
Share capital	2
Statutory reserve	11
Accumulated loss	12
Shareholders' current account	13
Total Equity	
Non current liabilities:	
Long term borrowings	14
End of service benefits	15
Total Non current liabilities	
Current liabilities	
Trade and other payables	16
Due to related parties	8
Other payables	17
Short term borrowings	18
Total Current liabilities	
Total liabilities	
TOTAL EQUITY & LIABILITIES	

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

The consolidated financial statements on pages 4 to 25 were approved by the Board of Directors on June 28, 2018 and signed on its behalf by:

(MANAGING DIRECTOR)



NOBLE STEEL INDUSTRIES L.L.C.
ABU DHABI - UNITED ARAB EMIRATES

Statement of Consolidated Comprehensive Income
for the year ended December 31, 2017

Year ended	Year ended	Notes	
Dec 31, 2017	Dec 31, 2016		
		19	Revenue
		20	Less: Cost of sales
			Gross profit
		21	Add: Other income
			Deduct:
		22	Sales and marketing expenses
		23	General and administrative expenses
			Profit before interest and depreciation
			Deduct:
		4	Depreciation
		5	Amortization expenses
		24	Finance charges
			Profit after interest and depreciation
			Total comprehensive income for the year

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

(MANAGING DIRECTOR)





NOBLE STEEL INDUSTRIES L.L.C.
ABU DHABI - UNITED ARAB EMIRATES
Statement of Consolidated Cash Flows
for the year ended December 31, 2017

Year ended	Year ended
	Cash flows from operating activities: Net profit for the year Adjustments for: Depreciation Amortization Provision for Employees' EOSB Operating profit before changes in operating assets and liabilities (Increase)/decrease in inventories (Increase) in trade receivables (Increase)/decrease in due from related parties (Increase) in other current assets Increase/(decrease) in trade and other payables Increase/(decrease) in due to related parties Increase/(decrease) in accrued expenses Cash generated from operating activities End of service benefits paid Net cash generated from operating activities Cash flows from investing activities: Purchase of property, plant & equipment Net cash flow from/(used in) investing activities Cash flows from financing activities: Net movement in shareholder's current account Net movement in borrowings/loans Net cash (used in)/from financing activities Net Increase in cash and cash equivalents Cash and cash equivalents - beginning of the year Represented by: Cash in hand Cash at bank

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

(MANAGING DIRECTOR)





NOBLE STEEL INDUSTRIES L.L.C.
 ABU DHABI - UNITED ARAB EMIRATES
 Statement of Consolidated Changes in Equity
 for the year ended December 31, 2017

	<u>Share</u> <u>capital</u>	<u>Statutory</u> <u>reserve</u>	<u>Accumulated</u> <u>loss</u>	<u>Shareholders'</u> <u>current account</u>	<u>Total</u>
<u>Changes in Shareholders' equity</u>					
Balance as at January 1, 2016					
Profit for the year					
Transfer to statutory reserve					
Net movements					
Balance as at December 31, 2016					
Profit for the year					
Net movements					
Balance as at December 31, 2017					

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

(MANAGING DIRECTOR)



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1. Legal Status & Business Activities:

- a) Noble Steel Industries LLC was registered as a Limited Liability Company in Abu Dhabi and operates under the licence No. IN-1001535 issued by the Industrial development Bureau, Abu Dhabi.
- b) The Company's activities are Non-Ferrous Metals sections Manufacturing, Cast Iron Tubes, Pipes, Hollow profiles and Fittings Manufacturing, Metal Industrail FrameWorks Manufacturing and Metal coating.
- c) The management and control of the Company is vested with Mr. Mohamed Ashraf Shahul Ameen (Indian National), the Managing Director of the Company
- d) The registered office is located at Plot No 399 HR8, NR-32 at ICAD-II, Mussafah, P.O. Box No.93323, Abu Dhabi, United Arab Emirates.

2

Share capital

Authorised, issued and paid up capital of the Company is divided into 100 shares of each fully paid. The shareholding of the Company was as under:

Sl. No.	Name of the Shareholder	No. of Shares	Amount AED	%
1.	Ishaq Mohamed Salem Al Meeza Al Beshher	[]	[]	[]
2.	Mohamed Ashraf Shahul Ameen	[]	[]	[]
	Total	[]	[]	[]

3.

Summary of significant accounting policies

Disclosure on the adoption of new and amended IAS 1 by the Company

In the current year, the Company in the Company has adopted the new and revised IFRS including the IAS and their interpretations that are relevant to its operations and effective for annual reporting period beginning on or after January 1, 2009.



3. Summary of significant accounting policies (continued)

Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB), interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC) and applicable requirements of U.A.E. Law.

These financial statements reflect the operations of the Company in the Company. The financial statements of the Company in the Company are independently audited for the year ended December 31, 2017.

These financial statements are presented in U.A.E Dirham (AED) since that is the currency in which the majority of the Company's transactions are denominated.

A summary of the significant accounting policies are set out below:

a)

Accounting convention

The financial statements have been prepared in accordance with historical cost convention basis.

b)

Revenue recognition

Sales revenue

Revenue from sales is recognised when significant risks and rewards of ownership of the goods and services are passed on to the buyer and the amount of revenue can be measured reliably. Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.





Buildings and plant and machinery are measured at fair value, less accumulated depreciation and subsequent impairment losses. Revaluations are performed periodically such that the carrying amounts do not differ materially from those that would be determined using fair values at the date of statement of financial position. Building and plant and machinery are stated at revalued amount, being the fair value. Accumulated depreciation at the revaluation date is restated proportionally with the change in the gross carrying amount of the asset after revaluation equals its revalued amount. Any revaluation increase arising on the revaluation is credited in statement of changes in equity to the revaluation reserve, except to the extent that it reverses a revaluation decrease for the same asset previously charged. A decrease in the carrying amount arising on the revaluation of such buildings and plant and machinery is charged to the statement of comprehensive income to the extent that exceeds the balance, if any, held in the revaluation reserve relating to a previous revaluation of that asset.

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. The difference between the net disposal proceeds, if any and the net carrying amount is recognized in the statement of comprehensive income.

Subsequent to the initial recognition, property, plant and equipment are stated at cost or revalued amount less accumulated depreciation and accumulated impairment losses. Property, plant and equipment are tested for impairment at each statement of financial position date.

Property, plant and equipment are initially recognized at cost. Subsequent costs are included in the assets carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of a replaced part is comprehensive income during the year in which they are incurred.

3. Summary of significant accounting policies (continued)

c) Property, plant and equipment

Notes to the Financial Statements (continued)
for the year ended December 31, 2017

NOBLE STEEL INDUSTRIES L.T.C.
ABU DHABI - UNITED ARAB EMIRATES



NOBLE STEEL INDUSTRIES L.T.C. ABU DHABI - UNITED ARAB EMIRATES

Notes to the Financial Statements (continued)
for the year ended December 31, 2017

3. Summary of significant accounting policies (continued)

Capital work in progress is stated at cost, including borrowing costs incurred for financing the asset, if any. All cost related to specific assets incurred during the period are carried under this heading. These are transferred to assets when they are available for use.

The depreciation on assets acquired/disposed during the year is charged from/up to the date of addition/disposal to the date of financial position. Depreciation is provided on a straight-line basis over the assets' estimated useful lives as follows:

Asset	Years
Building on leasehold land (Revalued)	20
Plant and machinery	10
Furniture & fixtures	5
Motor vehicles	5

d)

Inventories

Inventories are initially recognised at cost, and subsequently stated at the lower of average purchase cost and net realisable value. Cost is determined as follows:

Raw Materials:

The cost of raw materials includes purchase cost, insurance, freight and other costs incurred to bring the raw materials to their present location and condition. Raw materials are valued at weighted average cost basis.

Consumables:

Consumables and spare parts are valued based on the weighted average method.

3. Summary of significant accounting policies (continued)

Work in progress:

Work in progress is valued at cost by reference to stage of completion. Cost includes raw material plus attributable production overheads.

Finished Goods:

Cost of finished goods comprises raw materials, direct labour, other direct costs and related production overheads.

Net realisable value is the amount that can be realised from the sale of the inventory in the normal course of business after allowing for the costs of realisation.

Goods in transit:

Goods in transit are stated at cost. These are subject to impairment when fair value less costs to sell are less than cost.

e) Impairment of assets

The carrying value of property, plant and equipment and financial assets is reviewed for impairment when events or changes in circumstances indicate the carrying amount may not be recoverable. If any such indication exists and where the carrying values exceed the recoverable amount, the assets are written down to their recoverable amount and the resultant impairment loss is recognized in the statement of comprehensive income.

f) Foreign currency translations

Transactions in foreign currencies are initially recorded at the rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the date of financial position. Gains and losses arising are taken to the statement of comprehensive income.



3. Summary of significant accounting policies (continued)

g) **Capital work in progress**

Capital work in progress represents the cost of equipments, labour and related costs incurred for the capital assets which are under construction and meant for use in the business operations to generate revenue for the Company. The capital work in progress will be capitalised once the assets are built and ready for use in the business operations of the Company.

h) **Pre-operative expenses**

Pre-operative expenses are the setup costs incurred in the formation of the Company and the administrative expenses incurred during the period of pre-operative stage of the Company. However costs relating to the creation and commissioning of fixed assets are capitalized and added to fixed assets.

i) **Employees' terminal benefits**

The Company provides end of service benefits to its employees. The entitlement to these benefits is based upon the employees' salary and length of service, subject to the completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment.

j) **Statutory reserve**

The Company transfers 10% of its net profit to statutory reserve every year until such reserve equals 50% of the paid up capital, as stipulated in the provisions of the UAE Commercial Company by Law No. 2 of 2015 and the Free Zone laws. This reserve is not a free reserve and the reserve is not available for distribution to the shareholders.



3. Summary of significant accounting policies (continued)

k) Provisions

Provisions are recognized when the Company has a present obligation arising from a past event, and the costs to settle the obligation are both probable and able to be reliably measured.

l) Vehicle loans

Assets held under vehicle loans are included in the financial position at cost less depreciation in accordance with the Company's normal accounting policies. Interest is charged to statement of income over the period of the loan in proportion to the principal sum outstanding.

m) Financial instruments

Financial instruments comprise of financial assets and financial liabilities. Financial assets and financial liabilities are recognized in the Company's financial position when the Company has become a party to the contractual provisions of the instrument. A financial asset is any asset that is cash, a contractual right to receive cash or other financial asset, a contractual right to exchange financial instruments under conditions that are potentially favourable. A financial liability is any liability that is a contractual obligation to deliver cash or another financial asset, or to exchange financial instruments under conditions that are potentially unfavourable.

n) Cash and cash equivalents

For the purposes of the statement of cash flows, cash and cash equivalents consist of cash in hand, bank balances and short-term deposits with an original maturity of three months or less from the date of deposit.





