

**RAS AL KHAIMAH CO. FOR WHITE CEMENT &
CONSTRUCTION MATERIALS P.S.C. AND SUBSIDIARIES**

**Consolidated financial statements and
independent auditor's report
for the year ended 31 December 2018**

**RAS AL KHAIMAH CO. FOR WHITE CEMENT &
CONSTRUCTION MATERIALS P.S.C. AND SUBSIDIARIES**

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INDEPENDENT AUDITOR'S REPORT

**The Shareholders of
Ras Al Khaimah Co. for White Cement & Construction Materials P.S.C.
Ras Al Khaimah
United Arab Emirates**

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of **Ras Al Khaimah Co. for White Cement & Construction Materials P.S.C. ("the Company")** (a Public Shareholding Company) and its **Subsidiaries (together "the Group")** - Ras Al Khaimah, United Arab Emirates which comprise the consolidated statement of financial position as at 31 December 2018, and the consolidated statement of income, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2018, and its consolidated financial performance and its consolidated 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 (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the other requirements that are relevant to our audit of the Group's consolidated financial statements in the United Arab Emirates, 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.

Key Audit Matters

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

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**INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF RAS AL KHAIMAH
CO. FOR WHITE CEMENT & CONSTRUCTION MATERIALS P.S.C. (continued)**

Key Audit Matters (continued)

Key audit matters	How our audit addressed the key audit matters.
<p>Impairment losses on trade receivable</p> <p>As at 31 December 2018, trade receivables were AED 44.6 million against which impairment loss allowance of AED 2.3 million was recorded (Note 8 to the consolidated financial statements).</p> <p>The management exercises significant judgement when determining both when and how much to record as trade receivable impairment allowance as per requirements of IFRS 9. Because of the significance of these judgements and the materiality of trade receivables, the audit of trade receivables impairment loss allowance is a key area of focus.</p>	<p>Our procedures to test the impairment loss allowance on trade receivables included the following:</p> <ul style="list-style-type: none"> • We obtained an understanding of Group process for estimating impairment loss allowance. • Tested the reasonableness of management's key assumptions and judgments used in the determination of impairment loss allowance and its consistency with IFRS 9. • Tested the accuracy and completeness of data used in the determination of impairment loss allowance. • Tested the adequacy of the disclosures pertaining to impairment loss allowances included in these consolidated financial statements.
<p>Allowance for slow moving and obsolete inventories</p> <p>Note 7 to the consolidated financial statements discloses various types of inventories that are reported at the lower of cost of net realizable value. Assessing net realizable value of inventory is an area of significant judgement, in particular with regard to the estimation of allowance for slow-moving and obsolete inventory.</p> <p>The management has relied upon their experience, physical verification, operational condition and understanding of the nature and use of spare parts, and has accordingly made estimations for allowance for slow moving and obsolete inventory. Since significant judgement is involved in assessing the required allowance, we have identified this as a key area of focus.</p>	<p>Our procedures to test the management estimate of allowance for slow moving and obsolete inventory included the following:</p> <ul style="list-style-type: none"> • Held meetings with management to understand the procedures undertaken by them as part of the inventory review and assessment of allowance for slow moving and obsolete items. • Verified the physical existence and good condition of randomly selected samples of the inventory. • Tested the valuation of year-end inventory, including challenging judgements taken regarding obsolescence, net realizable value provisions, historical usage and future usage expectation.

**INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF RAS AL KHAIMAH
CO. FOR WHITE CEMENT & CONSTRUCTION MATERIALS P.S.C. (continued)**

Other Information

The Board of Directors and management is responsible for the other information. The other information comprises the annual report of the Group. We obtained the Directors' report prior to the date of this auditor's report and the remaining information of the annual report is expected to be made available to us after that date. The other information does not include the consolidated financial statements and our auditor's report thereon.

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

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

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

When we read the remaining information of the annual report of the Group, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

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

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

The Board of Directors and Audit Committee are responsible for overseeing the Group's financial reporting process.

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**INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF RAS AL KHAIMAH
CO. FOR WHITE CEMENT & CONSTRUCTION MATERIALS P.S.C. (continued)****Auditor's Responsibilities for the Audit of the Consolidated Financial Statements**

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

As part of an audit in accordance with ISA's, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

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

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

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**INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF RAS AL KHAIMAH
CO. FOR WHITE CEMENT & CONSTRUCTION MATERIALS P.S.C. (continued)**

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements (continued)

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law and regulations preclude public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

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

- i) we have obtained all the information we considered necessary for the purposes of our audit;
- ii) the consolidated 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 Group has maintained proper books of account;
- iv) the financial information included in the Directors' report is consistent with the books of account of the Group;
- v) as disclosed in note 6 to the consolidated financial statements the Group has purchased or invested in shares during the financial year ended 31 December 2018;
- vi) note 21 to the consolidated financial statements discloses material related party transactions, and the terms under which they were conducted;
- vii) based on the information that has been made available to us nothing has come to our attention which causes us to believe that the Company has contravened during the financial year ended 31 December 2018 any of the applicable provisions of the UAE Federal Law No. (2) of 2015 or its Articles of Association which would materially affect its activities or its financial position as at 31 December 2018; and
- viii) note 27 reflects the social contributions were made during the year ended 31 December 2018.

Deloitte & Touche (M.E.)



Signed by:
Samir Madbak
Registration No. 386
2 March 2019
Sharjah, United Arab Emirates

**RAS AL KHAIMAH CO. FOR WHITE CEMENT &
CONSTRUCTION MATERIALS P.S.C. AND SUBSIDIARIES**

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**Consolidated statement of financial position
at 31 December 2018**

	Notes	2018 AED	2017 AED
ASSETS			
Non-current assets			
Property, plant and equipment	5	561,936,435	587,622,682
Investments carried at fair value through other comprehensive income (FVTOCI)	6	239,436,260	260,023,072
Total non-current assets		801,372,695	847,645,754
Current assets			
Inventories	7	126,937,467	107,277,578
Trade and other receivables	8	50,071,950	66,064,754
Investments carried at fair value through profit or loss (FVTPL)	6	32,621,996	48,185,055
Cash and cash equivalents	9	19,087,763	33,345,935
Total current assets		228,719,176	254,873,322
Total assets		1,030,091,871	1,102,519,076
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital	10	500,157,000	500,157,000
Reserves	11	209,528,461	207,780,994
Cumulative changes in fair value (FVTOCI)		(11,632,868)	2,411,141
Retained earnings		57,175,963	57,580,003
Total equity		755,228,556	767,929,138
Non-current liabilities			
Provision for employees' end of service indemnity	12	9,267,331	8,884,393
Bank borrowings	13	109,567,569	166,587,286
Total non-current liabilities		118,834,900	175,471,679
Current liabilities			
Bank borrowings	13	45,666,039	51,285,784
Trade and other payables	14	110,362,376	107,832,475
Total current liabilities		156,028,415	159,118,259
Total liabilities		274,863,315	334,589,938
Total equity and liabilities		1,030,091,871	1,102,519,076

Chairman

Acting General Manager

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

**Consolidated statement of income
for the year ended 31 December 2018**

	Notes	2018 AED	2017 AED
Revenue	15	228,110,417	253,174,916
Cost of sales	16	(196,318,240)	(206,198,190)
Gross profit		31,792,177	46,976,726
Selling, general and administrative expenses	17	(26,314,186)	(27,110,487)
Investment income	18	9,852,683	7,962,916
Other income	19	5,503,461	9,978,372
Finance costs		(7,833,911)	(7,389,326)
Profit for the year		13,000,224	30,418,201
Basic earnings per share	20	0.03	0.06

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

**Consolidated statement of comprehensive income
for the year ended 31 December 2018**

	2018 AED	2017 AED
Profit for the year	13,000,224	30,418,201
Other comprehensive income/(loss)		
<i>Items that will not be reclassified subsequently to profit or loss</i>		
Decrease in fair value of investments carried at FVTOCI	(10,864,057)	(66,437,405)
Gain/(loss) on disposal of investments carried at FVTOCI	11,671,101	(620,499)
Other comprehensive income/(loss) for the year	807,044	(67,057,904)
Total comprehensive income/(loss) for the year	13,807,268	(36,639,703)

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

**RAS AL KHAIMAH CO. FOR WHITE CEMENT &
CONSTRUCTION MATERIALS P.S.C. AND SUBSIDIARIES**

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**Consolidated statement of changes in equity
for the year ended 31 December 2018**

	Share capital AED	Reserves AED	Cumulative changes in fair value (FVTOCI) AED	Retained earnings AED	Total AED
Balance at 31 December 2016	500,157,000	201,697,354	64,348,546	78,077,716	844,280,616
Profit for the year	-	-	-	30,418,201	30,418,201
Other comprehensive loss	-	-	(66,437,405)	(620,499)	(67,057,904)
Total comprehensive loss for the year	-	-	(66,437,405)	29,797,702	(36,639,703)
Dividends paid	-	-	-	(37,511,775)	(37,511,775)
Transfer to statutory and voluntary reserve (Note 11)	-	6,083,640	-	(6,083,640)	-
Transfer of loss on disposal of FVTOCI investments to retained earnings	-	-	4,500,000	(4,500,000)	-
Board of Directors' remuneration	-	-	-	(2,200,000)	(2,200,000)
				(50,295,415)	(39,711,775)
Balance at 31 December 2017	500,157,000	207,780,994	2,411,141	57,580,003	767,929,138

