



Integrated report 2022



شركة رأس الخيمة لصناعة الاسمنت الأبيض والمواد الإنشائية ش.م.ع
RAS AL-KHAIMAH CO. FOR WHITE CEMENT & CONST. MATERIALS P.S.C.
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Governance Report 2022

- (1) A statement of the measures taken to complete the system of governance, how the company applies the principles stated in Chairman of Authority's Board of Directors' Decision no. (3/Chairman) of 2020 concerning Approval of Joint Stock Companies Governance Guide.**

First:

Ras Al Khaimah Co. For White Cement & Construction Materials takes great care of the issue related to applying the corporate governance & discipline & is fully committed to the provisions of applicable legislation, including the provisions of the Chairman of the Board of Directors of Securities & Commodities Authority (3/Chairman) of 2020 concerning Approval of Joint Stock Companies Governance Guide.

The Board of Directors is responsible towards the shareholders of the company & its customers for the proper & strict application of the principles of governance by achieving the required discipline in the management of the company in accordance with the international Standards & encourage the Board of Directors of the company to maintain a high level of transparency.

Second:

The Board of Directors of the Company & its Executive Management shall comply with the rules & procedures stipulated in the Article No. (14) Of SCA Decision No. (2) of 2001 regarding the system of trading, clearing, settlement, transfer of ownership & custody of securities, Decision No.(3) for the year 2000 regarding disclosure & transparency system & any new amendments or regulations that may be mentioned in this regard.

Accordingly, the company has provided the Abu Dhabi Securities Exchange with a list of the names of the chairman / members of the board of directors of the company as well as a list of the executive management & heads of departments. All those procedures are to ensure compliance with the rules set by the market to organize the selling & buying of the company's shares.

These measures aim to enhance the confidence of shareholders & investors with SCA, so the board of directors & employees of the company do not exploit the information they have before others to achieve material gains.

Therefore, the company is fully committed to all regulations & legislations issued by SCA & Abu Dhabi Securities Market.

(2) A statement of the transactions of the members of the Board of Directors, & spouses & children thereof in the Company' securities during 2022

| Name of insider | Position / Kinship | Owned share | Total sale | Total purchase |
|--|------------------------------|----------------|--------------------|----------------|
| Mr. Mohamed Sultan Al Qadi | Chairman of the Board | 214,200 | - | - |
| Dr. Mohamed Abdullatif Khalifa AL Shehhi | Deputy Chairman | - | - | - |
| Dr. Najat Eissa Salem Al Ali | Member | - | - | - |
| Mr. Mohamed Ahmed Omar Salem Al Kurbi | Member | - | - | - |
| Dr. Ateeq Abdulaziz Jakka Al Mansoori | Former Chairman of the Board | - | - | - |
| Sheikh Nasser Rashid Al Molla | Former Member | - | - | - |
| Mr. Salem Abdulla Salem Al Housani | Former Member | - | 70,068,773 | - |
| Al Salem Co. | | - | 79,254,000 | - |
| Investment portfolio of Mr. Salem Al Housani | | - | 79,254,000 | - |
| Mr. Nawaf Abdullah Al Refae | Former Member | - | - | - |
| Mr. Abdullah Mohammed Hassan Al Housani | Former Member | - | - | - |
| Mrs. Deepa Raja Carbon | Member | - | - | - |
| Mr. Himanshu kania | Member | - | - | - |
| Mr. K. C. Jhanwar | Member | - | - | - |
| Mr. Saleh Al-Shaiba Al-Mazrouei | Member | - | - | - |
| Mr. Atul Daga | Member | - | - | - |
| Total | | 214,200 | 229,532,867 | - |

Note

- On 04/04/2022, Mr. Salem Abdullah Salem Al Hosani and Dr. Ateeq Abdullah Al Aziz Jakka Al Mansouri submitted their resignation from the membership of the Board of Directors.
- Sheikh / Nasser bin Rashid bin Abdulaziz Al-Mualla submitted his resignation from the membership of the Board of Directors on 18/04/2022.
- Mr. Nawaf Abdullah Al-Rifai submitted his resignation from the membership of the Board of Directors on 12/05/2022 & Mr. Abdullah Muhammad Al-Hosani submitted his resignation from the membership of the Board of Directors on 17/05/2022.
- The General Assembly agreed, in its meeting held on 23/06/2022, to elect (05 new members) to complete the members of the Board of Directors, in addition to (04 former members), so that the number of members of the Board of Directors becomes 9 according to the company's articles of association.