NOBLE STEEL INDUSTRIES L.T.C.
ABU DHABI - UNITED ARAB EMIRATES
Notes to the Financial Statements (continued)
For the year ended December 31, 2017

3. Summary of significant accounting policies (continued)

o) Trade receivables

Trade receivables are stated at original invoice amount less a provision for any uncollectible amounts. An estimate for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written off as incurred.

p) Trade payables and accruals

Liabilities are recognised for amounts to be paid in the future for services received, whether billed by the supplier or not.

q) Shareholders' current account

This represents funds contributed by Mr. Mohamed Ashraf Shahul Ameen, one of the shareholders to support additional financial requirements of the business operations of the entity. The current account balance is subordinated to the bank against the facilities availed by the Company and disclosed as a component of equity. The movements in the current account are given in the statement of changes in equity.

r) Leasing

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the statement of comprehensive income on a straight line basis over the period of lease.

NOBLE STEEL INDUSTRIES L.L.C.
ABU DHABI - UNITED ARAB EMIRATES

Notes to the Consolidated Financial Statements (continued)
for the year ended December 31, 2017

4 Property, plant and equipment

	Land & building	Plant & machinery	Furniture, Fixtures & equipments	Motor vehicles	Total
--	--------------------	----------------------	-------------------------------------	-------------------	-------

Cost:

As at January 1, 2017

Additions/ capitalisation

As at December 31, 2017

Accumulated depreciation:

As at January 1, 2017

Depreciation for the year

As at December 31, 2017

Net book value:

As at December 31, 2017

As at December 31, 2016

Note:

- The additions to the fixed assets include AED 7,721,691 against capitalisation of the pre-operative expenditure and land lease charges standing in the books of accounts. The management of the company is of opinion that the said expenditure and land lease charges are incurred for the creation of fixed assets and directly related to the commissioning of the fixed assets of the company.
- Motor vehicles are hypothecated to banks against vehicle loans obtained (note 13 & 14).
- Buildings are built on leasehold land which is renewed periodically. These are depreciated over the estimated useful lives since the management anticipates that the lease would continue to be renewed in the foreseeable future.
- Some of the capital purchase invoices and bills were in the name of the related party for better terms and conditions.





4 Property, plant and equipment (continued)
Depreciation for the year has been charged to the statement of comprehensive income as follows:

Direct costs	
Indirect costs	

5 Pre-operative expenses

Pre-operative expenses	
Land lease rental	
Less: Amortised/capitalised	

Pre-operative expenses relate to the expenses incurred by the Company before commencement of trade.

Lease rental relates to Plot No. 399HR8 located in ICAD 2. The land area is [] sq mtrs.

6 Inventories

Finished goods	
Work in progress	
Accessories, stores, consumables and spares	

Inventories comprise of raw materials, work in progress, goods in transit, stores consumables and spares and finished goods.

Inventories are stated net of allowance for slow moving and obsolete items.



Notes to the Consolidated Financial Statements (continued)
for the year ended December 31, 2017

NOBLE STEEL INDUSTRIES L.T.C.
ABU DHABI - UNITED ARAB EMIRATES

7 Trade receivables

December 31, 2017	December 31, 2016
[]	[]

Trade debtors

a) Aging of trade debtors are as follows:

December 31, 2017	December 31, 2016
[]	[]

Due for less than six months
Due for between 6 to 12 months
Due for more than 12 months

The Company do not hold any collateral over these trade receivable balances nor do they have a legal right of setoff against any amounts owed by the Company to the said counter parties.

b) Geographical analysis:

December 31, 2017	December 31, 2016
[]	[]

Within United Arab Emirates

c) The fair value of trade receivables is not materially different from their balances shown in the financial position.

8 Related parties transactions

Related parties represent the parent company, associated companies, directors and key management personnel of the Company and entities controlled, jointly controlled or significantly influenced by such parties.
The Company enters into transactions with the related parties in the normal course of business. Pricing policies and terms of these transactions are approved by the Company's management.
The Company provides/receives funds from related parties as and when required as working capital facilities.
As at the date of financial position, due from and due to related parties were as follows:

NOBLE STEEL INDUSTRIES L.L.C.
ABU DHABI - UNITED ARAB EMIRATES

Notes to the Consolidated Financial Statements (continued)
for the year ended December 31, 2017

a) Due from related parties					
Other related parties					
b) Due to related parties					
Other related parties					
9 Other current assets					
Prepayments					
Bank margin deposit					
Advance to suppliers					
Bank term deposit					
Staff advances					
Other deposits					
The above bank deposits are on lien against borrowings.					
10 Cash and cash equivalents					
Cash in hand					
Bank balance - current account					
11 Statutory reserve					
Balance - beginning of the year					
Transfer from retained earnings					
Balance - end of the year					



NOBLE STEEL INDUSTRIES L.L.C.
ABU DHABI - UNITED ARAB EMIRATES

Notes to the Consolidated Financial Statements (continued)
for the year ended December 31, 2017

12 Accumulated loss		
Balance - beginning of the year		
Net profit for the year		
Transfer to statutory reserve		
Balance - end of the year		
13 Shareholders' current account		
Balance - beginning of the year		
Net movements		
Balance - end of the year		
14 Long term borrowings		
Term loan - non current portion		
15 End of service benefits		
Provision for staff's terminal benefits		
16 Trade payables		
Trade creditors		





Notes to the Consolidated Financial Statements (continued)
for the year ended December 31, 2017

NOBLE STEEL INDUSTRIES L.L.C.
ABU DHABI - UNITED ARAB EMIRATES

17 Other payables

December 31, 2017	December 31, 2016
Staff payable	
Provision for expenses	

18 Short term borrowings

December 31, 2017	December 31, 2016
Term loan - current portion	
Vehicle loan - current portion	
Bills discounted	
Trust receipts	
Bank overdraft	

1 Bank borrowings as shown in note 14 and note 18 are secured by:

- i) Personal guarantee of a shareholder of the Company.
- ii) Corporate guarantee of a related party, assignment of insurance policies, sub-
Possessory pledge of plant & machinery and other movable fixed assets.
- iv) Mortgage of factory building.
- v) Mortgage of vehicle.
- vi) Security cheque in favour of the bank.

2 The term loans are payable in fixed monthly installments consisting of principle and interest. The installments due within twelve months from the date of statement of financial position are classified as current liabilities.

3 Motor vehicles loans represents loan taken from the bank at a fixed commercial rate of interest. The installments due within twelve months from the date of statement of financial position are classified as current liabilities. Certain vehicles are registered in the name of the employees of the Company who confirm that these are held by them in trust on behalf of the Company.

19 Revenue

Year ended Dec 31, 2017	Year ended Dec 31, 2016
Sales	
Job work	

24 Finance charges

Year ended	Dec 31, 2017	Dec 31, 2016
Interest on bank borrowings & bank charges	[]	[]

25 Financial instruments

Financial instruments of the Company comprise of cash and cash equivalents, due from and due to related parties, other current assets, trade receivables, trade payables, due to banks and other liabilities.

Capital risk management

The capital is managed by the Company in a way that it is able to continue as a going concern while maximising returns to the shareholders.

The capital structure of the Company consists of borrowings, cash and cash equivalents, equity attributable to equity holders, comprising of capital, reserves, current account and retained earnings.

As a risk management policy, the Company reviews its cost of capital and risks associated with capital. The Company balances its capital structure based on the above review.

Market risk management

The Company is primarily exposed to the financial risks if changes in foreign currency exchange rates (currency risk) and interest rates (interest rate risk).

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

Foreign currency risk management

The Company undertake certain transactions denominated in foreign currencies. Hence, exposures to exchange rate fluctuation arise. The Company is mainly exposed to Australian Dollars (AUD), Euro (EUR) and US Dollars (USD). Since, the AED and SAR are pegged to the USD, the Company is not exposed to any significant exchange rate fluctuations relating to US Dollars and SAR, whereas Company's sensitivity to a 10 percent increase or decrease in the AED against the AUD and EUR.





There were no significant events occurring after the date of financial position which will have any material effect on the working or the financial position of the Company.

27 Significant events after the date of financial position

Letter of guarantee comprises of advance payment guarantee, performance guarantee, payment guarantee, visa guarantee and guarantee margin.

Letter of credit

Bank guarantee

Dec 31, 2017 Dec 31, 2016

26 Contingent Liability

The Company has built an appropriate liquidity risk management framework for the management of its short, medium and long term funding and liquidity requirements. The Company manages liquidity risk by maintaining adequate reserves, banking facilities and borrowing facilities by continuously monitoring forecast and actual cashflows.

Liquidity risk management
Liquidity risk is the risk that an entity will encounter difficulties in meeting obligations associated with financial liabilities.

The Company is potentially exposed to concentration of credit risk from its financial assets which comprise principally fixed deposits, bank balances, trade and other receivables and amounts due from related parties. The Company's bank accounts are placed with high credit quality financial institutions. The credit risk is subjected to credit evaluations and an allowance is made for estimated irrecoverable amounts. The management does not consider this concentration as a credit risk due to strict credit policies adapted and active follow ups being made to secure the amounts receivable.

Credit risk management
Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

Interest rate risk management
The Company is exposed to interest rate risk as it borrows funds at both fixed and floating interest rates. The effective interest rates on financial assets and financial liabilities are at fixed and floating rates negotiated from time to time.

Notes to the Consolidated Financial Statements (continued)
for the year ended December 31, 2017

ABU DHABI - UNITED ARAB EMIRATES
NOBLE STEEL INDUSTRIES L.L.C.



(MANAGING DIRECTOR)

28 Comparative amounts
Previous year's figures have been reclassified/regrouped wherever necessary to conform to the current year presentation and make them comparable.