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

**Consolidated statement of changes in equity
for the year ended 31 December 2018 (continued)**

	Share capital AED	Reserves AED	Cumulative changes in fair value (FVTOCI) AED	Retained earnings AED	Total AED
Balance at 31 December 2017	500,157,000	207,780,994	2,411,141	57,580,003	767,929,138
Profit for the year	-	-	-	13,000,224	13,000,224
Other comprehensive loss	-	-	(10,864,057)	11,671,101	807,044
Total comprehensive loss for the year	-	-	(10,864,057)	24,671,325	13,807,268
Dividends paid (Note 22)	-	-	-	(25,007,850)	(25,007,850)
Transfer to statutory and voluntary reserve (Note 11)	-	1,747,467	-	(1,747,467)	-
Transfer of gain on disposal of FVTOCI investments to retained earnings	-	-	(3,179,952)	3,179,952	-
Board of Directors' remuneration	-	-	-	(1,500,000)	(1,500,000)
Balance at 31 December 2018	500,157,000	209,528,461	(11,632,868)	57,175,963	755,228,556

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

**RAS AL KHAIMAH CO. FOR WHITE CEMENT &
CONSTRUCTION MATERIALS P.S.C. AND SUBSIDIARIES**

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**Consolidated statement of cash flows
for the year ended 31 December 2018**

	2018 AED	2017 AED
Cash flows from operating activities		
Profit for the year	13,000,224	30,418,201
Adjustments for:		
Depreciation of property, plant and equipment	33,410,809	34,654,905
Gain on disposal of property, plant and equipment	(172,353)	(70,347)
Reversal of loss allowance	(15,374)	(546)
Provision for employees' end of service indemnity	1,370,627	883,991
Unrealised loss on investment at FVTPL	2,815,376	3,108,167
Investment income	(12,668,059)	(11,071,083)
Finance costs	7,833,911	7,389,326
Operating cash flows before changes in operating assets and liabilities	45,575,161	65,312,614
Decrease in trade and other receivables	16,008,178	24,560,549
Increase in inventories	(19,659,889)	(546,566)
Increase/(decrease) in trade and other payables	495,803	(7,638,860)
Cash generated from operations	42,419,253	81,687,737
Employees' end of service indemnity paid	(987,689)	(702,279)
Finance cost paid	(6,463,630)	(7,898,389)
Net cash generated from operating activities	34,967,934	73,087,069

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

**Consolidated statement of cash flows
for the year ended 31 December 2018 (continued)**

	2018 AED	2017 AED
Cash flows from investing activities		
Purchase of property, plant and equipment	(7,737,013)	(16,006,210)
Proceeds on disposal of property, plant and equipment	184,804	213,301
Dividend received	13,445,000	10,752,683
Purchase of investments in securities	(36,127,856)	(27,031,198)
Proceeds on disposal of investments in securities	69,466,157	20,791,708
Interest received	26,297	30,620
	<hr/>	<hr/>
Net cash generated from/(used in) investing activities	39,257,389	(11,249,096)
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Cash flows from financing activities		
Board of Directors' remuneration paid	(1,500,000)	(2,200,000)
Repayment of finance lease liability	-	(1,804,911)
Term loan obtained	17,000,000	21,012,478
Repayment of term loan	(79,639,462)	(49,784,892)
Dividends paid	(24,344,033)	(36,287,142)
	<hr/>	<hr/>
Net cash used in from financing activities	(88,483,495)	(69,064,467)
	<hr/>	<hr/>
Net decrease in cash and cash equivalents	(14,258,172)	(7,226,494)
Cash and cash equivalents at the beginning of the year	33,345,935	40,572,429
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Cash and cash equivalents at the end of the year (see Note 9)	19,087,763	33,345,935
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The accompanying notes form an integral part of these consolidated financial statements.

**Notes to the consolidated financial statements
for the year ended 31 December 2018**

1. General information

Ras Al Khaimah Co. for White Cement & Construction Materials P.S.C., Ras Al Khaimah (the "Company") is incorporated as a public shareholding company by Emiri decree number 13/18 dated 2 October 1981 issued by His Highness The Ruler of Ras Al Khaimah. The address of the Company's registered office is P. O. Box 1492, Ras Al Khaimah, United Arab Emirates.

The "Group" comprises Ras Al Khaimah Co. for White Cement & Construction Materials P.S.C. and its Subsidiaries (Note 3.3).

The principal activities of the Group is manufacturing and supply of white cement, lime products and cement products and investing, establishing and managing similar activities.

2. Application of new and revised International Financial Reporting Standards ("IFRS")

2.1 New IFRS applied with material effect on the consolidated financial statements

In the current year, the Group has applied IFRS 9 Financial Instruments (as revised in July 2014) and the related consequential amendments to other IFRS Standards that are effective for an annual period that begins on or after 1 January 2018. The Group did not early adopt any of IFRS 9 in previous periods, except for "Classification and measurement".

As permitted by transitional provisions of IFRS 9, the Group elected not to restate the comparative figures. Any adjustments to carrying amount of financial assets and liabilities at the date of transitions were recognized in opening retained earnings and other reserves of the current reporting period. There was no impact on the opening retained earnings and other reserves in the Group's consolidated financial statements.

The adoption of IFRS 9 has resulted in changes in accounting policies for recognition, classification and measurement of financial assets and liabilities and impairment of financial assets. IFRS 9 also significantly amends other standards dealing with financial instruments such as IFRS 7 'Financial Instruments: Disclosures'.

There were no changes to the classification and measurement of financial liabilities. The accounting policies of financial instruments as per IFRS 9 relating to classification and measurement has been early adopted by the Group. Comparatives for statement of cash flows are not affected on account of this adoption of IFRS 9.

Details of these new requirements as well as their impact on the Group's consolidated financial statements are described on Note 3.15.

**Notes to the consolidated financial statements
for the year ended 31 December 2018 (continued)**

**2. Application of new and revised International Financial Reporting Standards ("IFRS")
(continued)**

2.2 New and revised IFRS applied with no material effect on the consolidated financial statements

The application of the following standards, has not had material impact on the amounts reported for the current and prior years but may affect the accounting for future transactions or arrangements:

- IFRS 15 Revenue from Contracts with Customers: The core principle of IFRS 15 is that an entity should recognize 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 those goods or services. Specifically, the standard introduces a 5-step approach to revenue recognition. Management has assessed that sale of goods represents a single performance obligation and accordingly, revenue is recognised for the performance obligation when control over the corresponding goods is transferred to the customer. The timing of revenue recognition of this performance obligation will be at a point in time for sale of goods when the goods are delivered to the customer. Accordingly, no impact on revenue recognition for the Group on application of IFRS 15.
- Annual Improvements to IFRS Standards 2014 – 2016 Cycle amending IFRS 1 First-time Adoption of International Financial Reporting Standards and IAS 28 Investments in Associates and Joint Ventures (2015).
- Amendments to IFRS 2 Share Based Payment regarding classification and measurement of share based payment transactions.
- IFRIC 22 Foreign Currency Transactions and Advance Consideration.
- Amendment to IAS 40 Investment Properties to clarify transfers of property to, or from, investment property.

2.3 New and revised IFRS in issue but not yet effective and not early adopted

The Group has not early applied the following new standards, amendments and interpretations that have been issued but are not yet effective:

New and revised IFRS	Effective for annual periods beginning on or after
Annual Improvements to IFRS Standards 2015 - 2017 Cycle amending IFRS 3 <i>Business Combinations</i> , IFRS 11 <i>Joint Arrangements</i> , IAS 12 <i>Income Taxes</i> and IAS 23 <i>Borrowing Costs</i> .	1 January 2019

**Notes to the consolidated financial statements
for the year ended 31 December 2018 (continued)**

**2. Application of new and revised International Financial Reporting Standards ("IFRS")
(continued)**

2.3 New and revised IFRS in issue but not yet effective and not early adopted (continued)

New and revised IFRS	Effective for annual periods beginning on or after
<p><i>IFRIC 23 Uncertainty over Income Tax Treatments</i></p> <p>The interpretation addresses the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under IAS 12. It specifically considers:</p> <ul style="list-style-type: none"> • Whether tax treatments should be considered collectively; • Assumptions for taxation authorities' examinations; • The determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates; and • The effect of changes in facts and circumstances. 	1 January 2019
<p><i>IFRS 16 Leases</i></p> <p>IFRS 16 specifies how an IFRS reporter will 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.</p>	1 January 2019
<p>Amendments to IFRS 9 <i>Financial Instruments</i>: Relating to prepayment features with negative compensation. This amends the existing requirements in IFRS 9 regarding termination rights in order to allow measurement at amortised cost (or, depending on the business model, at fair value through other comprehensive income) even in the case of negative compensation payments.</p>	1 January 2019
<p>Amendments to IAS 19 <i>Employee benefits</i>: relating to plan amendments, curtailments or settlements.</p>	1 January 2019
<p>Amendments to IAS 28 <i>Investment in Associates and Joint Ventures</i>: Relating to long-term interests in associates and joint ventures. These amendments clarify that an entity applies IFRS 9 <i>Financial Instruments</i> to long-term interests in an associate or joint venture that form part of the net investment in the associate or joint venture but to which the equity method is not applied.</p>	1 January 2019
<p><i>IFRS 17 Insurance Contracts</i></p> <p>IFRS 17 requires insurance liabilities to be measured at a current fulfilment value and provides a more uniform measurement and presentation approach for all insurance contracts. These requirements are designed to achieve the goal of a consistent, principle-based accounting for insurance contracts. IFRS 17 supersedes IFRS 4 Insurance Contracts as of 1 January 2021.</p>	1 January 2021

**Notes to the consolidated financial statements
for the year ended 31 December 2018 (continued)**

2. Application of new and revised International Financial Reporting Standards (“IFRS”) (continued)

2.3 New and revised IFRS in issue but not yet effective and not early adopted (continued)

New and revised IFRS	Effective for annual periods beginning on or after
Amendments to IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures (2011) relating to the treatment of the sale or contribution of assets from and investor to its associate or joint venture.	Effective date deferred indefinitely. Adoption is still permitted.