(3) Information of the Board of Directors & the details related to the Chairman & members of the Board & their experiences & qualifications

In accordance with Article No.19 of the Articles of Association of the Company, the Company shall be managed by a Board of Directors consisting of nine members elected by the Ordinary General Assembly by secret accumulative ballot. In all cases, the majority of the members of the Board shall be UAE nationals. Accordingly, a new Board of Directors has been re-elected at the Annual General Assembly Meeting on Thursday 23, June, 2022. The Board comprises of nine members, most of them are UAE nationals & are highly experienced & competent.

(A) A statement of the formation of the Board of Directors

The special details of the members of the Board of Directors, their experiences & qualifications, the duration of their membership in the Board of Directors of the Company, & their positions in other PSC companies, & other control & government positions.

Mr. Mohamed Sultan Al Qadi
Chairman of the Board
United Arab Emirates

| Category | Experience | Qualifications |
|--------------------------------|---|---|
| Non-independent, non-executive | <ul style="list-style-type: none"> - General Manager of Etisalat Corporation in Ras Al Khaimah formerly. - Former chairman of Dantel (Zanzibar Telecommunications Company in Zanzibar). - Former Member of the Board of Directors of the Arab Organization for Satellite Communications (Arab sat) for 15 years. - Representing UAE in the permanent committee of Telecommunications at the Arab League in Cairo. | <ul style="list-style-type: none"> - Graduated from the Royal College of Post and Telecommunications in 1975. |
| Member since | Membership and positions in any other PSC company | Positions in any other important governmental, commercial or regulatory sites |
| 2004 | <ul style="list-style-type: none"> - Chairman of the Board of Directors of Commercial International Bank. - Managing Director of RAK Properties formerly. | <ul style="list-style-type: none"> - Member of the Board of Trustees of the Higher Colleges of Technology. - Member of the Board of Directors of the Federal Electricity & Water Authority formerly. - Chairman of the Board of Directors of the Emirates Post Group formerly. |

Dr. Mohamed Abdullatif Khalifa AL Shehhi
Deputy Chairman of the Board
United Arab Emirates

| Category | Experience | Qualifications |
|--------------|---|--|
| Independent | <ul style="list-style-type: none"> - Professor in Business Administration Faculty of Management and Economics, United Arab Emirates University - Al Ain. - Executive Director of Saud Bin Saqr Public Policy Research Institute. - Administrative Development Consultant in Al Ain Municipality. - General Manager of Dubai Real Estate College - Dubai. - General Manager of Sheikh Saqr Program for Government Excellence - Ras Al Khaimah. - General Manager of Human Resources Department - Ras Al Khaimah. - Secretary General of the Executive Council of the Emirate of Ras Al Khaimah. | <ul style="list-style-type: none"> - PhD in Business Administration from the University of Southern California, USA. - Master of Public Administration, University of Southern California, USA. - BA in Public Administration from UAE University. |
| Member since | Membership and positions in any other PSC company | Positions in any other important governmental, commercial or regulatory sites |
| 2015 | - | <ul style="list-style-type: none"> - Vice Chairman of the Emirates Society for Social Development - Ras Al Khaimah. - Member of the Board of Trustees of the American University - Ras Al Khaimah. - Member of the Board of Directors of Ras Al Khaimah Academy. - Member of the Federal Authority for Competitiveness and Statistics. - Member of the Advisory Committee of the Council for the Competitiveness of Emirati Cadres. |

Mr. Mohamed Ahmed Omar Salem Al Kurbi
Member of the Board of Directors
United Arab Emirates

| Category | Experience | Qualifications |
|--------------|---|--|
| Independent | <ul style="list-style-type: none"> - 12 years of experience in Projects management field. - Experience on financial analysis and accounting | <ul style="list-style-type: none"> - Bachelor of Science in Civil Engineering, American University of Sharjah - Master's degree in Business Administration Emirates University - Abu Dhabi. - Certified Professional Project Manager (PMP). |
| Member since | Membership and positions in any other PSC company | Positions in any other important governmental, commercial or regulatory sites |
| 2021 | <ul style="list-style-type: none"> - Former member of the Board of Takaful Company (RE). - Member of the Sharjah Cement and Industrial Development Company since 2017. - Member of the Arab Insurance Group in Bahrain for the two periods (2014-2017) and (2022-present). | <ul style="list-style-type: none"> - Member of the Board of Directors of the Mushrif Cooperative Society Abu Dhabi. - Senior Project Engineer - Abu Dhabi Business Center (ICAR). |