Notes to the Consolidated Financial Statements (continued)
for the year ended December 31, 2017

NOBLE STEEL INDUSTRIES L.T.C.
ABU DHABI - UNITED ARAB EMIRATES

**AJMAL STEEL TUBES & PIPES INDUSTRIES LLC BRANCH 1
ABU DHABI - UNITED ARAB EMIRATES**

**FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REPORT
FOR THE YEAR ENDED DECEMBER 31, 2018**

**KUDOS
PRS** CHARTERED
ACCOUNTANTS

كودوس
محاسبون
بي آر إس قانونيون

www.kudosprs.com



DUBAI

| ABUDHABI

| HAMRIYAH

PRS

**AJMAL STEEL TUBES & PIPES INDUSTRIES LLC BRANCH 1
ABU DHABI - UNITED ARAB EMIRATES**

**FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REPORT
FOR THE YEAR ENDED DECEMBER 31, 2018**

**AJMAL STEEL TUBES & PIPES INDUSTRIES LLC BRANCH 1
ABU DHABI - UNITED ARAB EMIRATES**

**FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REPORT
FOR THE YEAR ENDED DECEMBER 31, 2018**

<u>Table of contents</u>	<u>Pages</u>
Independent Auditor's Report	1 - 3
Statement of Financial Position	4
Statement of Comprehensive Income	5
Statement of Cash Flows	6
Statement of Changes in Equity	7
Notes to the Financial Statements	8 - 24

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDER OF AJMAL STEEL TUBES & PIPES INDUSTRIES LLC BRANCH 1, ABU DHABI - UNITED ARAB EMIRATES**Report on Audit of Financial Statements****Opinion**

We have audited the accompanying financial statements of **AJMAL STEEL TUBES & PIPES INDUSTRIES LLC BRANCH 1**, Abu Dhabi, United Arab Emirates, which comprise of the statement of financial position as at December 31, 2018, the statement of comprehensive income, statement of cash flows and statement of changes in equity for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of, in all material respects, the financial position of **AJMAL STEEL TUBES & PIPES INDUSTRIES LLC BRANCH 1** as on December 31, 2018 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing ("ISA"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants ("IESBA Code") together with the other ethical requirements that are relevant to our audit of the financial statements in the United Arab Emirates and we have fulfilled our other ethical responsibilities. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards and the applicable provisions of the U.A.E Federal Law 2 of 2015 for such internal control as management determines is necessary to enable the presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Management is responsible for overseeing the Company's financial reporting process.

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

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

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

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

We are also required to provide management with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the management, we determine if there are any matters that were of most significance in the audit of the financial statements for the current year, and are therefore the key audit matters. Based on the information and explanation provided to us and our observation during the course of our audit, we have determined that there are no such key audit matters to be communicated in our report.

Report on Other Legal and Regulatory Requirements

As required by the provisions of the the Federal Law 2 of 2015 and other laws as applicable to the Company, we report that:

- In our opinion, proper books of account as required by law have been kept by the Company and are maintained on a regular basis so far as it appears from our examination of those books.
- We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
- The Statement of financial position as at December 31, 2018, and the Statement of comprehensive income, the Statement of cash flow and the Statement of changes in equity dealt with by this report are in agreement with the books of account.
- In our opinion, the financial statements comply with the required International Financial Reporting standards as issued by the International Accounting Standards Board (IASB) and the requirements of UAE Law.
- Note 8 to the financial statements reflects a summary of transactions with related parties and in our opinion, are as per the terms under which they were conducted and are free from any conflict of interests.
- On the basis of written representations received from the directors, the Company has not purchased any shares or stocks during the financial year;
- Based on the information and explanations given to us, in our opinion, there are no contraventions of the provisions of Federal Law 2 of 2015, other applicable UAE laws, or the Articles of Association of the Company during the reported period so as to adversely affect the activity or financial position of the Company.
- We have not come across any penalties imposed on the Company due to contraventions of the provisions of Federal Law No. 2 of 2015 or the Articles of Assossiation of the Company as on the date of the financial position.



JASSIM MOHAMMAD JAMIL AHMAD ALBALOOSHI
Audit licence number: 801



KUDOS PRS Chartered Accountants
Dubai – United Arab Emirates
July 07, 2019

**AJMAL STEEL TUBES & PIPES INDUSTRIES LLC BRANCH 1
ABU DHABI - UNITED ARAB EMIRATES**

Statement of Financial Position as at December 31, 2018

Particulars	Note	2018	2017
ASSETS			
Non-current assets			
Property, plant and equipment	4		
Total Non-current assets			
Current assets			
Inventories	5		
Trade receivables	6		
Due from related parties	7		
Other receivables	8		
Cash and cash equivalents	9		
Total Current assets			
TOTAL ASSETS			
EQUITY & LIABILITIES			
Equity			
Share capital	2		
Statutory reserve	10		
Retained earnings	11		
Shareholders' current account	12		
Total Equity			
Non current liabilities:			
Long term borrowings	13		
Long term provisions	14		
Total Non current liabilities			
Current liabilities			
Due to related parties	7		
Trade and other payables	15		
Accrued expenses	16		
Short term borrowings	17		
Total Current liabilities			
Total Liabilities			
TOTAL EQUITY & LIABILITIES			

Accompanying notes 1 to 28 form an integral part of the financial statements.
The financial statements on pages 4 to 25 were approved on July 04, 2019.

(Manager)



AJMAL STEEL TUBES & PIPES INDUSTRIES LLC BRANCH 1
ABU DHABI - UNITED ARAB EMIRATES

Statement of Comprehensive Income for the year ended December 31, 2018

Particulars	Note	2018	2017
Revenue	18		
Direct expenses	19		
Gross profit			
Add:			
Other income	20		
Deduct:			
Sales and marketing expenses	21		
General and administrative expenses	22		
Profit before interest and depreciation			
Depreciation	4		
Finance charges	23		
Profit after interest and depreciation			
Total Comprehensive income for the year			

Accompanying notes 1 to 28 form an integral part of the financial statements.

(Manager)



**AJMAL STEEL TUBES & PIPES INDUSTRIES LLC BRANCH 1
ABU DHABI - UNITED ARAB EMIRATES**

Statement of Cash flows for the year ended December 31, 2018

Particulars	2018	2017
Cash flows from operating activities:		
Total Comprehensive income for the year		
Adjustments for:		
Depreciation		
Provision for Employees' EOSB		
Operating profit before working capital changes		
(Increase)/decrease in current assets		
Inventories		
Trade receivables		
Due from related parties		
Other receivables		
Increase/(decrease) in current liabilities		
Trade and other payables		
Due to related parties		
Accrued expenses		
Cash generated from operating activities		
Payment of employees' EOSB		
Net Cash generated from operating activities		
Cash flow from Investing activities		
Purchase of property, plant & equipment		
Sale of property, plant & equipment		
Net cash flow (used in) investing activities		
Cash flows from financing activities:		
Net movements in shareholders' current account		
Net movement in borrowings/loans		
Net cash (used in) financing activities		
Net cashflow for the year		
Cash and cash equivalents at the beginning of the year		
Cash and cash equivalents at the end of the year		
Represented by:		
Cash in hand		
Cash at bank		
Total		

Accompanying notes 1 to 28 form an integral part of the financial statements.

(Manager)



AIMAL STEEL TUBES & PIPES INDUSTRIES LLC BRANCH 1
ABU DHABI - UNITED ARAB EMIRATES

Statement of Changes in Equity for the year ended December 31, 2018

Particulars	Share capital	Statutory reserve	Retained earnings	Current account	Total
-------------	---------------	-------------------	-------------------	-----------------	-------

Changes in Shareholders' equity

Balance as at the beginning of January 1, 2017

Total Comprehensive income for the year

Net movements

Balance as at the end of December 31, 2017

Total Comprehensive income for the year

Net movements

Balance as at the end of December 31, 2018

Accompanying notes 1 to 28 form an integral part of the financial statements.


(Manager)



AJMAL STEEL TUBES & PIPES INDUSTRIES LLC BRANCH 1
ABU DHABI - UNITED ARAB EMIRATES

Notes to the Financial Statements for the year ended December 31, 2018

1 Legal Status and Business Activity

Ajmal Steel Tubes & Pipes Industries L.L.C Branch 1 ("the Company") was registered as a Limited Liability Company in Abu Dhabi and operates under the licence No. IN-1001535 issued by the Industrial development Bureau, Abu Dhabi. The name of the Company was changed from "Noble Steel Industries LLC to Ajmal Steel Tubes & Pipes Industries L.L.C Branch 1" on March 08, 2018.

The Company's activities are Non-Ferrous Metals sections Manufacturing, Cast Iron Tubes, Pipes, Hollow profiles and Fittings Manufacturing, Metal Industrial Frameworks Manufacturing and Metal coating.

The management and control of the Company is vested with Mr. Mohamed Ashraf Shahul Ameen (Indian National), the Managing Director of the Company.

The registered office is located at Plot No 399 HR8, NR-32 at ICAD-II, Mussafah, P.O. Box No.93323, Abu Dhabi, United Arab Emirates.

2 Share capital

Authorised, issued and paid up capital of the Company is [] divided into 100 shares of [] each fully paid. The shareholding of the Company was as under:

Name of the Partners	Nationality	No. of Shares	Amount AED	%
Ishaq Mohamed Salem Al Meeza Al Beshar	[]	[]	[]	[]
Mohamed Ashraf Shahul Ameen	[]	[]	[]	[]
Total			[]	[]

3 Significant Accounting Policies

A. Critical Accounting Judgements and key sources of estimation of uncertainty

The preparation of financial statements in conformity with the International Financial Reporting Standards (IFRS) requires the management to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities recognised. The judgments, estimates and associated assumptions are based on historical experience and other factors including estimation of effects of uncertain future events that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates (accounted on a prospective basis) are recognised in the period 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 accounting policies are consistent with those used in the previous year and are in conformity with applicable IFRS.



**AJMAL STEEL TUBES & PIPES INDUSTRIES LLC BRANCH 1
ABU DHABI - UNITED ARAB EMIRATES**

Notes to the Financial Statements for the year ended December 31, 2018

Following are a few judgements by the management which is considered to have most significant effect on the financial statements:

Estimates and assumptions

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

Impairment of trade and other receivables

An estimate of the collectible amount of trade receivables is made when collection of the full amount is no longer probable. For individually significant amounts, this estimation is performed on an individual basis. Amounts which are not individually significant, but which are past due, are assessed collectively and a provision applied according to the length of time past due, based on historical recovery rates.

Useful lives of property, plant and equipment

The Company's management determines the estimated useful lives of its property, plant and equipment for calculating depreciation. This estimate is determined after considering the expected usage of the asset or physical wear and tear. Management reviews the residual value and useful lives annually and future depreciation charge would be adjusted where the management believes the useful lives differ from previous estimates.