Management anticipates that these new standards, interpretations and amendments will be adopted in the Group’s consolidated financial statements as and when they are applicable and adoption of these new standards, interpretations and amendments, may have no material impact on the consolidated financial statements of the Group in the period of initial application. However, it is not practicable to provide a reasonable estimate of effects of the application of these standards as the Group is in the process of performing a detailed review.

3. Significant accounting policies

3.1 Statement of compliance

The consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards (“IFRSs”) and applicable requirements of the UAE Federal Law No. (2) of 2015.

3.2 Basis of preparation

The consolidated financial statements have been prepared on the historical cost basis, except for the measurement at fair value of financial instruments. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

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 Group 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. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such basis, except for share-based payment transactions that are within the scope of IFRS 2, leasing transactions that are within the scope of IAS 17, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in IAS 2 or value in use in IAS 36.

In addition, for financial reporting purposes, fair value measurements are categorized into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurements in its entirety, which are described as follows:

**Notes to the consolidated financial statements
for the year ended 31 December 2018 (continued)**

3. Significant accounting policies (continued)

3.2 Basis of preparation (continued)

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

The Group presents its consolidated statement of financial position broadly in order of liquidity, with a distinction based on expectations regarding recovery or settlement within twelve months after the reporting date (current) and more than twelve months after the reporting date (non-current), presented in the notes.

The principal accounting policies adopted are set out below.

3.3 Basis of consolidation

The consolidated financial statements of Ras Al Khaimah Co. for White Cement & Construction Materials P.S.C. and Subsidiaries (the "Group") incorporate the financial statements of the Company and the entities controlled by the Company (its Subsidiaries).

Control is achieved when the Company:

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

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

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

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

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

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated income statement and consolidated statement of other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

**Notes to the consolidated financial statements
for the year ended 31 December 2018 (continued)**

3. Significant accounting policies (continued)

3.3 Basis of consolidation (continued)

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

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

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

Subsidiaries:

Details of the Company's subsidiaries at 31 December 2018 and 2017 are as follows:

<u>Name of subsidiary</u>	<u>Proportion of ownership interest</u>	<u>Country of incorporation</u>	<u>Principal activities</u>
Modern Block Factory Establishment	100%	U.A.E.	Manufacturing of concrete blocks, interlock tiles and cement products.
Ras Al Khaimah Lime Co. Noora LLC	100%	U.A.E.	Manufacturing of lime products.

3.4 Business combinations

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognised in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

**Notes to the consolidated financial statements
for the year ended 31 December 2018 (continued)**

3. Significant accounting policies (continued)

3.4 Business combinations (continued)

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at fair value or, when applicable, on the basis specified in another IFRS.

When the consideration transferred by the Group in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the 'measurement period' (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not measured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured at subsequent reporting dates in accordance with IFRS 9, or IAS 37 Provisions, Contingent Liabilities and Contingent Assets, as appropriate, with the corresponding gain or loss being recognised in profit or loss.

When a business combination is achieved in stages, the Group's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date (i.e. the date when the Group obtains control) and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss where such treatment would be appropriate if that interest were disposed of.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see above), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognised at that date.

3.5 Goodwill

Goodwill arising on acquisition is recognised as an asset and initially measured at cost, being the excess of the cost of the business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised. If, after reassessment, the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities exceeds the cost of the business combination, the excess is recognised immediately in profit and loss.

**Notes to the consolidated financial statements
for the year ended 31 December 2018 (continued)**

3. Significant accounting policies (continued)

3.5 Goodwill (continued)

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in profit or loss in the consolidated statement of income. An impairment loss recognised for goodwill is not reversed in subsequent periods.

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

3.6 Revenue recognition

Change in accounting policy

During the year ended 31 December 2018, the Group has adopted IFRS 15 Revenue from Contracts with Customers. As a result, the Group has changed its accounting policy for revenue recognition as detailed below:

Previous accounting policy

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and other similar allowances.

Sale of goods

Revenue from the sale of goods is recognised when all the following conditions are satisfied:

- the Group has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the Group; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

IFRS 15 Revenue from contracts with customers

IFRS 15 "Revenue from contracts with customers" outlines a single comprehensive model of accounting for revenue arising from contracts with customers and supersedes current revenue recognition guidance found across several Standards and Interpretations within IFRSs. It establishes a new five-step model that will apply to revenue arising from contracts with customers:

**Notes to the consolidated financial statements
for the year ended 31 December 2018 (continued)**

3. Significant accounting policies (continued)

3.6 Revenue recognition (continued)

IFRS 15 Revenue from contracts with customers (continued)

Step 1 Identify the contract with a customer: A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria for each of those rights and obligations.

Step 2 Identify the performance obligations in the contract: A performance obligation in a contract is a promise to transfer a good or service to the customer.

Step 3 Determine the transaction price: Transaction price is the amount of consideration to which the Group expects to be entitled in exchange for transferring the promised goods and services to a customer, excluding amounts collected on behalf of third parties.

Step 4 Allocate the transaction price to the performance obligations in the contract: For a contract that has more than one performance obligation, the Group will allocate the transaction price to each performance obligation in an amount that depicts the consideration to which the Group expects to be entitled in exchange for satisfying each performance obligation.

Step 5 Recognise revenue as and when the entity satisfies a performance obligation.

The Group recognises revenue over time if any one of the following criteria is met:

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

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

When the Group satisfies a performance obligation by delivering the promised goods and services, it creates a contract asset based on the amount of consideration earned by the performance. Where the amount of consideration received from a customer exceeds the amount of revenue recognised, this gives rise to a contract liability.

3.6.1 Sale of goods

Revenue is recognised for the performance obligation when control over the corresponding goods is transferred to the customer. The timing of revenue recognition of this performance obligation will be at a point in time for sale of goods when the goods are delivered to the customer.

**Notes to the consolidated financial statements
for the year ended 31 December 2018 (continued)**

3. Significant accounting policies (continued)

3.6 Revenue recognition (continued)

3.6.2 Dividend and interest income

Dividend income from investments is recognised when the shareholder's right to receive payment has been established.

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the asset's net carrying amount.

3.7 Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee.

Assets held under finance leases are initially recognised as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the consolidated statement of financial position as a finance lease liability.

Lease payments are apportioned between finance expenses and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance expenses are recognised immediately in profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Group's general policy on borrowing costs.

Leases where the lessor retains substantially all the risks and benefits of ownership of the asset are classified as operating leases. Operating lease payments are recognized as an expense on a straight line basis over the shorter of the lease term or the estimated useful life of the asset.

3.8 Foreign currencies

The consolidated financial statements of the Group are presented in the currency of the primary economic environment in which the Group operates (its functional currency). For the purpose of the consolidated financial statements, the results and financial position of each group entity are expressed in Arab Emirates Dirhams ("AED"), which is the functional currency of the Group and the presentation currency for the consolidated financial statements.

In preparing the consolidated financial statements of the Group, transactions in currencies other than the Group's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

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

**Notes to the consolidated financial statements
for the year ended 31 December 2018 (continued)**

3. Significant accounting policies (continued)

3.9 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 specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the year in which they are incurred.

3.10 Employee benefits

3.10.1 Defined contribution plan

U.A.E. national employees of the Group are members of the Government-managed retirement pension and social security benefit scheme pursuant to Federal Labour Law No. 7 of 1999. The Group is required to contribute 12.5% of the "contribution calculation salary" of payroll costs to the retirement benefit scheme to fund the benefits. The employees and the Government contribute 5% and 2.5% of the "contribution calculation salary" respectively, to the scheme. The only obligation of the Group with respect to the retirement pension and social security scheme is to make the specified contributions (12.5%). The contributions are charged to profit or loss.

3.10.2 Annual leave and leave passage

An accrual is made for the estimated liability for employees' entitlement to annual leave and leave passage as a result of services rendered by eligible employees up to the end of the year.

3.10.3 Provision for employees' end of service benefits

Provision is also made for the full amount of end of service benefit due to non-UAE national employees in accordance with the UAE Labour Law and is based on current remuneration and their period of service at the end of the reporting period.

The accrual relating to annual leave and leave passage is disclosed as a current liability, while the provision relating to end of service benefit is disclosed as a non-current liability.

3.11 Property, plant and equipment

Land is carried at cost.

Properties under construction for production or administrative purposes, or for purposes not yet determined, are carried at cost, less any recognised impairment loss. Cost includes professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

**Notes to the consolidated financial statements
for the year ended 31 December 2018 (continued)**

3. Significant accounting policies (continued)

3.11 Property, plant and equipment (continued)

Other property, plant and equipment, are stated at their cost, less any subsequent accumulated depreciation and any subsequent identified impairment losses.

Depreciation is charged so as to write off the cost of assets, other than properties under construction and land, over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis.

Maintenance, renewals and betterments which enhance the economic life of the asset its capacity, improving the quality of output or reducing substantially operating costs are capitalised.

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

The following useful lives are used in the calculation of depreciation:

	<u>Years</u>
Buildings	5 – 20
Plant and machinery	5 – 30
Tools and equipment	10 - 15
Vehicles	10 – 30
Furniture and fixtures	4

3.12 Impairment of tangible assets

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

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

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

**Notes to the consolidated financial statements
for the year ended 31 December 2018 (continued)**

3. Significant accounting policies (continued)

3.12 Impairment of tangible assets (continued)

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

3.13 Inventories

Finished products are stated at the lower of cost and net realisable value. Cost comprises raw materials, wages and industrial costs that contribute in transforming raw materials into finished products. Cost is calculated using the weighted average method.