Dr. Najat Eissa Salem Al Ali
Member of the Board of Directors
United Arab Emirates

| Category | Experience | Qualifications |
|--------------|---|--|
| Independent | <ul style="list-style-type: none"> - Deputy Director of the Preventive Medicine Department in Ras Al Khaimah from 2010 to 2018. - Director of the Dental Center in Ras Al Khaimah Medical District from 2005 to 2007. - Head of Personnel Affairs Department at Saqr Hospital in Ras Al Khaimah from 1986 to 2005. | <ul style="list-style-type: none"> - Ph.D. in Human Resources Business Administration - Ain Shams University, Republic of Egypt. - Master of Business Administration - Ain Shams University, Republic of Egypt. - Bachelor's degree in Public Administration, Accounting, from the United Arab Emirates University. |
| Member since | Membership and positions in any other PSC company | Positions in any other important governmental, commercial or regulatory sites |
| 2021 | - Director of Coordination and Follow-up at Saqr Hospital in Ras Al Khaimah. | - |

Mr. Saleh Al-Shaiba Al-Mazrouei
Member of the Board of Directors
United Arab Emirates

| Category | Experience | Qualifications |
|--------------|--|--|
| Independent | <ul style="list-style-type: none"> - Experience in project management, planning and infrastructure. - More than 11 years of experience in Al Ain Municipality. - 10 years of experience in Abu Dhabi Musanda company. | <ul style="list-style-type: none"> - Bachelor's in chemical Engineering (2001) UAE University. - Master Degree in project Management (2011) George Washington. |
| Member since | Membership and positions in any other PSC company | Positions in any other important governmental, commercial or regulatory sites |
| 2022 | - | - Executive director of Musanda infrastructure. |

Mrs. Deepa Raja Carbon
Member of the Board of Directors
India

| Category | Experience | Qualifications |
|--------------|---|---|
| Independent | <ul style="list-style-type: none"> - Nearly 20 years' experience in driving transformational growth programmers. - Started her career as a Strategy Consultant with Booz and Company's. | <ul style="list-style-type: none"> - Masters in International Business Law] from the prestigious University Paris II Panthéon-Assas. - Master's in Business Administration (MBA) from the University of Michigan [Ross] School of Business. - Undergraduate degree in Architectural Engineering (B.Arch.) from the University of Mumbai. |
| Member since | Membership and positions in any other PSC company | Positions in any other important governmental, commercial or regulatory sites |
| 2022 | - | <ul style="list-style-type: none"> - Board member of Mozark Pte. LTD. - Co-Chair Bunyan knights of the Capacity Building Hub University Leadership council. |

Mr. Atul Daga
Member of the Board of Directors
India

| Category | Experience | Qualifications |
|-----------------------------------|--|--|
| Non-independent and non-executive | <ul style="list-style-type: none"> - Experience in sectors such as cement, retail, and aluminum. - Ability to penetrate deep into business areas and understanding of the dynamics. - Risk management, audit and compliance, planning, information technology, capital structuring and capital allocation and best use of financial reporting. - Creating a robust platform for managing investor relations, acquisitions of over US\$ 5 billion and setting new benchmarks for raising long-term borrowings in the domestic financial markets. - Setting up a world class 700 seat shared services center. | <ul style="list-style-type: none"> - Chartered Accountant from the Institute of Chartered Accounts of India. - Leadership Best Practices program from Harvard Business School, 2010 |
| Member since | Membership and positions in any other PSC company | Positions in any other important governmental, commercial or regulatory sites |
| 2022 | - | <ul style="list-style-type: none"> - Director Bhagwati Limestone company private limited India. - Director Gotan Limestone Khaniji Udyog Private Limited India. - Whole time Director Ultra Teach Cement Limited ,India. - Non-Executive Director Ultra Teach Cement Middle east LTD Dubai. - Non-Executive Director Star cement co. LLC Dubai. - Non-Executive Director Star cement co. LLC RAK. - Non-Executive Director Arabian Cement Industry LLC Abu Dhabi. - Non-Executive Director Al Nakhla Crushers LLC Fujairah. - Non-Executive Director Ultra-Teach Cement Co WLL Bahrain. - Non-Executive Director Ultra-Teach Cement Lanka PVT LTD Sri Lanka. |