Impairment losses on property, plant and equipment

The Company reviews its property, plant and equipment to assess, if there is an indication of impairment. In determining whether impairment losses should be reported in the statement of comprehensive income, the Company makes judgments as to whether there is any observable data indicating that there is a reduction in the carrying value of property, plant and equipment. Accordingly, an allowance for impairment is made where there is an identified loss, event or condition which, based on previous experience, is evidence of a reduction in the carrying value of property, plant and equipment.

B. Following are the significant accounting policies followed by the Company:

The Company has adopted the new standards and interpretations effective for annual period beginning on or after January 1, 2018 as listed below. The Company has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

Although these new standards and amendments applied for the first time in 2018, they did not have a material impact on the financial statements of the Company.



AJMAL STEEL TUBES & PIPES INDUSTRIES LLC BRANCH 1
ABU DHABI - UNITED ARAB EMIRATES

Notes to the Financial Statements for the year ended December 31, 2018

Basis of preparation:

Statement of Compliance:

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB), interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC) and applicable requirements of U.A.E. Law.

Accounting convention

The financial statements have been prepared in accordance with historical cost convention basis on a going concern basis. The fair/ net realizable value concept of measurement of assets and liabilities has also been applied wherever applicable under International Financial Reporting standards (IFRS) issued by the International Accounting Standards Board (IASB). The preparation of financial statements in conformity with approved accounting standards requires the use of judgments.

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

The areas where various assumptions were exercised in application of accounting policies that are significant to the financial statements are as:

- Useful life of property, plant and equipment
- Allowance for doubtful debts and specific provisions for individual accounts are recorded based on customer's inability to meet its financial obligations.
- Other provisions and reduction in value of assets, if any, based on the management's estimate.

Functional and Presentation currency

These financial statements are presented in U.A.E Dirham (AED) since that is the currency in which the majority of the Company's transactions are denominated.

Basis of measurement

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 to sell an asset or paid to transfer 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.

In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle, which is taken as 12 months.



AJMAL STEEL TUBES & PIPES INDUSTRIES LLC BRANCH 1
ABU DHABI - UNITED ARAB EMIRATES

Notes to the Financial Statements for the year ended December 31, 2018

Statement of cashflows

For the purposes of the statement of cash flows, cash and cash equivalents consist of cash in hand, bank balances and short-term deposits with an original maturity of three months or less from the date of deposit.

Property, plant and equipment

Recognition and Measurement:

Property, plant and equipment is stated at cost less accumulated depreciation and any impairment in value. The cost comprises of purchase price, levies, duties and any directly attributable cost of bringing the asset to its working condition. Any subsequent costs to the asset is recognised in the carrying amount of the item if it is probable that future economic benefits embodied within the part will flow to the Company and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. Any other associated cost/ expenditure are recognised in the Statement of comprehensive income in the period of incurrence.

Depreciation

The depreciation on assets acquired/disposed during the year is charged from/up to the date of addition/disposal to the date of financial position. Depreciation is provided on a straight-line basis over the assets' estimated useful lives as follows:

Asset	Useful life(Years)
Building on leasehold land (Revalued)	20
Plant & machinery	10
Furniture, fixtures & equipments	5
Motor vehicles	5

Impairment of Assets:

The carrying value of property, plant and equipment is reviewed for impairment when events or changes in circumstances indicate the carrying amount may not be recoverable. If any such indication exists and where the carrying values exceed the recoverable amount, the assets are written down to their recoverable amount and the resultant impairment loss is recognized in the statement of comprehensive income.

Derecognition

The carrying value of the asset is derecognised when the asset is replaced/sold/scrapped. The difference between the amount realised from the asset derecognised and its carrying value is recognised in the Statement of Comprehensive income in the period of derecognition in so far as it does not relate to capital profits, where it shall be recognised under retained earnings.

Employee benefits

Employee end of service benefits

The Company provides end of service benefits to its employees. The entitlement to these benefits is based upon the employee's salary and length of service, subject to the completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment.



AJMAL STEEL TUBES & PIPES INDUSTRIES LLC BRANCH 1
ABU DHABI - UNITED ARAB EMIRATES

Notes to the Financial Statements for the year ended December 31, 2018

Short-term and other long-term employee benefits:

A liability is recognised for benefits accruing to employees in respect of salaries, wages, performance incentives, medical benefits and other short term benefits in the period the related service is rendered, at the amount of the benefits expected to be paid in exchange for that service.

The effects of foreign exchange

Transactions in foreign currencies (currencies other than the company's functional currency) are initially recorded at the rates prevailing at the date of the transaction. Monetary assets and liabilities denominated in such currencies are reinstated at the rate prevailing on the date of financial position. Non monetary items measured in terms of historical costs are not restated. Gains and losses arising are taken to the statement of comprehensive income.

IFRIC 22 clarifies which exchange rate to use in transactions that involve advance consideration paid or received in foreign currency. This does not have any impact on the Company's financial statements.

Provisions, contingent liabilities and contingent assets

Provision for expenses

Provisions are recognized when the Company has a present obligation as a result of a past event, which it is probable will result in an outflow of economic benefits that can be reasonably estimated. The amount recognised as provision is the best estimate of consideration required to settle the present obligation by the management at the end of each reporting period.

Provision for doubtful receivables:

Provision against overdue receivables is recognised after considering the pattern of receipts from, and the future financial outlook of, the concerned receivable party. It is reviewed by the management on a regular basis.

Financial instruments

Financial instruments comprise of financial assets and financial liabilities. Financial assets and financial liabilities are recognized in the Company's financial position when the Company has become a party to the contractual provisions of the instrument. A financial asset is any asset that is cash, a contractual right to receive cash or other financial asset, a contractual right to exchange financial instruments under conditions that are potentially favourable. A financial liability is any liability that is a contractual obligation to deliver cash or another financial asset, or to exchange financial instruments under conditions that are potentially unfavourable.

IFRS 9 addresses the classification, measurement, recognition and de-recognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets.



AJMAL STEEL TUBES & PIPES INDUSTRIES LLC BRANCH 1
ABU DHABI - UNITED ARAB EMIRATES

Notes to the Financial Statements for the year ended December 31, 2018

Classification and measurement

Financial assets are classified by reference to the business model within which they are held and their contractual cash flow characteristics. The standard introduces a "fair value through other comprehensive income" category for certain debt instruments. Financial liabilities are classified in a similar manner to under IAS 39, however there are differences in the requirements applying to the measurement of an company's own credit risk.

Financial assets are classified into the following categories:

- amortised cost
- fair value through profit or loss (FVTPL)
- fair value through other comprehensive income (FVOCI).

The above classification is determined by both:

- the Company's business model for managing the financial asset
- the contractual cash flow characteristics of the financial asset.

All income and expenses relating to financial assets that are recognised in profit or loss are presented within finance costs, finance income or other financial items, except for impairment of trade receivables and due from related parties which are presented within general and administrative expenses.

Financial assets are measured at amortised cost if the assets meet the following conditions (and are not designated as FVTPL):

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

The Company's cash and cash equivalents, deposits with financial institution, trade and other receivables fall into this category of financial instruments.

Impairment

The standard introduces an "expected credit loss" model for the measurement of the impairment of financial assets, so it is no longer necessary for a credit event to have occurred before a credit loss is recognised.

Offset of financial assets and liabilities:

Financial assets and liabilities are offset and the net amount is reported in the statement of financial position, if the Company has a legally enforceable right to set-off the recognized amounts, and the Company either intends to settle on a net basis, or realize the asset and settle the liability simultaneously.

Hedge accounting

The standard introduces a new hedge accounting model that is designed to be more closely aligned with how entities undertake risk management activities when hedging financial and non-financial risk exposures.



**AJMAL STEEL TUBES & PIPES INDUSTRIES LLC BRANCH 1
ABU DHABI - UNITED ARAB EMIRATES**

Notes to the Financial Statements for the year ended December 31, 2018

De-recognition

The requirements for the de-recognition of financial assets and liabilities are carried forward from IAS 39. The new standard is applied prospectively and do not have any impact on the Company's financial statements.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and substantially all the risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expired.

Disclosure

The amendment requires additional disclosure about financial assets that have been transferred but not derecognized to enable the user of the company's financial statements to understand the relationship with those assets that have not been derecognized and their associated liabilities. In addition, the amendment requires disclosures about the company's continuing involvement in derecognized assets to enable the users to evaluate the nature of, and risks associated with, such involvement. The amendment is effective for annual periods beginning on or after July 1, 2011. The Company does not have any assets with these characteristics so there has been no effect on the presentation of its financial statements.

Trade receivables

Trade receivables are stated at their nominal value, as reduced by appropriate allowances for estimated doubtful amounts. An estimate for doubtful debts is made when collection of the amount is no longer probable. Bad debts are written off when there is no possibility of recovery. The Company makes use of a simplified approach in accounting for trade receivables and records the loss allowance as lifetime expected credit losses. These are the expected shortfalls in contractual cash flows, considering the potential for default at any point during the life of the financial instrument. In calculating, the provision, the Company uses its historical experience, external indicators and forward-looking information to calculate the expected credit losses.

Payables and accruals

Liabilities are recognised for amounts to be paid in the future for goods and services received, whether billed by the supplier or not.

Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Fair value measurement is based on the presumption that the transaction to sell the asset or transfer a 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



**AJMAL STEEL TUBES & PIPES INDUSTRIES LLC BRANCH 1
ABU DHABI - UNITED ARAB EMIRATES**

Notes to the Financial Statements for the year ended December 31, 2018

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the Fair value hierarchy as follows, based on the level of input that is significant to the Fair value measurement as a whole:

Level 1: Quoted (unadjusted) market prices in active markets for identical assets or liabilities;

Level 2: Valuation techniques for which the lowest level of input that is significant to the fair value measurement is directly or indirectly observable;

Level 3: Valuation techniques for which the lowest level of input that is significant to their fair value measurement is unobservable.

Revenue recognition

Applicability of IFRS 15

This standard replaces IAS 11 "Construction contracts", IAS 18 "Revenue" and related interpretations. Revenue is recognised when a customer obtains control of a good or service and thus has the ability to direct the use of and obtain the benefits from the good or service. The core principle of IFRS 15 is that an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for these goods or services.

The management believes that the adoption of IFRS 15 does not have any significant impact on the financial statements.

Sales revenue

Revenue is recognised, to the extent it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable net of returns and trade discounts.