Products in process are stated at the lower of cost and net realisable value. Cost comprises raw materials, wages and industrial costs that contribute in transforming raw materials into products in process.

Raw materials and consumable spare parts are stated at the lower of cost and net realisable value. Cost is calculated using the weighted average method.

Inventories of bags, fuel and lubricants are stated at the lower of cost and net realisable value. Cost is calculated using the weighted average method.

Net realisable value represents the estimated selling price less all estimated costs to completion and costs to be incurred in marketing, selling and distribution.

3.14 Provisions

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

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

3.15 Financial instruments: Accounting policies applied from 1 January 2018

All financial assets are recognised and derecognised on a trade date where the purchase or sale of a financial asset is under a contract whose terms require delivery of the financial asset within the timeframe established by the market concerned, and are initially measured at fair value, plus transaction costs, except for those financial assets classified as at FVTPL. Transaction costs directly attributable to the acquisition of financial assets classified as at FVTPL are recognised immediately in profit or loss.

**Notes to the consolidated financial statements
for the year ended 31 December 2018 (continued)**

3. Significant accounting policies (continued)

3.15 Financial instruments: Accounting policies applied from 1 January 2018 (continued)

All recognised financial assets that are within the scope of IFRS 9 are required to be subsequently measured at amortised cost or fair value on the basis of the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. Specifically:

- (i) debt instruments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal amount outstanding (SPPI), are subsequently measured at amortised cost;
- (ii) debt instruments that are held within a business model whose objective is both to collect the contractual cash flows and to sell the debt instruments, and that have contractual cash flows that are SPPI, are subsequently measured at fair value through other comprehensive income (FVTOCI);
- (iii) all other debt instruments (e.g. debt instruments managed on a fair value basis, or held for sale) and equity investments are subsequently measured at FVTPL. However, the Group may make the following irrevocable election/designation at initial recognition of a financial asset on an asset-by-asset basis:
 - the Group may irrevocably elect to present subsequent changes in fair value of an equity investment that is neither held for trading nor contingent consideration recognised by an acquirer in a business combination to which IFRS 3 applies, in other comprehensive income (OCI); and
 - the Group may irrevocably designate a debt instrument that meets the amortised cost or FVTOCI criteria as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch (referred to as the fair value option).

Cash and cash equivalents and trade and other receivables

Cash and cash equivalents and trade and other receivables are measured at amortised cost using the effective interest method, less any impairment. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

The effective interest rate (EIR) is the rate that exactly discounts estimated future cash flows of the financial instrument through the expected life of the financial instrument or, where appropriate, a shorter period, to the net carrying amount of the financial asset or financial liability. The future cash flows are estimated taking into account all the contractual terms of the instrument.

The calculation of the EIR includes all fees and points paid or received between parties to the contract that are incremental and directly attributable to the specific lending arrangement, transaction costs, and all other premiums or discounts. For financial assets at FVTPL transaction costs are recognised in profit or loss at initial recognition.

**Notes to the consolidated financial statements
for the year ended 31 December 2018 (continued)**

3. Significant accounting policies (continued)

3.15 Financial instruments: Accounting policies applied from 1 January 2018 (continued)

Equity instruments at FVTOCI

Investments in equity instruments at FVTOCI are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the cumulative changes in fair value of securities reserve. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the investments, but reclassified to retained earnings. The Group has designated all investments in equity instruments that are not held for trading as at FVTOCI.

Dividends on these investments in equity instruments are recognised in profit or loss when the Group's right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment. Other net gains and losses are recognized in OCI and are never reclassified to profit or loss.

Debt instruments at amortised cost or at FVTOCI

The Group assesses the classification and measurement of a financial asset based on the contractual cash flow characteristics of the asset and the Group's business model for managing the asset.

For an asset to be classified and measured at amortised cost or at FVTOCI, its contractual terms should give rise to cash flows that are solely payments of principal and interest on the principal outstanding (SPPI).

At initial recognition of a financial asset, the Group determines whether newly recognised financial assets are part of an existing business model or whether they reflect the commencement of a new business model. The Group reassess its business models each reporting period to determine whether the business models have changed since the preceding period. For the current and prior reporting period the Group has not identified a change in its business models.

When a debt instrument measured at FVTOCI is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss. In contrast, for an equity investment designated as measured at FVTOCI, the cumulative gain/loss previously recognised in OCI is not subsequently reclassified to profit or loss but transferred within equity.

Debt instruments that are subsequently measured at amortised cost or at FVTOCI are subject to impairment.

Financial assets at FVTPL

Financial assets at FVTPL are:

- (i) assets with contractual cash flows that are not SPPI; or/and
- (ii) assets that are held in a business model other than held to collect contractual cash flows or held to collect and sell; or
- (iii) assets designated at FVTPL using the fair value option.

These assets are measured at fair value, with any gains/losses arising on remeasurement recognised in profit or loss.

**Notes to the consolidated financial statements
for the year ended 31 December 2018 (continued)**

3. Significant accounting policies (continued)

3.15 Financial instruments: Accounting policies applied from 1 January 2018 (continued)

Financial assets at FVTPL (continued)

Fair value option: A financial instrument with a reliably measurable fair value can be designated as FVTPL (the fair value option) on its initial recognition even if the financial instrument was not acquired or incurred principally for the purpose of selling or repurchasing. The fair value option can be used for financial assets if it eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise from measuring assets or liabilities, or recognizing related gains and losses on a different basis (an "accounting mismatch").

Reclassifications

If the business model under which the Group holds financial assets changes, the financial assets affected are reclassified. The classification and measurement requirements related to the new category apply prospectively from the first day of the first reporting period following the change in business model that results in reclassifying the Group's financial assets. During the current financial year and previous accounting period, there was no change in the business model under which the Group holds financial assets and therefore no reclassifications were made.

Impairment

IFRS 9 replaces the 'incurred loss' model in IAS 39 with an expected credit loss model (ECLs). The Group recognises loss allowances for expected credit losses on the following financial instruments that are not measured at FVTPL:

- Cash and cash equivalents; and
- Trade and other receivables.

With the exception of purchased or originated credit impaired (POCI) financial assets (which are considered separately below), ECLs are required to be measured through a loss allowance at an amount equal to:

- 12-month ECL, i.e. loss allowance at an amount equal to 12 month ECL at the current reporting date, (referred to as Stage 1); or
- full lifetime ECL, i.e. lifetime ECL that result from all possible default events over the life of the financial instrument, (referred to as Stage 2 and Stage 3).
- A loss allowance for full lifetime ECL is required for a financial instrument if the credit risk on that financial instrument has increased significantly since initial recognition. For all other financial instruments, ECLs are measured at an amount equal to the 12-month ECL.

ECLs are a probability-weighted estimate of the present value of credit losses. These are measured as the present value of the difference between the cash flows due to the Group under the contract and the cash flows that the Group expects to receive arising from the weighting of multiple future economic scenarios, discounted at the asset's EIR.

The Group has elected to measure loss allowance for cash and bank balances and trade and other receivables at an amount equal to life time ECLs.

**Notes to the consolidated financial statements
for the year ended 31 December 2018 (continued)**

3. Significant accounting policies (continued)

3.15 Financial instruments: Accounting policies applied from 1 January 2018 (continued)

Impairment (continued)

Loss allowance for financial investments measured at amortised costs are deducted from gross carrying amount of assets. For debt securities at FVTOCI, the loss allowance is recognized in the OCI, instead of reducing the carrying amount of the asset.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue costs or effort. This includes both quantitative and qualitative information and analysis, based on Group's historical experience and informed credit assessment and including forward-looking information.

For certain categories of financial asset, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio as well as observable changes in national or local economic conditions that correlate with default on receivables.

Impairment losses related to cash and cash equivalents and trade and other receivables are presented separately in the consolidated statement of income and other comprehensive income.

The Group considers a debt security to have low credit risk when its credit risk rating is equivalent to the globally understood definition of investment.

Measurement of ECL

The Group employs statistical models for ECL calculations. ECLs are a probability-weighted estimate of credit losses. For measuring ECL under IFRS 9, the key input would be the term structure of the following variables:

- probability of default (PD);
- loss given default (LGD); and
- exposure at default (EAD).

These parameters will be derived from the Group's internally developed statistical models and other historical data. They will be adjusted to reflect forward-looking information.

Credit-impaired financial assets

A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Credit-impaired financial assets are referred to as Stage 3 assets. At each reporting date, the Group assesses whether financial assets carried at amortised costs and debt securities at FVTOCI are credit-impaired. A financial asset is credit impaired when one or more events that have a detrimental impact in the estimated future cash flows of the financial asset have occurred.

**Notes to the consolidated financial statements
for the year ended 31 December 2018 (continued)**

3. Significant accounting policies (continued)

3.15 Financial instruments: Accounting policies applied from 1 January 2018 (continued)

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset measured at amortised cost or measured at FVTPL, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

On derecognition of a financial asset that is classified as FVTOCI, the cumulative gain or loss previously accumulated in the cumulative changes in fair value of securities reserve is not reclassified to profit or loss, but is reclassified to retained earnings.

Presentation of allowance for ECL in the consolidated financial statements

Loss allowances for ECL are presented in the consolidated financial statements as follows:

- for financial assets measured at amortised cost (trade and other receivables and cash and cash equivalents): as a deduction from the gross carrying amount of the assets;
- for debt instruments measured at FVTOCI: no loss allowance is recognised in the consolidated statement of financial position as the carrying amount is at fair value. However, the loss allowance is included as part of the revaluation amount in revaluation reserve and recognised in other comprehensive income;

The following table reconciles the original measurement categories and carrying amounts in accordance with IAS 39 and the new measurement categories with those under IFRS 9 for the Group's financial assets as at 1 January 2018.