Mr. Himanshu Kapania
Member of the Board of Directors
India

| Category | Experience | Qualifications |
|-----------------------------------|--|--|
| Non-independent and non-executive | <ul style="list-style-type: none"> - Over 36 years of work experience primarily in Leadership, Technology, Operations, Sales& Marketing, Regulatory & advocacy etc. | <ul style="list-style-type: none"> - Alumnus of IIM Bangalore and BIT Mesra. |
| Member since | Membership and positions in any other PSC company | Positions in any other important governmental, commercial or regulatory sites |
| 2022 | - | <ul style="list-style-type: none"> - Non-Executive Director- of 'Aditya Birla Management corporation PVT LTD- India. - Non-Executive Director- Chairman of 'Aditya Birla idea payment bank ltd- India. - Non-Executive Chairman of Vodafone Idea LTD – India. |

Mr. Kailash Chandra Jhanwar
Member of the Board of Directors
India

| Category | Experience | Qualifications |
|-----------------------------------|---|---|
| Non-independent and non-executive | <ul style="list-style-type: none"> - He worked across finance, operations general management roles in the Cement and Chemical Sectors. - He has deep expertise in project management and commercial skills, as well as significant experience in acquisitions and integration. - A capable team builder with strong people skills. | <ul style="list-style-type: none"> - Chartered accountant from the institute of chartered accountants of India. |
| Member since | Membership and positions in any other PSC company | Positions in any other important governmental, commercial or regulatory sites |
| 2022 | - | <ul style="list-style-type: none"> - Director-Bhagwati Limestone Company Private Limited, India. - Whole-time Director-Ultra-Tech Cement Nathdwara Cement Limited, India. - Director-Swiss Merchandise Infrastructure Limited, India. - Director-Merit Plaza Limited. - Director-Aditya Birla Management Corporation Private Limited, India. - Managing Director-Ultra-Tech Cement Limited, India. - Non-Executive Director-UltraTech Cement Middle East Investments Ltd. Dubai. - Non-Executive Director -Star Cement Co. LLC, DUBAI. - Non-Executive Director -Star Cement Co. LLC, RAK. - Non-Executive Director -Arabian Cement Industry LLC, Abu Dhabi. - Non-Executive Director -Al Nakhla Crushers LLC, Fujairah. - Non-Executive Director -Sun Cement Industry LLC, Dubai. - Non-Executive Director -Ultra-Tech Cement Co. W.L.L., Bahrain. - Non-Executive Director -Ultra-Tech Cement Lanka (pvt) Limited, Sri Lanka. |

(B) A statement of the percentage of female representation in the Board of Directors 2022

| No. Board of Directors | Female | Male | Percentage |
|------------------------|--------|------|------------|
| 9 | 2 | 7 | 22% |

(C) Reasons for non-nomination of females to the membership of the Board of Director

(D) Remunerations of the Board of Directors' & Committees attendance allowances

1. The total remunerations paid for the board of directors for the year 2021 was 2,850,000 AED.
2. The total remunerations of the Board members, which are proposed for 2022, and will be presented in the annual general assembly meeting for approval." Nothing till now".

3. Below table states name of the Committee members, committee name, allowance value, & Number of meetings for the members of the Board of Directors.