Trade revenue

Sale of goods

Revenue from sale of goods is recognized when goods are delivered and title has been passed. Revenue is exclusive of Value added tax (VAT) collected from the customers and is reduced for estimated customer returns, rebates and discounts , and other similar allowances.

Other Operating Revenues

Other operating revenues comprise of income from ancillary activities incidental to the operations of the Company and is recognised when the right to receive the income is established as per the terms of the contract.



**AJMAL STEEL TUBES & PIPES INDUSTRIES LLC BRANCH 1
ABU DHABI - UNITED ARAB EMIRATES**

Notes to the Financial Statements for the year ended December 31, 2018

Other recent accounting pronouncements

***Amendment to IFRS 2 - Classification and Measurement of Share-based Payment Transactions:**

The IASB issued amendments to IFRS 2 Share-based Payment that address three main areas: the effects of vesting conditions on the measurement of a cash-settled share-based payment transactions; the classification of a share-based payment transaction with net settlement features for withholding tax obligations; and accounting where a modification to the terms and conditions of a share-based payment transaction changes its classification from cash settled to equity settled. These amendments do not affect the Company's financial statements.

***Amendments to IAS 40 Transfers of Investment Property:**

The amendments clarify when an entity should transfer property, including property under construction or development into, or out of investment property. The amendments state that a change in use occurs when the property meets, or ceases to meet, the definition of investment property and there is evidence of the change in use. A mere change in management's intentions for the use of a property does not provide evidence of a change in use. Entities should apply the amendments prospectively to changes in use that occur on or after the beginning of the annual reporting period in which the entity first applies the amendments. An entity should reassess the classification of property held at that date and, if applicable, reclassify property to reflect the conditions that exist at that date. The amendments do not apply to the Company as it does not own any investment property.

***Annual improvements 2014-16 Cycle (issued in December 2016):**

IFRS 1 First Time Adoption of International Financial Reporting Standards - Deletion of short term exemptions for first time adopters.

IAS 28 Investments in Associates and Joint Ventures - Clarification that measuring investees at fair value through profit or loss is an investment-by-investment choice.

The above do not have any impact on the Company's financial statements.

New Standards and amendments issued but not yet effective

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

***Amendments to IFRS 9 - (Effective January 1, 2019)**

- Financial Instruments
- Joint arrangements
- Prepayment Features with Negative Compensation

*IFRS 16 'Leases' (Effective January 1, 2019) specifies how to recognise, measure, present and disclose leases.



AJMAL STEEL TUBES & PIPES INDUSTRIES LLC BRANCH 1
ABU DHABI - UNITED ARAB EMIRATES

Notes to the Financial Statements for the year ended December 31, 2018

The standard provides a single lease accounting model, requiring lessees to recognise assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value.

Lessors continue to classify leases as operating or finance, with IFRS 16's approach to lessor accounting substantially unchanged from its predecessor, IAS 17.

IFRS 16 replaced the following standards and interpretation:

- IAS 17 - Leases
- IFRIC 4 - Determining whether an arrangement contains a lease
- SIC 15 - Operating leases - incentives
- SIC 27 - Evaluation the substance of transaction involving the Legal form of a lease

***IFRS 17 Insurance Contracts (Effective 1st January 2022):**

In May 2017, IASB issued IFRS 17 Insurance Contracts, a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, IFRS 17 will replace IFRS 4 Insurance Contracts that was issued in 2005. This standard is not applicable to the Company.

***Amendments to IFRS 10 and IAS 28 - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture :**

The amendments address the conflict between IFRS 10 and IAS 28 in dealing with the loss of control of a subsidiary that is sold or contributed to an associate or joint venture. The amendments clarify that the gain or loss resulting from the sale or contribution of assets that constitute a business, as defined in IFRS 3, between an investor and its associate or joint venture, is recognised in full.

Any gain or loss resulting from the sale or contribution of assets that do not constitute a business, however is recognised only to the extent of unrelated investors' interests in the associate or joint venture. The IASB has deferred the effective date of these amendments indefinitely, but an entity that early adopts the amendments must apply them prospectively. These amendments do not apply to the Company as it does not have any interest in an associate or joint venture.

***Amendments to IAS 1: Presentation of financial statements (Effective January 1, 2020).**

***Amendments to IAS 8: Accounting policies, changes in accounting estimates and Errors (Effective January 1, 2020).**

***Amendments to IAS 19: Employee Benefits (Effective January 1, 2019).**

***Annual Improvements IFRS Standards 2015-17 cycle (Effective January 1, 2019)**

- IFRS 3 - Business combination

***Amendments to IAS 28: Long Term Interests in Associates and Joint Ventures Prepayment Features with Negative Compensation (Effective 1st January 2019).**

The management anticipates that all of the above standards, amendments and interpretations will be adopted by the Company, to the extent applicable, from their respective effective dates. Management is currently assessing the impact of IFRS 16 could have in the company. Otherwise, the adoption of these standards, amendments and interpretations is not expected to have any material impact on the financial statements of the Company in the year of their initial application.



**AJMAL STEEL TUBES & PIPES INDUSTRIES LLC BRANCH 1
ABU DHABI - UNITED ARAB EMIRATES**

Notes to the Financial Statements for the year ended December 31, 2018

4 Property, plant and equipment

Particulars	Land & building	Plant & machinery	Furniture, fixtures & equipments	Motor vehicles	Total
Cost					
Balance as at the beginning of January 1, 2017					
Additions during the year					
Balance as at the end of December 31, 2017					
Additions during the year					
Deletions during the year					
Balance as at the end of December 31, 2018					
Accumulated depreciation					
Balance as at the beginning of January 1, 2017					
Depreciation for the year					
Balance as at the end of December 31, 2017					
Depreciation for the year					
Reversal of depreciation					
Balance as at the end of December 31, 2018					
Net Book Value					
Balance as at the end of December 31, 2017					
Balance as at the end of December 31, 2018					

- 1 Motor vehicles are hypothecated to banks against vehicle loans obtained (note 14 & 18).
- 2 Buildings are built on leasehold land which is renewed periodically. These are depreciated over the estimated useful lives since the management anticipates that the lease would continue to be renewed in the foreseeable future.
- 3 Some of the capital purchase invoices and bills were in the name of the related party for better terms and conditions.



AJMAL STEEL TUBES & PIPES INDUSTRIES LLC BRANCH 1
ABU DHABI - UNITED ARAB EMIRATES

Notes to the Financial Statements for the year ended December 31, 2018

Particulars	2018	2017
4 Property, plant and equipment (continued)		

Depreciation for the year has been charged to the statement of comprehensive income as follows:

Direct costs		
Indirect costs		
5 Inventories		
Finished goods		
Work in progress		
Accessories, stores, consumables and spares		

Inventories comprise of raw materials, work in progress, goods in transit, stores consumables and spares and finished goods.

Inventories are stated net of allowance for slow moving and obsolete items.

6 Trade receivables

Trade debtors		
a) Aging of trade receivables are as follows:		
Due for less than six months		
Due for between 6 to 12 months		
Due for more than 12 months		

The Company do not hold any collateral over these trade receivable balances nor do they have a legal right of setoff against any amounts owed by the Company to the said counter parties.



AJMAL STEEL TUBES & PIPES INDUSTRIES LLC BRANCH 1
ABU DHABI - UNITED ARAB EMIRATES

Notes to the Financial Statements for the year ended December 31, 2018

Particulars	2018	2017
b) Geographical analysis:		
Within United Arab Emirates		

c) The fair value of trade receivables is not materially different from their balances shown in the financial position.

d) Credit risk

As at the date of financial position, 88% of the trade receivables are due from 6 customers and as such, the Company has significant concentration of credit risk on its trade receivables. The management however, considers the trade receivables are good and recoverable in the normal course of business.

7 Related parties transactions

Related parties represent the parent company, associated companies, directors and key management personnel of the Company and entities controlled, jointly controlled or significantly influenced by such parties.

The Company enters into transactions with the related parties in the normal course of business. Pricing policies and terms of these transactions are approved by the Company's management.

The Company provides/receives funds from related parties as and when required as working capital facilities.

As at the date of financial position, due from and due to related parties were as follows:

a) Due from related parties

Other related parties

b) Due to related parties

Other related parties



**AJMAL STEEL TUBES & PIPES INDUSTRIES LLC BRANCH 1
ABU DHABI - UNITED ARAB EMIRATES**

Notes to the Financial Statements for the year ended December 31, 2018

Particulars	2018	2017
8 Other receivables		
Prepayments		
Bank margin deposit		
Bank term deposit		
Staff advances		
Other deposits		
The above bank deposits are on lien against borrowings.		
9 Cash and cash equivalents		
Bank balance - current account		
Cash in hand		
10 Statutory reserve		
Balance - beginning of the year		
Balance - end of the year		
11 Retained earnings		
Balance - beginning of the year		
Total Comprehensive income for the year		
Balance - end of the year		
12 Shareholders' current account		
Balance - beginning of the year		
Net movements		
Balance - end of the year		
13 Long term borrowings		
Term loan - non-current portion		



AJMAL STEEL TUBES & PIPES INDUSTRIES LLC BRANCH 1
ABU DHABI - UNITED ARAB EMIRATES

Notes to the Financial Statements for the year ended December 31, 2018

Particulars	2018	2017
14 End of service benefits		
Employees' EOSB		
15 Trade and other payables		
Trade creditors		
VAT payable		
16 Accrued expenses		
Staff payable		
Expenses payable		
17 Short term borrowings		
Term loan - current portion		
Vehicle loan - current portion		
Trust receipts		
LCD payable		
Bank overdraft		

1 Bank borrowings as shown in note 14 and note 18 are secured by:

- Personal guarantee of a shareholder of the Company.
- Corporate guarantee of a related party, assignment of insurance policies, sub-ordination of shareholder's current account, hypothecation of inventories and book debts and lien over the fixed deposits of the Company.
- Possessory pledge of plant & machinery and other movable fixed assets.
- Mortgage of factory building.
- Mortgage of vehicle.
- Security cheque in favour of the bank.

2 The term loans are payable in fixed monthly installments consisting of principle and interest. The installments due within twelve months from the date of statement of financial position are classified as current liabilities.

3 Motor vehicles loans represents loan taken from the bank at a fixed commercial rate of interest. The installments due within twelve months from the date of statement of financial position are classified as current liabilities. Certain vehicles are registered in the name of the employees of the Company who confirm that these are held by them in trust on behalf of the Company.