	Original classification under IAS 39	New classification under IFRS 9	Original carrying amount under IAS 39 AED	New carrying amount under IFRS 9 AED
Financial assets				
Cash and cash equivalents (a)	Loans and receivables	Amortised cost	33,345,935	33,345,935
Trade and other receivables (a)	Loans and receivables	Amortised cost	63,073,725	63,073,725
Investments designated at FVTOCI (b)	AFS - equity	FVTOCI - equity	260,023,072	260,023,072
Investments designated at FVTPL (c)	AFS - equity	FVTPL	48,185,055	48,185,055

**Notes to the consolidated financial statements
for the year ended 31 December 2018 (continued)**

3. Significant accounting policies (continued)

3.15 Financial instruments: Accounting policies applied from 1 January 2018 (continued)

Presentation of allowance for ECL in the consolidated financial statements (continued)

- (a) Cash and cash equivalents and trade and others receivables that were classified as loans and receivables under IAS 39 are now classified as amortised cost. No increase in the allowance for impairment over these receivables was recognized at 1 January 2018 on adoption of IFRS 9.
- (b) Investments designated at fair value through other comprehensive income (FVTOCI) represent investments that the Group intends to hold for the long term for strategic purposes. As permitted by IFRS 9, the Group has designated these investments at the date of initial application as measured at FVTOCI. Unlike IAS 39, the cumulative changes in fair value related to these investments will never be reclassified to profit or loss.
- (c) Investments designated at fair value through profit or loss (FVTPL) represent investments that the Group intends to hold for the short term purposes. As permitted by IFRS 9, the Group has designated these investments at the date of initial application as measured at FVTPL.

3.16 Financial instruments: Accounting policies applied until 31 December 2017

All financial assets are recognised and derecognised on trade date where the purchase or sale of a financial asset is under a contract whose terms require delivery of the financial asset within the timeframe established by the market concerned, and are initially measured at fair value, plus transaction costs, except for those financial assets classified as at fair value through profit or loss (FVTPL), which are initially measured at fair value.

Financial assets of the Group are classified into the following specified categories: bank balances and cash, investments carried at fair value through other comprehensive income (FVTOCI) and 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset, or, where appropriate, a shorter period to the net carrying amount on initial recognition.

Income is recognised on an effective interest basis for financial assets other than those financial assets classified as at FVTPL.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

**Notes to the consolidated financial statements
for the year ended 31 December 2018 (continued)**

3. Significant accounting policies (continued)

3.16 Financial instruments: accounting policies applied until 31 December 2017 (continued)

Financial assets at FVTOCI

At initial recognition, the Group can make an irrevocable election (on an instrument-by-instrument basis) to designate investments in equity instruments as at FVTOCI. Designation at FVTOCI is not permitted if the equity investment is held for trading.

A financial asset is 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 Group manages together and has evidence of a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument or a financial guarantee.

Investments in equity instruments at FVTOCI are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the cumulative changes in fair value reserve. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the investments.

The Group has designated all investments in equity instruments that are not held for trading as at FVTOCI.

Dividends on these investments in equity instruments are recognised in profit or loss when the Group's right to receive the dividends is established in accordance with IAS 18 Revenue, unless the dividends clearly represent a recovery of part of the cost of the investment.

Financial assets at FVTPL

Investments in equity instruments are classified as at FVTPL, unless the Group designates an investment that is not held for trading as at fair value through other comprehensive income (FVTOCI) on initial recognition.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any gains or losses arising on remeasurement recognised in profit or loss.

Dividend income on investments in equity instruments at FVTPL is recognised in profit or loss when the Group's right to receive the dividends is established in accordance with IAS 18 Revenue.

Loans and receivables

Loans and receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are initially measured at fair value, plus transaction costs and subsequently measured at amortised cost using the effective interest method, less any impairment. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

**Notes to the consolidated financial statements
for the year ended 31 December 2018 (continued)**

3. Significant accounting policies (continued)

3.16 Financial instruments: accounting policies applied until 31 December 2017 (continued)

Impairment of financial assets

Financial assets, are assessed for indicators of impairment at the end of each reporting period. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the asset have been affected.

For certain categories of financial asset, such as trade receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio, as well as observable changes in national or local economic conditions that correlate with default on receivables.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the financial asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire; or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay.

3.17 Financial liabilities and equity instruments issued by the Group

3.17.1 Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

**Notes to the consolidated financial statements
for the year ended 31 December 2018 (continued)**

3. Significant accounting policies (continued)

3.17 Financial liabilities and equity instruments issued by the Group (continued)

3.17.2 Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recorded at the proceeds received, net of direct issue costs.

3.18 Dividend distribution

Dividend distribution to the Shareholders is recognised as liability in the consolidated financial statements in the period in which the dividends are approved by the Shareholders.

4. Critical accounting judgements and key sources of estimation uncertainty

In the application of the Group's accounting policies, which are described in Note 3 to these consolidated financial statements, 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.

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. The significant judgements and estimates made by management that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are described below:

4.1 Critical judgments in applying accounting policies

4.1.1 Classification of investments

Management designates at the time of acquisition of securities whether these should be classified as at FVTOCI or FVTPL. In judging whether investments in securities are as at FVTOCI or FVTPL, management has considered the detailed criteria for determination of such classification as set out IFRS 9 Financial Instruments. Management is satisfied that its investments in securities are appropriately classified.

**Notes to the consolidated financial statements
for the year ended 31 December 2018 (continued)**

4. Critical accounting judgements and key sources of estimation uncertainty (continued)

4.1 Critical judgments in applying accounting policies (continued)

4.1.2 Business model assessment

Classification and measurement of financial assets depends on the results of the SPPI and the business model test. The Group determines the business model at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. This assessment includes judgment reflecting all relevant evidence including how the performance of the assets is evaluated and their performance measured, the risks that affect the performance of the assets and how these are managed and how the managers of the assets are compensated. Monitoring is part of the Group's continuous assessment of whether the business model for which the remaining financial assets are held continues to be appropriate and if it is not appropriate whether there has been a change in business model and so a prospective change to the classification of those assets.

4.1.3 Significant increase in credit risk

As explained in note 3, ECL are measured as an allowance equal to lifetime ECL for assets. IFRS 9 does not define what constitutes a significant increase in credit risk. In assessing whether the credit risk of an asset has significantly increased the Group takes into account qualitative and quantitative reasonable and supportable forward looking information.

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

4.2 Key sources of estimation uncertainty

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

4.2.1 Calculation of loss allowance

When measuring ECL the Group uses reasonable and supportable forward looking information, which is based on assumptions for the future movement of different economic drivers and how these drivers will affect each other. Loss given default is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, taking into account cash flows from collateral and integral credit enhancements. Probability of default constitutes a key input in measuring ECL. Probability of default is an estimate of the likelihood of default over a given time horizon, the calculation of which includes historical data, assumptions and expectations of future conditions.

**Notes to the consolidated financial statements
for the year ended 31 December 2018 (continued)**

4. Critical accounting judgements and key sources of estimation uncertainty (continued)

4.2 Key sources of estimation uncertainty (continued)

An estimate of the collectible amount of trade receivables, as per IAS 39, is made when collection of the full amount is no longer probable. This determination of whether these trade receivables are impaired, entails the Group evaluating, the credit and liquidity position of the customers, historical recovery rates and collateral requirements from certain customers in certain circumstances. The difference between the estimated collectible amount and the carrying amount is recognised as an expense in the profit or loss. Any difference between the amounts actually collected in the future periods and the amounts expected will be recognised in the profit or loss at the time of collection.

4.2.2 Inventories

Inventories are stated at the lower of cost or net realizable value. Adjustments to reduce the cost of inventory to its realisable value, if required, are made at the product group level for estimated excess, obsolescence or impaired balances. Factors influencing these adjustments include changes in demand, product pricing, physical deterioration and quality issues. Based on the above factors, the Group 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.

4.2.3 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, the repair and maintenance program and technological obsolescence arising from changes and the residual value. The management has not considered any residual value of the property, plant and equipment as it is deemed immaterial.

Notes to the consolidated financial statements
for the year ended 31 December 2018 (continued)

5. Property, plant and equipment

	Land and buildings AED	Plant and machinery AED	Tools and equipment AED	Vehicles AED	Furniture and fixtures AED	Properties under construction AED	Total AED
<i>Cost</i>							
At 31 December 2016	49,232,992	576,727,239	14,311,280	30,884,093	3,009,592	125,151,099	799,316,295
Additions	389,392	2,592,613	47,687	557,500	437,249	12,549,239	16,573,680
Disposals	-	-	-	(643,000)	-	-	(643,000)
Transfers	-	137,700,338	-	-	-	(137,700,338)	-
At 31 December 2017	49,622,384	717,020,190	14,358,967	30,798,593	3,446,841	-	815,246,975
Additions	-	6,043,013	33,138	324,571	336,204	1,000,087	7,737,013
Disposals	-	-	-	(1,028,297)	-	-	(1,028,297)
At 31 December 2018	49,622,384	723,063,203	14,392,105	30,094,867	3,783,045	1,000,087	821,955,691
<i>Accumulated depreciation</i>							
At 31 December 2016	7,927,907	150,071,391	10,421,369	23,037,147	2,011,620	-	193,469,434
Charge for the year	1,583,550	29,910,583	598,816	2,316,173	245,783	-	34,654,905
Eliminated on disposals	-	-	-	(500,046)	-	-	(500,046)
At 31 December 2017	9,511,457	179,981,974	11,020,185	24,853,274	2,257,403	-	227,624,293
Charge for the year	1,567,058	28,784,704	535,884	2,245,179	277,984	-	33,410,809
Eliminated on disposals	-	-	-	(1,015,846)	-	-	(1,015,846)
At 31 December 2018	11,078,515	208,766,678	11,556,069	26,082,607	2,535,387	-	260,019,256
<i>Carrying amount</i>							
At 31 December 2018	38,543,869	514,296,525	2,836,036	4,012,260	1,247,658	1,000,087	561,936,435
At 31 December 2017	40,110,927	537,038,216	3,338,782	5,945,319	1,189,438	-	587,622,682

**Notes to the consolidated financial statements
for the year ended 31 December 2018 (continued)**

5. Property, plant and equipment (continued)

At 31 December 2018, the cost of fully depreciated property, plant and equipment that was still in use amounted to AED 54,839,933 (2017: AED 49,664,195).