| Committee members | Committee Name | Allowance value | Number of meetings |
|--|-------------------------------------|-----------------|--------------------|
| Dr. Mohamed Abdullatif Khalifa AL Shehhi | Audit Committee | 30,000 | 4 |
| | Nomination & Remuneration Committee | 20,000 | 3 |
| | Marketing & sales committee | 10,000 | 3 |
| | Investment Committee | 10,000 | 2 |
| Mr. Saleh Al Shaiba Saleh Al Mazrouei | Audit Committee | 10,000 | 1 |
| | Nomination & Remuneration Committee | 5,000 | 1 |
| | Investment Committee | 10,000 | 2 |
| Mr. Mohamed Ahmed Omar Salem Al Kurbi | Audit Committee | 20,000 | 4 |
| | Nomination & Remuneration Committee | 5,000 | 1 |
| | Marketing & sales committee | 10,000 | 3 |
| | Investment Committee | 10,000 | 2 |
| Mr. Himanshu Kapania | Audit Committee | 32,000 | 2 |
| | Nomination & Remuneration Committee | 16,000 | 1 |
| | Marketing & sales committee | 5,000 | 3 |
| Mr. Atul Daga | Audit Committee | 32,000 | 2 |
| | Investment Committee | 16,000 | 2 |
| Dr. Najat Eissa Salem Al Kait Al Ali | Nomination & Remuneration Committee | 10,000 | 2 |
| Mrs. Deepa Raja Carbon | Marketing & sales committee | 5,000 | 3 |
| Mr. Ahmed Mansour | Audit Committee (formerly) | 10,000 | 2 |

4. Details of the allowances, salaries or additional fees that a member of the Board of Directors charged other than the fees for attending the committees & their reasons (additional fees for Mr. / Mohammed Sultan Al-Qadi in the amount of 250,000 dirhams for administrative fees commissioned).

(E) Number of Board meetings during 2022

| Meeting date | No. of attendees | Attendance by proxy | Absent members |
|--------------|------------------|---------------------|----------------|
| 26-02-2022 | 6 | 3 | - |
| 31-03-2022 | 9 | - | - |
| 12-05-2022 | 6 | - | - |
| 23-06-2022 | 9 | - | - |
| 20-08-2022 | 9 | - | - |
| 01-09-2022 | 9 | - | - |

(F) Number of the Board resolutions passed during the 2022 fiscal year, along with its meeting convention dates.

One resolutions dated 31/01/2022 concerning approval to allow the Indian company Asian Paint Ltd. to conduct a technical due diligence examination of the company's books and records.

(G) The Duties & roles delegated by the Board of Directors to the Executive Management:

| Name | Designation | Authorization Extent | Validity of Authorization |
|----------------------------|------------------|---|---------------------------|
| Mr. Mohamed Ahmed Al Houti | CEO | <ul style="list-style-type: none">• Signing with an authorized member of the Board of Directors any payment of more than 5 million UAE dirhams or its equivalent in foreign currencies.• Opening a share trading account with brokers "jointly" in order to buy and sell stocks and investment portfolios and transfer funds from the brokerage account to the company's bank account. | 3 Years |
| MR. Mukesh Kumar | Finance Manager | <ul style="list-style-type: none">• Sign "individually" to transfer any amounts from the accounts of the company and its subsidiaries to the company's accounts in the same bank or in any other bank.• By unilaterally signing the documents to collect the clients' dues through the banks, without a maximum limit, for the exclusive benefit of the company, without the right to endorse in favor of third parties. | |
| Sheikh / Sultan ALQassimi | MBF Manager | <ul style="list-style-type: none">• Opening and operating the account by signing on behalf of the company with the authorized members of the Board of Directors as well as the Chief Executive Officer and the Financial manager. | |
| Mr. Vishnu Kumar Goyal | Chief Accountant | | |

In addition, the executive management shall:

- 1) Execute & implement policies, plans & programs approved by the Board of Directors.
- 2) Discuss the company's estimated budgets with the executive directors & department managers before submitting them to the Board of Directors.
- 3) Submit periodic reports to the Board of Directors regarding the company's plans & programs.
- 4) Manage & supervise the daily business of the company.
- 5) Monitor the performance of managers & guidance in their field.
- 6) Supervise on the studies & plans made to raise the level of performance in the company.
- 7) Issue decrees & circulars tailored to ensure the smooth conduct of work in line with the powers granted to them.
- 8) Ensure that the proposed target is met in the approved budget for the fiscal year