**AJMAL STEEL TUBES & PIPES INDUSTRIES LLC BRANCH 1
ABU DHABI - UNITED ARAB EMIRATES**

Notes to the Financial Statements for the year ended December 31, 2018

Particulars	2018	2017
18 Revenue		
Sales		
Jobwork		
19 Cost of sales		
Cost of goods sold		
Direct wages		
Other direct expenses		
20 Other income		
Miscellaneous income		
21 Sales and marketing expenses		
Business promotion and selling expenses		
22 General and administrative expenses		
Salary and benefits		
Rent		
Legal, visa and professional charges		
Communication		
Insurance		
Vehicle		
Office expenses		
Travel and conveyence		
other adminstrative expenses		



**AJMAL STEEL TUBES & PIPES INDUSTRIES LLC BRANCH 1
ABU DHABI - UNITED ARAB EMIRATES**

Notes to the Financial Statements for the year ended December 31, 2018

Particulars	2018	2017
23 Finance charges		
Bank charges		

24 Going concern

The management has prepared the financial statements on a going concern basis which assumes that the Company will continue to operate as a going concern for a foreseeable future.

25 Financial instruments

Financial instruments of the Company comprise of cash and cash equivalents, other current assets, trade receivables, trade payables, due to banks and other liabilities.

Credit risk

The Company is exposed to credit risk in respect of the dues from trade debtors. The Company limits its credit risk on its trade debtors through regular monitoring by the management of the recovery process on an ongoing basis and are considered recoverable by the management of the Company.

The Company limits its credit risk with regard to bank deposits by dealing with reputable banks.

Credit risk is limited to the carrying values of financial assets in the financial position of the Company.

Amounts due from related parties are considered recoverable by the management.

Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates.

The financial assets and liabilities are in Arab Emirates Dirham or US Dollars. The UAE Dirham is currently pegged to the US Dollar.

Based on balances at the year end, a 5% increase or decrease in foreign exchange rate will not have any significant impact on the results of the year of the Company.

Interest rate risk

The interest on bank loans is at commercial rates that are generally obtained from the banks in the United Arab Emirates.

The Company is not exposed to significant interest rate risk on its interest bearing assets (fixed bank deposits and loans to related parties).

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as and when it falls due. The Company limits its liquidity risk by ensuring that funds from the shareholders and internal sources are available as and when required.



AJMAL STEEL TUBES & PIPES INDUSTRIES LLC BRANCH 1
ABU DHABI - UNITED ARAB EMIRATES

Notes to the Financial Statements for the year ended December 31, 2018

Particulars	2018	2017
	[]

Capital management

The primary objective of the Company's capital management is to ensure that it maintains healthy capital ratios in order to support its business and maximise equity value.

The Company manages its capital structure and makes adjustments to it in light of changes in business conditions. No changes were made in the objectives, policies or processes during the year. Capital comprises of capital, retained earnings and the current account of the shareholders.

Fair values of financial instruments

Financial instruments comprise of financial assets and financial liabilities.

Financial assets consist of cash and bank balances. Financial liabilities consist of trade and other payables.

The fair values of financial instruments are not materially different from their carrying amounts.

26 Contingent liabilities

Particulars	2018	2017
Bank guarantees	[]

Except for the above and ongoing business obligations which are under normal course of business against which no loss is expected, there has been no other known contingent liability or capital commitment on Company's account as of the date of financial position.

27 Significant events occurring after the date of financial statements

There were no significant events occurring after the date of financial statements which will have any material effect on the working or the financial position of the Company.

28 Previous year's figures have been reclassified/regrouped wherever necessary to confirm to the current year presentation and make them comparable.

(Manager)



**AJMAL STEEL TUBES & PIPES INDUSTRIES LLC BRANCH 1
ABU DHABI - UNITED ARAB EMIRATES**

**INDEPENDENT AUDITOR'S REPORT AND
FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019**

**AJMAL STEEL TUBES & PIPES INDUSTRIES LLC BRANCH 1
ABU DHABI - UNITED ARAB EMIRATES**

**INDEPENDENT AUDITOR'S REPORT AND
FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019**

Table of contents	<u>Pages</u>
Independent Auditor's Report	1 - 3
Statement of Financial Position	4
Statement of Comprehensive Income	5
Statement of Cash Flows	6
Statement of Changes in Equity	7
Notes to the Financial Statements	8 - 21

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF AJMAL STEEL TUBES & PIPES INDUSTRIES LLC BRANCH 1, ABU DHABI - UNITED ARAB EMIRATES**Report on Audit of Financial Statements****Opinion**

We have audited the accompanying financial statements of **AJMAL STEEL TUBES & PIPES INDUSTRIES LLC BRANCH 1**, Abu Dhabi - United Arab Emirates, which comprise of the statement of financial position as at December 31, 2019, the statement of comprehensive income, statement of cash flows and statement of changes in equity for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of, in all material respects, the financial position of **AJMAL STEEL TUBES & PIPES INDUSTRIES LLC BRANCH 1**, Abu Dhabi - United Arab Emirates as on December 31, 2019 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing ("ISA"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the financial statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants ("IESBA Code") together with the other ethical requirements that are relevant to our audit of the financial statements in the United Arab Emirates and we have fulfilled our other ethical responsibilities. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management for the financial statements

The Company management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards and the applicable provisions of the U.A.E Federal Law 2 of 2015 for such internal control as management determines is necessary to enable the presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

The Company management is responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the financial statements

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

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

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

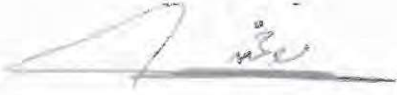
We are required to communicate with the management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on Other Legal and Regulatory Requirements

As required by UAE Federal law no. 2 of 2015, we report that:

- In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
- We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
- The statement of financial position as at December 31, 2019 and the statement of comprehensive income, the statement of cash flow and the statement of changes in equity dealt with by this report are in agreement with the books of account.
- In our opinion, the financial statements comply with the required International Financial Reporting standards (IFRS) as issued by the international Accounting Standards Board (IASB) and the requirements of UAE Law.

- Based on the information and explanations given to us, in our opinion, there are no contraventions of the provisions of UAE Federal Law No.2 of 2015, or the Articles of Association of the Company during the reported year so as to adversely affect the activity or financial position of the Company.



JASSIM MOHAMMAD JAMIL AHMAD ALBALOOSHI
Audit licence # 801

KUDOS PRS CHARTERED ACCOUNTANTS
Dubai - United Arab Emirates
August 04 , 2020



**AJMAL STEEL TUBES & PIPES INDUSTRIES LLC BRANCH 1
ABU DHABI - UNITED ARAB EMIRATES**

Statement of Financial position as at December 31, 2019

Particulars	Note	2019	2018
ASSETS			
Non current assets			
Property, plant and equipment	4		
Total non current assets			
Current Assets			
Inventories	6		
Trade receivables	7		
Due from related parties	8		
Other receivables	9		
Cash and cash equivalents	10		
Total Current assets			
TOTAL ASSETS			
EQUITY AND LIABILITIES			
Equity			
Share capital	2		
Statutory reserve	11		
Retained earnings	12		
Shareholders' current account	13		
Total Equity			
Non current liabilities			
Long term provisions	14		
Total Non current liabilities			
Current liabilities			
Due to related parties	8		
Trade payables	15		
Other payables	16		
Short term borrowings	17		
Total Current liabilities			
Total liabilities			
TOTAL EQUITY AND LIABILITIES			

Accompanying notes no 1 to 28 form an integral part of the Financial Statements.

The financial statements on pages 4 to 21 were approved on July 25, 2020.

Mr. Mohamed Ashraf Shahul Ameen
Manager



AJMAL STEEL TUBES & PIPES INDUSTRIES LLC BRANCH 1
ABU DHABI - UNITED ARAB EMIRATES

Statement of Comprehensive income for the year ended December 31, 2019

Particulars	Note	2019	2018
Revenue	18		
Cost of sales	19		
Gross profit			
Other income	20		
Indirect expenses			
Sales and marketing expenses	21		
General and administration expenses	22		
Deprecation	5		
Finance charges	23		
Total Indirect expenses			
Net profit from operation			
Total Comprehensive income for the year			

Accompanying notes no 1 to 28 form an integral part of the Financial Statements.



**AJMAL STEEL TUBES & PIPES INDUSTRIES LLC BRANCH 1
ABU DHABI - UNITED ARAB EMIRATES**

Statement of Cashflows for the year ended December 31, 2019

Particulars	2019	2018
Cash flow from operating activities		
Total Comprehensive income for the year		
Adjustments for:		
Provision for Employees' EOSB		
Depreciation		
Operating profit before working capital changes		
Changes in working capital:		
(Increase)/decrease in current assets		
Inventories		
Trade receivables		
Due from related parties		
Other receivables		
Increase/(decrease) in current liabilities		
Trade payables		
Due to related parties		
Other payables		
Cash generated from operating activities		
Payment for Employee ESOBs'		
Net cash flow (used in)/from operating activities		
Cash flow from investing activities		
Purchase of property, plant and equipment		
Sale of property, plant and equipment		
Net cash from/(used in) investing activities		
Cash flow from Financing activities		
Net movements in Shareholders' current account		
Net movements in borrowings/loans		
Net cash flow (used in) financing activities		
Net increase/(decrease) in cash and cash equivalents		
Cash and cash equivalents at the beginning of the year		
Cash and cash equivalents at the end of the year		
Represented by:		
Balance at bank - current account		
Cash in hand		
Total		

Accompanying notes no 1 to 28 form an integral part of the Financial Statements.



AJMAL STEEL TUBES & PIPES INDUSTRIES LLC BRANCH 1
ABU DHABI - UNITED ARAB EMIRATES

Statement of Changes in equity for year ended December 31, 2019

Particulars	Share capital	Statutory reserve	Retained earnings	Shareholders' current account	Total
	AED	AED	AED	AED	AED
<u>Changes in Shareholders' equity</u>					
Balance at the beginning of January 1, 2018					
Total Comprehensive income for the year					
Net movements					
Balance as at the end of December 31, 2018					
Total Comprehensive income for the year					
Balance as at the end of December 31, 2019					

Accompanying notes no 1 to 28 form an integral part of the Financial Statements.