Property under construction mainly represents expenditure incurred on the construction of the pet coke project.

Property, plant and equipment having a carrying amount of AED 30.82 million (2017: AED 50.82 million) is mortgaged to a bank against credit facilities provided to the Group (Note 13).

Plots of land on which, clinker and lime production facilities, administrative office buildings are constructed are situated in Ras Al Khaimah and owned by the Group.

Borrowing costs on funds specifically borrowed for obtaining the qualifying assets amounting to AED Nil have been capitalised during the current year (2017: AED 567,470).

6. Investments in securities

(i) Investments carried at fair value through other comprehensive income (FVTOCI)

	2018 AED	2017 AED
Quoted – at fair value	239,436,260	260,023,072
In U.A.E.	139,415,987	183,810,182
In other countries	100,020,273	76,212,890
	239,436,260	260,023,072

**Notes to the consolidated financial statements
for the year ended 31 December 2018 (continued)**

6. Investments in securities (continued)

(ii) Investments carried at fair value through profit or loss (FVTPL)

	2018 AED	2017 AED
Quoted – at fair value	32,621,996	48,185,055
In U.A.E	21,812,703	39,705,390
In other GCC countries	10,809,293	8,479,665
	32,621,996	48,185,055

Movements in investments were as follows:

	2018 AED	2017 AED
Fair value at the beginning of the year	308,208,127	371,846,928
Purchased during the year	36,127,856	33,100,949
Disposal during the year	(58,598,294)	(27,194,178)
Decrease in fair value of investments carried at FVTOCI	(10,864,057)	(66,437,405)
Unrealised loss on investments carried at FVTPL	(2,815,376)	(3,108,167)
	272,058,256	308,208,127

Investment in securities with a fair value of AED 146,169,712 (2017: AED 198,132,105) are pledged to the bank against credit facilities granted to the Group (Note 13).

Pursuant to SCA letter ref. no SHS/KH/411/2018 dated 9 July 2018, the Group confirms that it does not have any direct or indirect investments in Abraaj Holdings, Abraaj Investment Management Limited and/or its related funds or projects.

**Notes to the consolidated financial statements
for the year ended 31 December 2018 (continued)**

7. Inventories

	2018 AED	2017 AED
Finished goods	13,888,106	16,105,671
Raw materials	5,835,137	3,012,294
Work in progress	75,023,736	57,870,708
Bags, fuel and lubricants	9,832,441	9,066,644
	<u>104,579,420</u>	<u>86,055,317</u>
Spare parts - maintenance department	29,221,827	28,093,547
Allowance for slow-moving inventories	(6,889,633)	(6,889,633)
	<u>22,332,194</u>	<u>21,203,914</u>
Goods in transit	25,853	18,347
	<u>126,937,467</u>	<u>107,277,578</u>

8. Trade and other receivables

	2018 AED	2017 AED
Trade receivables	44,582,165	63,073,725
Loss allowance	(2,249,190)	(2,264,564)
	<u>42,332,975</u>	<u>60,809,161</u>
Advances to suppliers	4,669,148	2,566,502
Prepaid expenses and other receivables	3,069,827	2,689,091
	<u>50,071,950</u>	<u>66,064,754</u>

Analysis of trade receivables are set out below:

	2018 AED	2017 AED
Secured against unconditional bank guarantees	14,678,157	39,643,644
Secured against letters of credit	11,963,149	6,572,962
Open credit	17,940,859	16,857,119
	<u>44,582,165</u>	<u>63,073,725</u>

**Notes to the consolidated financial statements
for the year ended 31 December 2018 (continued)**

8. Trade and other receivables (continued)

The average credit period on sales of goods is 90 days. No interest is charged on outstanding receivables.

Before accepting new customers, the Group generally obtains bank guarantees or letter of credit from the potential customers. Of the total trade and other receivables balance at the end of the year, AED 19 million representing 42% of the trade receivables (2017: AED 20 million representing 32% of the trade receivables) are due from the Group's 5 (2017: 3) major customers.

The Group measures the loss allowance for trade receivables at an amount equal to life time ECL. The expected credit losses on trade receivables are estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date. The Group has recognized a loss allowance of 100% amounting to AED 2,249,190 as on 31 December 2018 (2017: AED 2,264,564) against specifically identified unsecured receivables over 365 days past due because historical experience has indicated that these receivables are generally not recoverable. The ECL rate used for receivables less than 365 days is 1.41% (1 January 2018: 3%). There has been no change in the estimation techniques or significant assumptions made during the current reporting period.

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

As the Group's historical credit loss experience does not show significantly different loss patterns for different customer segments, the provision for loss allowance based on past due status is not further distinguished between the Group's different customer base.

The following table shows the movement in loss allowance that has been recognized for trade and other receivables in accordance with the simplified approach set out in IFRS 9.

	2018 AED	2017 AED
Balance at the beginning of the year	2,264,564	2,265,110
Reversal during the year	(15,374)	(546)
	<hr/>	<hr/>
Balance at 31 December 2018	2,249,190	2,264,564
	<hr/>	<hr/>

**Notes to the consolidated financial statements
for the year ended 31 December 2018 (continued)**

8. Trade and other receivables (continued)

Ageing of trade receivables are as follows:

	2018 AED	2017 AED
91 – 365 days	1,688,752	4,133,811
Above 365 days	1,879,563	2,611,361

9. Cash and cash equivalents

	2018 AED	2017 AED
Cash on hand	134,972	111,827
Portfolio accounts	1,427,428	373,468
	<u>1,562,400</u>	<u>485,295</u>
Bank balances:		
Current accounts	11,589,069	10,832,868
Call deposits	5,936,294	8,017,772
Fixed deposits	-	14,010,000
	<u>17,525,363</u>	<u>32,860,640</u>
Cash and cash equivalents	<u>19,087,763</u>	<u>33,345,935</u>
Bank balances and cash:		
In U.A.E.	16,137,443	31,887,945
In other GCC countries	2,950,320	1,457,990
	<u>19,087,763</u>	<u>33,345,935</u>

**Notes to the consolidated financial statements
for the year ended 31 December 2018 (continued)**

10. Share capital

	2018 AED	2017 AED
Issued and fully paid:		
500,157,000 ordinary shares of AED 1 each		
(31 December 2017: 500,157,000 ordinary shares of AED 1 each)	500,157,000	500,157,000

11. Reserves

In accordance with the UAE Federal Law No. (2) of 2015 and the Company's Articles of Association, 10% of the profit for each year is transferred to the statutory reserve and another 10% to the voluntary reserve. The transfer to statutory reserve is suspended when its balance reaches 50% of the paid-up share capital. Statutory reserve is not available for distribution except as stipulated by the Law. The transfer to voluntary reserve may be suspended by the ordinary general assembly at the recommendation of the Board of Directors or when it reaches 20% of the Company's paid-up share capital. As at reporting date, voluntary reserve balance reached 20% of the Company's paid-up share capital. Accordingly, any further transfer from profit to voluntary reserve is suspended.

	Statutory reserve AED	Voluntary reserve AED	Total AED
Balance at 31 December 2016	105,155,219	96,542,135	201,697,354
Movement during the year	3,041,820	3,041,820	6,083,640
Balance at 31 December 2017	108,197,039	99,583,955	207,780,994
Movement during the year	1,300,022	447,445	1,747,467
Balance at 31 December 2018	109,497,061	100,031,400	209,528,461

12. Provision for employees' end of service indemnity

Movements in the net liability were as follows:

	2018 AED	2017 AED
Balance at the beginning of the year	8,884,393	8,702,681
Amounts charged during the year	1,370,627	883,991
Amounts paid during the year	(987,689)	(702,279)
Balance at the end of the year	9,267,331	8,884,393

**Notes to the consolidated financial statements
for the year ended 31 December 2018 (continued)**

13. Bank borrowings

	2018 AED	2017 AED
Loans	155,233,608	217,873,070
Bank borrowings are repayable as follows:		
Within one year	45,666,039	51,285,784
In second to fifth year	108,645,020	155,966,335
After five years	922,549	10,620,951
	155,233,608	217,873,070
Less: Amount due for settlement within 12 months from the reporting date (shown under current liabilities)	(45,666,039)	(51,285,784)
Amount due for settlement after 12 months from the reporting date (shown under non-current liabilities)	109,567,569	166,587,286

- Long term loans include the following:

- a) An amount of AED 80,000,000 was obtained to finance 80% of the value of the installation and erection of the new pet coke conversion project and carries interest at 3 month EIBOR plus 2% margin. The loan will be repaid in 5 years on a quarterly installment, with a grace period of 1 year that commenced on 30 June 2015. As at 31 December 2018 the outstanding amount of the loan amounted to AED 30,823,199 (2017: AED 50,823,199).
- b) An amount of AED 210,000,000 was obtained to convert outstanding short term liabilities and suppliers' dues into medium term finance and carries interest at 3 month EIBOR plus 2% margin. The loan will be repaid in 8 years by quarterly installments, with a grace period of 1 year that commenced on 25 February 2015. As at 31 December 2018 the outstanding amount of the loan amounted to AED 107,410,409 (2017: AED 167,049,871).
- c) In 2018, an amount of AED 40,000,000 was obtained for Group's general requirements and carries interest at 3 month EIBOR plus 2% margin. The loan will be repaid in 1 year on a quarterly installment. As at 31 December 2018, the outstanding amount of the loan amounted to AED 17,000,000 (2017: Nil).