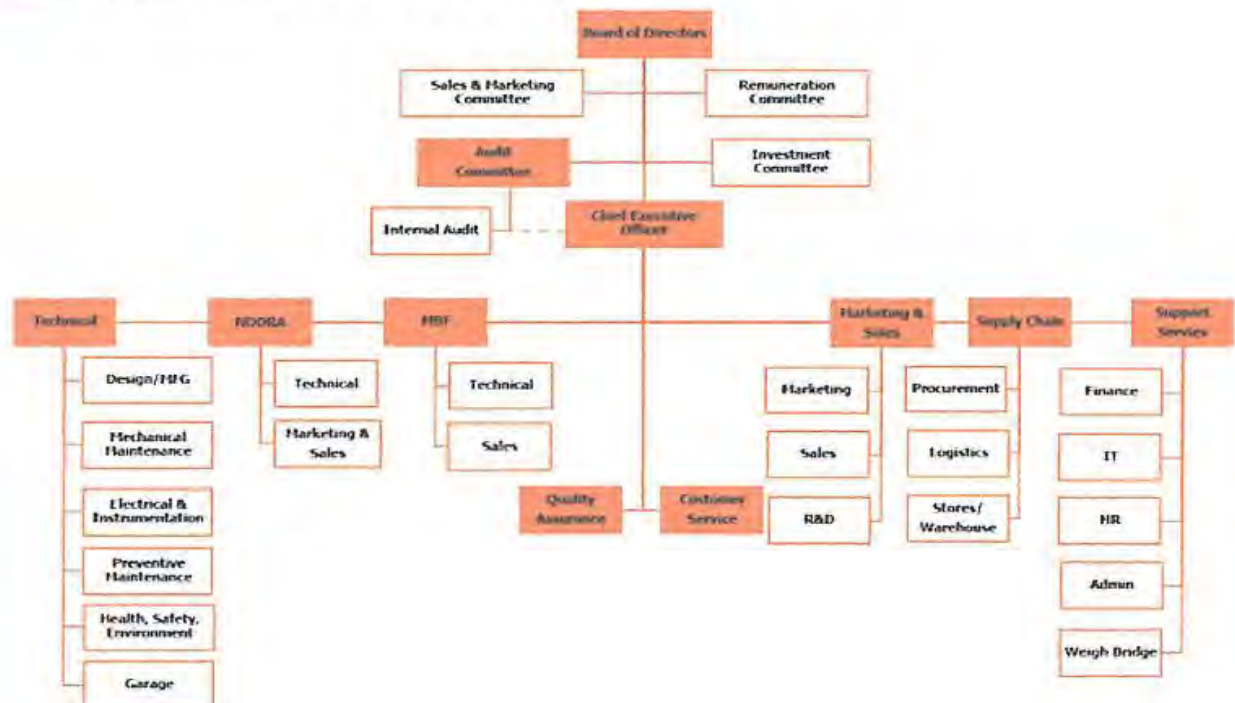
(H) Transactions with related parties (stakeholders)

Article No. (33) of the Articles of Association of the Company states that it is prohibited for the concerned parties to exploit any of the information in their custody by virtue of their membership in the Board of Directors or their position in the Company for the interest of them or any other person, no matter it resulted in whatever dealing in the securities of the Company or other transactions, nor may any of them have a direct or indirect interest with any entity that carries out operations intended to affect the prices of shares issued by the company.

In addition to the Article No. (34) of the Articles of Association of the Company states that the Company prohibited from any transactions with related parties except with those approved by the Board of Directors, & should not exceed 5% of the Company's capital, & to avail the approval of the General Assembly of the Company if they exceeded that percentage & the deals should be evaluated by a certified evaluator with SCA. The auditor of the company shall include in his report a list of the transactions of any conflict of interest that may arise & the financial transactions between the company & any of the related parties & the actions taken thereon.

1. The total transactions with related parties during the year 2022 were 6,776,979.95 AED.

(I) The Organizational Structure of the company



(J) A detailed statement of the company's senior executives:

| Position | Date of join | Total salaries & Allowances paid in 2022 | Total remunerations Due for 2022 |
|--------------------------------------|--------------|--|----------------------------------|
| CEO | 05/03/2013 | 867,078 | 300,000 |
| Director of Finance Department | 23/06/2022 | 291,020 | - |
| Director of Technical Department | 09/03/2015 | 539,595 | 19,000 |
| Director of the Modern Block Factory | 20/12/2004 | 493,464 | 22,726 |
| Acting Director of Noora Factory | 09/02/1991 | 269,145 | 10,080 |
| Customer Service Section Manager | 01/03/2004 | 288,043 | 14,676 |
| Quality Assurance Manager | 28/03/2016 | 265,658 | 9,840 |
| Acting Director of Supply Chain | 20/08/2019 | 259,811 | 9,840 |
| Director of Marketing & Sales | 01/03/2013 | 331,484 | 13,000 |
| Total | | 3,605,298 | 399,162 |

(4) The External Auditor

(A) Talal Abu-Ghazaleh & Partners Consulting was established in 1972 to provide the best management consulting services to local and international companies and institutions in accordance with the best practices recognized in this field.