AJMAL STEEL TUBES & PIPES INDUSTRIES LLC BRANCH 1
ABU DHABI - UNITED ARAB EMIRATES

Notes to the Financial Statements for the year ended December 31, 2019

1 Legal Status and Business Activity

AJMAL STEEL TUBES & PIPES INDUSTRIES LLC BRANCH 1 ("the Company") was incorporated on February 13, 2008 and licensed to operate as the Limited Liability Company in Abu Dhabi, United Arab Emirates under the Industrial license IN-1001535 issued by the Industrial Development Bureau, Abu Dhabi, United Arab Emirates.

The main activities of the Company are Non- Ferrous Metals Sections Manufacturing, Cast Iron Tubes, Pipes, Hollow Profiles and Fittings Manufacturing, Metal Industrial Frameworks Manufacturing and Metal Coating.

The management of the Company is vested with Mr. Mohamed Ashraf Shahul Ameen (Indian National), the Managing Director of the Company.

The registered address of the Company is Plot No 399 HR8, NR - 32 at ICAD - II, Mussafah, P.O. Box. 93323, Abu Dhabi, United Arab Emirates.

2 Share Capital

Authorised, issued and paid up capital of the Company is [] divided into 100 shares of AED 3,000 each fully paid. The shareholding pattern of the Company is as under:

Sl. No.	Name of the Shareholder	Nationality	No. of Shares	Amount AED	%
1	Ishaq Mohamed Salem Al Meeza Al Beshar	[]	[]	[]	[]
2	Mohamed Ashraf Shahul Ameen	[]	[]	[]	[]
Total					

3 Significant Accounting Policies

A. Critical Accounting Judgements and key sources of estimation of uncertainty

The preparation of financial statements in conformity with the International Financial Reporting Standards (IFRS) requires the management to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities recognized. The judgments, estimates and associated assumptions are based on historical experience and other factors including estimation of effects of uncertain future events that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates (accounted on a prospective basis) are recognized in the period 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.

Following are a few judgements by the management which are considered to have most significant effect on the financial statements:

Estimates and assumptions

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



AJMAL STEEL TUBES & PIPES INDUSTRIES LLC BRANCH 1
ABU DHABI - UNITED ARAB EMIRATES

Notes to the Financial Statements for the year ended December 31, 2019 (continued)

Significant Accounting Policies (continued)

Impairment of inventories

Inventories are held at the lower of cost and net realizable value. When inventories become old or obsolete, an estimate is made of their net realizable value. For individually significant amounts this estimation is performed on an individual basis. Amounts which are not individually significant, but which are old or obsolete, are assessed collectively and a provision applied according to the inventory type and the degree of ageing or obsolescence, based on historical selling prices.

Impairment of trade and other receivables

An estimate of the collectible amount of contract, trade receivables is made when collection of the full amount is no longer probable. For individually significant amounts, this estimation is performed on an individual basis. Amounts which are not individually significant, but which are past due, are assessed collectively and an allowance as per Expected credit loss model as stated in IFRS 9 is applied according to the length of time past due, based on historical recovery rates.

Useful lives of property, plant and equipment

The Company's management determines the estimated useful lives of its property, and equipment for calculating depreciation. This estimate is determined after considering the expected usage of the asset or physical wear and tear. Management reviews the residual value and useful lives annually and future depreciation charge would be adjusted where the management believes the useful lives differ from previous estimates.

Impairment losses on property, plant and equipment

The Company reviews its property, plant and equipment to assess, if there is an indication of impairment. In determining whether impairment losses should be reported in the statement of comprehensive income, the Company makes judgments as to whether there is any observable data indicating that there is a reduction in the carrying value of property, and equipment. Accordingly, an allowance for impairment is made where there is an identified loss, event or condition which, based on previous experience, is evidence of a reduction in the carrying value of property, plant and equipment.

B. Following are the significant accounting policies followed by the Company:

The Company has adopted the new standards and interpretations effective for annual period beginning on or after January 1, 2019 as listed below. The Company has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective. Although these new standards and amendments applied for the first time in 2019, they did not have a material impact on the financial statements of the Company.

Basis of preparation

Statement of Compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB), interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC) and applicable requirements of U.A.E. Law.



AJMAL STEEL TUBES & PIPES INDUSTRIES LLC BRANCH 1
ABU DHABI - UNITED ARAB EMIRATES

Notes to the Financial Statements for the year ended December 31, 2019 (continued)

Significant Accounting Policies (continued)

Accounting convention

The financial statements have been prepared in accordance with historical cost convention basis on a going concern basis. The fair/ net realizable value concept of measurement of assets and liabilities has also been applied wherever applicable under International Financial Reporting standards (IFRS) issued by the International Accounting Standards Board (IASB). The preparation of financial statements in conformity with approved accounting standards requires the use of judgments.

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

The areas where various assumptions were exercised in application of accounting policies that are significant to the financial statements are as:

- Useful life of property, and equipment
- Allowance for doubtful debts and specific provisions for individual accounts are recorded based on customer's inability to meet its financial obligations.
- Other provisions and reduction in value of assets, if any, based on the management's estimate.

Functional and Presentation currency

These financial statements are presented in U.A.E Dirham (AED) since that is the currency in which the majority of the Company's transactions are denominated.

Basis of measurement

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 to sell an asset or paid to transfer 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.

In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle, which is taken as 12 months.

Changes in accounting policies

The accounting policies are consistent with those used in the previous year and in conformity with applicable International Financial Reporting Standards(IFRS) except for the new and amended IFRS and IFRIC interpretations effective as of January 1, 2019.

IFRS 16 (Leases):

IFRS 16 supersedes IAS 17 Leases, IFRIC 4 Determining whether an arrangement contains a lease, SIC - 15 Operating Leases - Incentives, and SIC - 27 Evaluating the Substance of Transactions Involving the Legal form of a Lease. The standard provides a single lease accounting model, requiring leasees to recognise assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance which is substantially unchanged from IAS 17.

The Company has lease arrangement for its office premise . Accordingly company has elected to apply recognition exemption and recognised the lease payment associated with those lease as an expense on straight line expense basis over lease term.



AJMAL STEEL TUBES & PIPES INDUSTRIES LLC BRANCH 1
ABU DHABI - UNITED ARAB EMIRATES

Notes to the Financial Statements for the year ended December 31, 2019 (continued)

Significant Accounting Policies (continued)

Statutory reserve

The reserve was created by transferring 10% of its net profit to statutory reserve every year until such reserve equals to 50% of the paid up capital of the Company, as stipulated in the provisions of the U.A.E. Federal Law # 2 of 2015. This reserve is not a free reserve and the reserve is not available for distribution to the Shareholders.

Statement of cashflows

For the purposes of the statement of cash flows, cash and cash equivalents consist of cash in hand, bank balances and short-term deposits with an original maturity of three months or less from the date of deposit.

Inventories

Inventories are stated at the lower of cost and net realizable value using weighted average cost method. Costs comprise of direct materials and, where applicable, direct labor costs and the overheads that have been incurred in bringing the inventories to their present location and condition. Net realizable value represents the estimated selling price less all estimated costs to completion and costs to disposal. Cost of surplus/ obsolete/ slow moving inventories are adequately provided for.

Property, plant and equipment

Recognition and Measurement:

Property, plant and equipment is stated at cost less accumulated depreciation and any impairment in value. The cost comprises of purchase price, levies, duties and any directly attributable cost of bringing the asset to its working condition. Any subsequent costs to the asset is recognized in the carrying amount of the item if it is probable that future economic benefits embodied within the part will flow to the Company and its cost can be measured reliably.

The carrying amount of the replaced part is derecognized. Any other associated cost/ expenditure are recognized in the Statement of comprehensive income in the period of incurrence.

Depreciation

The depreciation on assets acquired/disposed during the year is charged from/up to the date of addition/disposal to the date of financial position. Depreciation is provided on a straight-line basis over the assets' estimated useful lives.

Assets	Useful Life (years)
Building on leasehold land	20
Plant and machinery	10
Furnitures, fixtures and equipments	5
Motor vehicles	5

Capital work-in-progress:

Capital work-in-progress is stated at cost and are not depreciated until such time the assets are ready for intended use and transferred to the respective category of property, plant and equipment.



AJMAL STEEL TUBES & PIPES INDUSTRIES LLC BRANCH 1
ABU DHABI - UNITED ARAB EMIRATES

Notes to the Financial Statements for the year ended December 31, 2019 (continued)

Significant Accounting Policies (continued)

Impairment of Assets:

The carrying value of property, plant and equipment is reviewed for impairment when events or changes in circumstances indicate the carrying amount may not be recoverable. If any such indication exists and where the carrying values exceed the recoverable amount, the assets are written down to their recoverable amount and the resultant impairment loss is recognized in the statement of comprehensive income.

Derecognition

The carrying value of the asset is derecognized when the asset is replaced/sold/scrapped. The difference between the amount realized from the asset derecognized and its carrying value is recognized in the Statement of Comprehensive income in the period of derecognition in so far as it does not relate to capital profits, where it shall be recognized under retained earnings.

Employee benefits

Employees' end of service benefits:

The Company provides end of service benefits to its employees. The entitlement to these benefits is based upon the employees' salary and length of service, subject to the completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment.

Short-term and other long-term employee benefits:

A liability is recognized for benefits accruing to employees in respect of salaries, wages, performance incentives, medical benefits and other short term benefits in the period the related service is rendered, at the amount of the benefits expected to be paid in exchange for that service.

The effects of foreign exchange

Transactions in foreign currencies (currencies other than the Company's functional currency) are initially recorded at the rates prevailing at the date of the transaction. Monetary assets and liabilities denominated in such currencies are reinstated at the rate prevailing on the date of financial position. Non monetary items measured in terms of historical costs are not restated. Gains and losses arising are taken to the statement of comprehensive income.

Provisions

Provision for expenses

Provisions are recognized when the Company has a present obligation as a result of a past event, which it is probable will result in an outflow of economic benefits that can be reasonably estimated. The amount recognized as provision is the best estimate of consideration required to settle the present obligation by the management at the end of each reporting period.

Provision for doubtful receivables:

Provision against overdue receivables is recognized after considering the pattern of receipts from, and the future financial outlook of, the concerned receivable party. It is reviewed by the management on a regular basis.



AJMAL STEEL TUBES & PIPES INDUSTRIES LLC BRANCH 1
ABU DHABI - UNITED ARAB EMIRATES

Notes to the Financial Statements for the year ended December 31, 2019 (continued)

Significant Accounting Policies (continued)

Financial instruments

Financial instruments comprise of financial assets and financial liabilities. Financial assets and financial liabilities are recognized in the Company's financial position when the Company has become a party to the contractual provisions of the instrument. A financial asset is any asset that is cash, a contractual right to receive cash or other financial asset, a contractual right to exchange financial instruments under conditions that are potentially favorable. A financial liability is any liability that is a contractual obligation to deliver cash or another financial asset, or to exchange financial instruments under conditions that are potentially unfavorable.