Property, plant and equipment items having a carrying amount of AED 30.82 million (2017: AED 50.82 million) are pledged to a bank against above facilities granted by the bank until the end of facilities term or full settlement of the above credit facilities. In addition, bank borrowings are secured by a pledge over investments in securities with a fair value of AED 146,169,712 (2017: AED 198,132,105).

**Notes to the consolidated financial statements
for the year ended 31 December 2018 (continued)**

14. Trade and other payables

	2018 AED	2017 AED
Trade payables	35,425,966	34,950,216
Dividend payable	41,964,372	41,300,555
Advances from customers	1,341,884	1,868,333
Accrued expenses and other payables	31,630,154	29,713,371
	<u>110,362,376</u>	<u>107,832,475</u>

The average credit period on purchase of goods is 90 days (2017: 90 days). The Group has financial risk management policies in place to ensure that all payables are paid within the credit period time frame.

15. Revenue

An analysis of the Group's revenue is as follows:

	2018 AED	2017 AED
Local sales	111,314,464	115,954,063
Export sales	116,795,953	137,220,853
	<u>228,110,417</u>	<u>253,174,916</u>

Revenue includes AED 68.42 million - 30% from 5 customers (2017: AED 86.88 million – 34%, from 5 customers).

16. Cost of sales

	2018 AED	2017 AED
Raw material used in production	47,352,994	47,939,431
Spare parts and consumables used in production	9,411,338	8,897,963
Fuel, electricity and water	81,286,285	75,395,802
Payroll and related expenses	23,487,921	24,380,042
Other direct operating expenses	17,038,344	15,299,920
Depreciation of property, plant and equipment	32,676,821	33,954,239
	<u>211,253,703</u>	<u>205,867,397</u>
Total manufacturing costs	211,253,703	205,867,397
(Increase)/decrease in inventory of finished and work in progress	(14,935,463)	330,793
	<u>196,318,240</u>	<u>206,198,190</u>

**Notes to the consolidated financial statements
for the year ended 31 December 2018 (continued)**

17. Selling, general and administrative expenses

	2018 AED	2017 AED
Payroll and related expenses	14,258,684	14,374,218
Depreciation of property, plant and equipment	733,988	700,666
Others	11,321,514	12,035,603
	<u>26,314,186</u>	<u>27,110,487</u>

18. Investment income

	2018 AED	2017 AED
Unrealised loss on revaluation of investments carried at FVTPL	(2,815,376)	(3,108,167)
Dividend income	13,445,000	10,752,683
Interest income	26,297	30,620
Realised (loss)/gain on sale of investments carried at FVTPL	(803,238)	287,780
	<u>9,852,683</u>	<u>7,962,916</u>

19. Other income

	2018 AED	2017 AED
Gain on disposal of property, plant and equipment	172,353	70,347
Gain on reversal of liability	5,142,230	9,099,503
Others	188,878	808,522
	<u>5,503,461</u>	<u>9,978,372</u>

**Notes to the consolidated financial statements
for the year ended 31 December 2018 (continued)**

20. Basic earnings per share

	2018	2017
Profit for the year (in AED)	13,000,224	30,418,201
Number of shares	500,157,000	500,157,000
Basic earnings per share (in AED)	0.03	0.06

There were no potentially dilutive shares as at 31 December 2018 and 31 December 2017.

21. Related party transactions

The Group enters into transactions with companies and entities that fall within the definition of a related party as contained in International Accounting Standard No. 24: Related Party Disclosures. Related parties comprise companies and entities under common ownership and/or common management and control, their partners and key management personnel. Management decides on the terms and conditions of the transactions and services received/rendered from/to related parties as well as on other charges. Balances and transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this note.

During the year ended 31 December 2018, there were no transactions with related parties other than the below disclosed transactions (2017: Nil).

Compensation of key management personnel:

	2018 AED	2017 AED
Board of Directors' remuneration	1,500,000	2,200,000
Short term benefits	628,196	551,976

22. Dividends

At the Board meeting held on 2 March 2019, the Board of Directors proposed a cash dividend of 5% amounting to AED 25.01 million in respect of the year ended 31 December 2018 (2017: cash dividend 5% amounting to AED 25.01 million). It has also been proposed that the Board of Directors' remunerations for the year ended 31 December 2018 to be AED 1.04 million (2017: AED 1.5 million).

The above is subject to the approval by the Shareholders at the Annual General Meeting and has not been included as a liability in these consolidated financial statements.

**Notes to the consolidated financial statements
for the year ended 31 December 2018 (continued)**

23. Commitments and contingent liabilities

	2018 AED	2017 AED
Letters of credit	342,323	651,016
Letters of guarantee	66,700	66,700
Commitments for the acquisition of property, plant and equipment	-	4,961,250

24. Capital risk management

The Group manages its capital to ensure that the Group entities will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debts and equity balance.

The capital structure of the Group consists of bank borrowings, bank balances and cash and equity, comprising issued capital, reserves and retained earnings.

The Group reviews the capital structure on a semi-annual basis. As part of this review, the Group considers the cost of capital and the risks associated with capital. The Group does not have a formalised optimal target capital structure or target ratios in connection with its capital risk management objective.

25. Financial instruments

The Group is exposed to a range of financial risks through its financial assets and financial liabilities. In particular, the key financial risk is that in the long-term its investment proceeds are not sufficient to fund the obligations arising from its investment contracts. The most important components of this financial risk are interest rate risk, equity price risk, foreign currency risk and credit risk.

These risks arise from open positions in interest rate, currency and equity products, all of which are exposed to general and specific market movements. The risks that the Group primarily faces due to the nature of its investments and financial liabilities are interest rate risk and equity price risk.

25.1 Significant accounting policies

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in note 3 to the consolidated financial statements.

**Notes to the consolidated financial statements
for the year ended 31 December 2018 (continued)**

25. Financial instruments (continued)

25.2 Categories of financial instruments

	2018 AED	2017 AED
Financial assets		
At amortised cost	61,420,738	94,155,096
At fair value	272,058,256	308,208,127
	<u>333,478,994</u>	<u>402,363,223</u>
 Financial liabilities		
At amortised cost	264,254,100	323,837,212

25.3 Market risk

The Group's activities expose it primarily to the financial risks of changes in foreign currency exchange rates, interest rates and equity price risk.

Market risk exposures are measured using sensitivity analysis.

There has been no change to the Group's exposure to market risks or the manner in which it manages and measures the risk.

25.4 Foreign currency risk management

The Group undertakes certain transactions denominated in foreign currencies. Hence, exposures to exchange rate fluctuations arise.

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

	Liabilities		Assets	
	2018 AED	2017 AED	2018 AED	2017 AED
US Dollars	550,504	339,831	25,160,859	25,367,997
Kuwaiti Dinar	-	-	100,814,216	77,120,853
Euro	57,079	113,142	26,877	135,637
JPY	57,075	3,824	-	-
SAR	-	237,848	10,161,939	7,221,527
QAR	-	-	931,818	1,283,399

**Notes to the consolidated financial statements
for the year ended 31 December 2018 (continued)**

25. Financial instruments (continued)

25.5 Foreign currency sensitivity analysis

The Group is mainly exposed to United States Dollars (USD), Kuwaiti Dinar, Saudi Riyal and Qatari Riyal. Based on the sensitivity analysis to a 10% increase or decrease in the AED against Kuwaiti Dinar, Saudi Riyal and Qatari Riyal the Group's profit for the year ended 31 December 2018 and equity as of and 31 December 2018 would have increased or decreased by approximately AED 11.2 million (2017: AED 8.5 million). There is no impact on USD because AED is pegged to USD and the Group has no material exposure against Euro and Japanese Yen. 10% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 10% change in foreign currency rates.

25.6 Interest rate risk management

The Group's exposure to interest rate risk is limited to fixed deposits and call deposits with banks at floating interest rates and borrowings from banks at floating rates of interest linked to LIBOR. At 31 December 2018, bank fixed and call deposits carried an interest rate in the range of 0.10% to 0.40% per annum (31 December 2017: 0.10% to 0.40% per annum) and bank loans carried an interest rate in the range of 4.3% to 4.66% per annum (31 December 2017: 2.2% to 3.80% per annum).

If interest rates had been 50 basis points higher/lower throughout the year and all other variables were held constant, the Group's profit for the year ended 31 December 2018 and equity as at 31 December 2018 would have decreased/increased by approximately AED 0.75 million (2017: decrease/increase by AED 0.98 million).

25.7 Credit risk management

Credit risk refers to the risk that a counter party will default on its contractual obligations resulting in financial loss to the Group. The Group has adopted a policy of only dealing with creditworthy counterparties as a means of mitigating the risk of financial loss from defaults. The Group's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties. Credit exposure is controlled by counterparty limits that are reviewed and approved by the management annually.