IFRS 9 addresses the classification, measurement, recognition and de-recognition of financial assets and financial liabilities.

Trade Receivables

Trade receivables are stated at their nominal value, as reduced by appropriate allowances for Expected credit loss. Bad debts are written off when there is no possibility of recovery. The Company makes use of a simplified approach in accounting for trade receivables and records the loss allowance as lifetime expected credit losses. These are the expected shortfalls in contractual cash flows, considering the potential for default at any point during the life of the financial instrument. In calculating, the allowance, the Company uses its historical experience, external indicators and forward-looking information to calculate the expected credit losses.

Payables and accruals

Liabilities are recognized for amounts to be paid in the future for goods and services received, whether billed by the supplier or not.

Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Fair value measurement is based on the presumption that the transaction to sell the asset or transfer a 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

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the Fair value hierarchy as follows, based on the level of input that is significant to the Fair value measurement as a whole:

Level 1: Quoted (unadjusted) market prices in active markets for identical assets or liabilities;

Level 2: Valuation techniques for which the lowest level of input that is significant to the fair value measurement is directly or indirectly observable;

Level 3: Valuation techniques for which the lowest level of input that is significant to their fair value measurement is unobservable.

Related party transactions

Related parties represent the parent Company, associated companies, directors and key management personnel of the Company and entities controlled, jointly controlled or significantly influenced by such parties.

The Company enters into transactions with the related parties in the normal course of business. Pricing policies and terms of these transactions are approved by the Company's management.



AJMAL STEEL TUBES & PIPES INDUSTRIES LLC BRANCH 1
ABU DHABI - UNITED ARAB EMIRATES

Notes to the Financial Statements for the year ended December 31, 2019 (continued)

Significant Accounting Policies (continued)

The Company provides funds to related parties as and when required as working capital facilities.

Borrowing costs

Borrowing costs are interest and other costs that a Group incurs in connection with the borrowing of funds. A qualifying asset is an asset that necessarily takes a substantial period of time to get ready for its intended use or sale. Borrowing costs that are attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. All other borrowing costs are recognised in statement of comprehensive income in the period in which they are incurred.

Revenue recognition

Sales revenue

Revenue from sale of goods is recognized when goods are delivered, title and risk has been passed on to the customer. Revenue is exclusive of Value added tax (VAT) collected from the customers and is reduced for estimated customer returns, rebates and discounts , and other similar allowances provided by the Company.

Other Income

Other operating revenues comprise of income from ancillary activities incidental to the operations of the Company and is recognized when the right to receive the income is established as per the terms of the contract.

New Standards and amendments issued but not yet effective

IFRS 17 Insurance Contracts (Effective 1st January 2021):

In May 2017, IASB issued IFRS 17 Insurance Contracts, a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, IFRS 17 will replace IFRS 4 Insurance Contracts that was issued in 2005. This standard is not applicable to the Company.

Amendments to IAS 1: Presentation of financial statements (Effective January 1, 2022).

Amendments to IAS 8: Accounting policies, changes in accounting estimates and Errors (Effective January 1, 2022).

Amendments to IFRS 3: Business Combinations - Definition of a business (Effective January 1, 2020).

The management anticipates that all of the above standards, amendments and interpretations will be adopted by the Company, to the extent applicable, from their respective effective dates.



AJMAL STEEL TUBES & PIPES INDUSTRIES LLC BRANCH 1
ABU DHABI - UNITED ARAB EMIRATES

Notes to the Financial Statements for the year ended December 31, 2019

4 Property, plant and equipment

Particulars	Land & Building	Plant & Machinery	Furniture, fixtures & equipments	Motor vehicles	Total
Cost:					
Balance as at January 1, 2018					
Additions during the year					
Disposal during the year					
Balance as at end of December 31, 2018					
Additions during the year					
Disposal during the year					
Balance as at end of December 31, 2019					
Accumulated depreciation:					
Balance as at beginning of January 1, 2018					
Depreciation for the year					
Reversal of depreciation					
Balance as at end of December 31, 2018					
Depreciation for the year					
Reversal of depreciation					
Balance as at end of December 31, 2019					
Net book value:					
Balance as at end of December 31, 2019					
Balance as at end of December 31, 2018					



AJMAL STEEL TUBES & PIPES INDUSTRIES LLC BRANCH 1
ABU DHABI - UNITED ARAB EMIRATES

Notes to the Financial Statements for the year ended December 31, 2019 (continued)

Particulars	2019	2018
5 Property, plant and equipment (continued)		
Depreciation for the year has been charged to statement of comprehensive income as follows.		
Direct costs		
Indirect costs		
6 Inventories		
Finished goods		
Work in progress		
Accessories, stores, consumables and spares		

Inventories comprise of raw accessories, stores, consumables and spares.
Inventories are stated net of allowance for slow moving and obsolete items.

7 Trade receivables		
Trade debtors		
Notes;		
(i) Ageing of trade receivables		
Due for less than three months		
Due for more than three months		
Due for more than 12 months		
(ii) Geographical Analysis		
Within United Arab Emirates		

(iii) The fair value of trade receivables is not materially different from their balances shown in the financial position.

(iv) Credit risk

As at the date of financial position, 100% trade receivables are due from 17 customers and the Company has no significant concertation risk of credit risk on its trade receivables.



AJMAL STEEL TUBES & PIPES INDUSTRIES LLC BRANCH 1
ABU DHABI - UNITED ARAB EMIRATES

Notes to the Financial Statements for the year ended December 31, 2019 (continued)

Particulars	2019	2018
8 Related parties transactions		
As at the date of financial position, due from/to related parties were as follows:		
a) Due from related parties		
Other related parties		
b) Due to related parties		
Other related parties		
9 Other receivables		
Bank margin deposits		
Bank term deposit		
Prepaid expenses		
Staff advances		
Other deposits		
10 Cash and cash equivalents		
Balance at bank :		
In current account		
Cash in hand		
11 Statutory reserve		
Balance at the beginning of the year		
Balance at the end of the year		
12 Retained earnings		
Balance at the beginning of the year		
Total Comprehensive income for the year		
Balance at the end of the year		



AJMAL STEEL TUBES & PIPES INDUSTRIES LLC BRANCH 1
ABU DHABI - UNITED ARAB EMIRATES

Notes to the Financial Statements for the year ended December 31, 2019 (continued)

Particulars	2019	2018
13 Shareholders' current account		
Balance at the beginning of the year		
Net movements		
Balance at the end of the year		
14 Long term provisions		
Employees' end of service benefits		
Balance at the beginning of the year		
Provision made during the year		
Payment made during the year		
Balance at the end of the year		
15 Trade payables		
Trade creditors		
16 Other payables		
VAT payable		
Staff payable		
Accrued expenses		
17 Short term borrowings		
LCD payable		
Short term bank facilities		
18 Revenue		
Sales		
Job work		
19 Cost of sales		
Cost of goods sold		
Direct wages		
Other direct expenses		



AJMAL STEEL TUBES & PIPES INDUSTRIES LLC BRANCH 1
ABU DHABI - UNITED ARAB EMIRATES

Notes to the Financial Statements for the year ended December 31, 2019 (continued)

Particulars	2019	2018
20 Other income		
Miscellaneous income		
21 Sales and marketing expenses		
Business promotion expenses		
22 General and administration expenses		
Salary and benefits		
Rent		
Legal, visa and professional		
Communication		
Insurance		
Vehicle maintenance		
Office		
Travel and conveyance		
Other administration expense		
23 Finance charges		
Bank charges		



AJMAL STEEL TUBES & PIPES INDUSTRIES LLC BRANCH 1
ABU DHABI - UNITED ARAB EMIRATES

Notes to the Financial Statements for the year ended December 31, 2019 (continued)

24 Going concern

The management has prepared the financial statements on a going concern basis which assumes that the Company will continue to operate as a going concern for a foreseeable future.

25 Financial instruments

Financial instruments of the Company comprise of trade & other receivables, due from related parties, cash and cash equivalents, trade & other payables and due to related parties.

Credit risk

The Company is exposed to credit risk in respect of the dues from trade debtors. The Company limits its credit risk on its trade debtors through regular monitoring by the management of the recovery process on an ongoing basis and are considered recoverable by the management of the Company.

The Company limits its credit risk with regard to bank deposits by dealing with reputable banks.

Credit risk is limited to the carrying values of financial assets in the financial position of the Company.

Dues from related parties relate to minimal credit risks, are monitored at the informal group level and considered good and recoverable by the management.

Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates.

The financial assets and liabilities are in Arab Emirates Dirham or US Dollars. The UAE Dirham is currently pegged to the US Dollar.

Based on balances at the year end, a 5% increase or decrease in foreign exchange rate will not have any significant impact on the results of the year of the Company.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as and when it falls due. The Company limits its liquidity risk by ensuring that funds from the Shareholders and other internal sources are available as and when required.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company was not exposed to any interest rate risk on its variable interest bearing borrowings. There were no material variable interest bearing assets as at the reporting date.

Capital management

The primary objective of the Company's capital management is to ensure that it maintains healthy capital ratios in order to support its business and maximize Shareholders' value.

The Company manages its capital structure and makes adjustments to it in light of changes in business conditions. No changes were made in the objectives, policies or processes during the year. Equity comprises of retained earnings and the current account of the Shareholders.



AJMAL STEEL TUBES & PIPES INDUSTRIES LLC BRANCH 1
ABU DHABI - UNITED ARAB EMIRATES

Notes to the Financial Statements for the year ended December 31, 2019 (continued)

Fair values of financial instruments

Financial instruments comprise of financial assets and financial liabilities.

Financial assets include cash and cash equivalents, trade receivables and other current assets.

Financial liabilities include trade and other payables.

The fair values of financial instruments are not materially different from their carrying amounts.

26 Contingent Liabilities

Except for the ongoing business obligations which are under normal course of business against which no loss is expected, there has been no other known contingent liability or capital commitment on Company's account as at the date of financial position.

27 Significant events occurring after the date of financial statements

There were no significant events occurring after the date of financial statements which will have any material effect on the working or the financial position of the Company.

28 Comparative amounts

Previous year's figures have been reclassified/regrouped wherever necessary to conform to the current year presentation and make them comparable.