The credit risk associated with the Group's trade receivables is considered limited as the Group holds receivables amounting to AED 26.6 million (2017: AED 46.2 million) fully covered by unconditional bank guarantees and letters of credit to secure the collectability of these trade receivables. Ongoing credit evaluation is performed on the financial condition of trade receivable.

**Notes to the consolidated financial statements
for the year ended 31 December 2018 (continued)**

25. Financial instruments (continued)

25.7 Credit risk management (continued)

Credit risk with respect to concentration of trade receivables by geographical area is as follows:

	2018 AED	2017 AED
United Arab Emirates	22,458,317	17,386,716
Other Gulf Cooperation Council countries	10,974,364	35,732,549
Other countries	11,149,484	9,954,460
	<hr/> 44,582,165 <hr/>	<hr/> 63,073,725 <hr/>

At the reporting date, 5 customers accounted for 42% of total outstanding trade receivables (2017: 3 customers, 32%).

The credit risk on liquid funds is limited because the counter parties are banks registered in the U.A.E.

25.8 Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the board of directors, which has built an appropriate liquidity risk management framework for the management of the Group's short, medium and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

**Notes to the consolidated financial statements
for the year ended 31 December 2018 (continued)**

25. Financial instruments (continued)

25.8 Liquidity risk management (continued)

The table below summarises the maturity profile of the Group's financial instruments. The contractual maturities of the financial instruments have been determined on the basis of the remaining period at the reporting date to the contractual maturity date. The maturity profile is monitored by management to ensure that adequate liquidity is maintained. The maturity profile of the assets and liabilities at the reporting date based on contractual repayment arrangements was as follows:

31 December 2018

	Less than 30 days	31-120 days	121-360 days	After 360 days	Total
	AED	AED	AED	AED	AED
Financial assets					
Investments at FVTOCI	-	-	-	239,436,260	239,436,260
Trade and other receivables	7,093,944	35,239,031	-	-	42,332,975
Investments at FVTPL	32,621,996	-	-	-	32,621,996
Bank balances and cash	19,087,763	-	-	-	19,087,763
	<u>58,803,703</u>	<u>35,239,031</u>	<u>-</u>	<u>239,436,260</u>	<u>333,478,994</u>
Financial liabilities					
Trade and other payables	79,113,497	29,906,995	-	-	109,020,492
Bank borrowings	7,895,376	9,645,376	28,125,287	109,567,569	155,233,608
	<u>87,008,873</u>	<u>39,552,371</u>	<u>28,125,287</u>	<u>109,567,569</u>	<u>264,254,100</u>

**Notes to the consolidated financial statements
for the year ended 31 December 2018 (continued)**

25. Financial instruments (continued)

25.8 Liquidity risk management (continued)

31 December 2017

	Less than 30 days	31-120 days	121-360 days	After 360 days	Total
	AED	AED	AED	AED	AED
Financial assets					
Investments at FVTOCI	-	-	-	260,023,072	260,023,072
Trade and other Receivables	22,311,814	25,509,370	12,987,977	-	60,809,161
Investments at FVTPL	48,185,055	-	-	-	48,185,055
Bank balances and Cash	33,345,935	-	-	-	33,345,935
	<u>103,842,804</u>	<u>25,509,370</u>	<u>12,987,977</u>	<u>260,023,072</u>	<u>402,363,223</u>
Financial liabilities					
Trade and other payables	71,013,926	34,950,216	-	-	105,964,142
Bank borrowings	5,750,446	12,821,446	32,713,892	166,587,286	217,873,070
	<u>76,764,372</u>	<u>47,771,662</u>	<u>32,713,892</u>	<u>166,587,286</u>	<u>323,837,212</u>

25.9 Equity price risk

Sensitivity analysis

At the reporting date if the equity prices are 20% higher/lower as per the assumptions mentioned below and all the other variables were held constant, the Group's consolidated statements of income and comprehensive income would have increased/decreased by AED 6.5 million and by AED 47.9 million respectively (2017: AED 9.6 million and by AED 52 million respectively).

**Notes to the consolidated financial statements
for the year ended 31 December 2018 (continued)**

25. Financial instruments (continued)

25.9 Equity price risk (continued)

Method and assumptions for sensitivity analysis

- The sensitivity analysis has been done based on the exposure to equity price risk as at the reporting date.
- As at the reporting date if equity prices are 20% higher/lower on the market value uniformly for all equities while all other variables are held constant, the impact on profit or loss and other comprehensive income has been shown above.
- A 20% change in equity prices has been used to give a realistic assessment as a plausible event.

25.10 Price risk

The Group has exposure to market price risk which has significant impact on its revenue, results of operations and cash flows which can vary with fluctuations in the market prices. These are affected by factors outside the Group's control, including the market forces of supply and demand and regulatory issues. The Group mitigates the price risk through entering in to long term contracts with certain customers as well as focusing on new markets for export.

25.11 Fair value measurements

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. As such, differences can arise between book values and the fair value estimates. Underlying the definition of fair value is the presumption that the Group is a going concern without any intention or requirement to materially curtail the scale of its operation or to undertake a transaction on adverse terms.

Fair value of financial instruments carried at amortised cost

Management considers that the carrying amounts of financial assets and financial liabilities recognised at amortised cost in the financial statements approximate their fair values.

Valuation techniques and assumptions applied for the purposes of measuring fair value

The fair values of financial assets and financial liabilities are determined using similar valuation techniques and assumptions as used in the audited annual consolidated financial statements for the year ended 31 December 2017.

Fair value of the Group's financial assets that are measured at fair value on recurring basis

Some of the Group's financial assets are measured at fair value at the end of the reporting period. The following table gives information about how the fair values of these financial assets are determined:

**Notes to the consolidated financial statements
for the year ended 31 December 2018 (continued)**

25. Financial instruments (continued)

25.11 Fair value measurements (continued)

Financial assets	Fair value as at		Fair value hierarchy	Valuation techniques and key inputs	Significant unobservable input	Relationship of unobservable inputs to fair value
	31 December 2018	31 December 2017				
	AED	AED				
Investments carried at FVTOCI						
Quoted equity securities	239,436,260	260,023,072	Level 1	Quoted bid prices in an active market.	None	N/A
Financial assets at FVTPL						
Quoted equity securities	32,621,996	48,185,055	Level 1	Quoted bid prices in an active market.	None	N/A

Fair value measurements recognised in the consolidated statement of financial position

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable.

Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

**Notes to the consolidated financial statements
for the year ended 31 December 2018 (continued)**

25. Financial instruments (continued)

25.11 Fair value measurements (continued)

31 December 2018

	<u>Level 1</u> AED	<u>Level 2</u> AED	<u>Level 3</u> AED	<u>Total</u> AED
Financial assets at FVTOCI				
Quoted equities	239,436,260	-	-	239,436,260
Financial assets at FVTPL				
Quoted equities	32,621,996	-	-	32,621,996
	<u>272,058,256</u>	<u>-</u>	<u>-</u>	<u>272,058,256</u>

31 December 2017

	<u>Level 1</u> AED	<u>Level 2</u> AED	<u>Level 3</u> AED	<u>Total</u> AED
Financial assets at FVTOCI				
Quoted equities	260,023,072	-	-	260,023,072
Financial assets at FVTPL				
Quoted equities	48,185,055	-	-	48,185,055
	<u>308,208,127</u>	<u>-</u>	<u>-</u>	<u>308,208,127</u>

There were no transfers between the levels during the year. There are no financial liabilities which should be measured at fair value and accordingly no disclosure is made in the above table.

**Notes to the consolidated financial statements
for the year ended 31 December 2018 (continued)**

26. Segment information

The Group is organised into two main business segments:

Manufacturing of white cement, lime products, cement products and investments incorporating investments in marketable equity securities, deposits with banks.

	2018			2017		
	<u>Manufacturing</u>	<u>Investments</u>	<u>Total</u>	<u>Manufacturing</u>	<u>Investments</u>	<u>Total</u>
	AED	AED	AED	AED	AED	AED
Segment revenue	228,110,417	-	228,110,417	253,174,916	-	253,174,916
Segment result	3,147,541	9,852,683	13,000,224	22,455,285	7,962,916	30,418,201
Segment assets	738,945,852	279,421,978	1,018,367,830	760,965,014	330,609,367	1,091,574,381
Unallocated assets	-	-	11,724,041	-	-	10,944,695
Total assets			1,030,091,871			1,102,519,076
Segment liabilities	274,863,315	-	274,863,315	334,589,938	-	334,589,938
Depreciation	33,410,809	-	33,410,809	34,654,905	-	34,654,905
Finance costs	7,833,911	-	7,833,911	7,389,326	-	7,389,326

Segment result of investments segments includes dividends income and interest income.

There are no transactions between the business segments.

**Notes to the consolidated financial statements
for the year ended 31 December 2018 (continued)**

26. Segment information (continued)

Geographical information

In presenting information on the basis of geographical areas, revenue is based on the geographical location of customers.

	2018 AED	2017 AED
United Arab Emirates	111,314,464	114,066,462
Gulf Cooperation Council countries	60,621,063	80,590,085
India	45,427,999	36,756,352
Indonesia	-	9,466,765
Jordan	1,303,272	2,459,096
Yemen	2,624,010	1,452,542
Other countries	6,819,609	8,383,614
	228,110,417	253,174,916

27. Social contributions

The social contributions (including donations and charity) made during the year amounted to AED 476,905 (2017: AED 566,286).

28. Comparative figures

Certain comparative figures have been reclassified/regrouped, wherever necessary to conform to the presentation adopted in these consolidated financial statements. These do not materially impact the reported amount of net profits or net assets

29. Approval of consolidated financial statements

The consolidated financial statements were approved by the Board of Directors and authorised for issue on 2 March 2019.