(B) A statement of the fees and costs of the audit or the services provided by the external auditor.

The General Assembly decided, in its meeting held on March 31, 2022, to appoint Messrs. Talal Abu-Ghazaleh & Co. International (First year). Its annual fees have been determined in the amount of 233,100 dirhams for the tasks of auditing the accounts of the company for the year 2022 & their services include all professional services related to the review of quarterly as well as annual financial reports in accordance with international accounting standards & in accordance with Article (36) of the Authority's Chairman's Board Decision No. (3/Chairman) of 2020 concerning Approval of Joint Stock Companies Governance Guide

We would also like to inform that no other external auditor has provided any other services for the company.

| Name of the audit office: Talal Abu-Ghazaleh & Co. International | : | Partner auditor: Tala't Al-Zeben |
|---|---|--|
| Number of years spent as an external auditor of the company | : | First Year |
| The number of years that the partner auditor spent auditing the company's accounts. | : | First Year |
| Total audit fees for 2022 | : | 233,100 AED |
| Fees & charges for special services other than audit of the financial statements for 2022 (AED) | : | 36,007 AED |
| Details & nature of other services provided | : | Ending the business of the shareholders in the State of Kuwait |
| Statement of other services that an external auditor other than the company accounts auditor provided during 2022 (if any). In the absence of another external auditor, this matter is explicitly stated. | : | None |

- (C) A statement clarifying the reservations made by the Company's auditor to be included in the interim & annual financial statements for the year 2022. In the absence of any reservations, this should be stated explicitly.
No qualified opinion for interim & annual financial statements.

(5) Audit Committee

The Audit Committee was formed in accordance with the Corporate Governance Regulations & Rules. It consists of three members, two of whom are members of the Board of Directors & a member appointed by the Board with experience in Audit & Finance.

- A), B) Mr. Saleh Al Shaiba Saleh Al Mazrouei, Audit Committee Chairman, acknowledges his responsibility for the committee system in the Company, review of its work mechanism & ensuring its effectiveness.
C) Members of the Audit Committee for the period from 1 January 2022 to 31 December 2022

| Name | No. of attendance | Position |
|--|-------------------|--------------------------------------|
| Mr. Saleh Al Shaiba Saleh Al Mazrouei | 1 | Head of Audit Committee |
| Dr. / Muhammad Abdul Latif Khalifa Al-Shehhi | 4 | Member of the Audit Committee |
| Mr. Mohamed Ahmed Omar Salem Al-Kurbi | 4 | Member of the Audit Committee |
| Mr. Atul Daga | 2 | Member of the Audit Committee |
| Mr. Himanshu Kapania | 2 | Member of the Audit Committee |
| Mr. Ahmed Mansour | 2 | Former Member of the Audit Committee |

The functions of the Audit Committee are:

- ❖ Develop a policy of contracting with the external auditor & submit a report to the Board of Directors.
- ❖ To verify the independency & objectivity of the external auditor & discuss the nature & scope of the audit process & its effectiveness in accordance with the approved auditing Standards.
- ❖ To verify the integrity of the financial statements of the company & its annual, half-annual & quarterly reports & to ascertain the following aspects:
 - 1- Any changes in accounting policies & practices.
 - 2- Substantial adjustments resulting from the audit.
 - 3- Review the assumption of continuity of the company.
 - 4- Ensure that the financial statements are prepared in accordance with International Accounting Standards.
 - 5- Highlight the areas that are under the discretion of the management.
 - 6- Adhere to the rules of corporate listing with SCA, disclosure & other legal requirements related to the preparation of financial reports
- * Coordination with the company's board of directors & executive management in order to perform its tasks.
- * Meeting with the external auditor at least once a year.
- * Consider any items that are important & unusual in the report of the external auditor or internal auditor.
- * Review the Company's internal control & risk management systems.

- ✳ Ensure that there is coordination between the Internal Audit Department & the external auditor & ensure that the necessary resources are available to the internal control system & to review & control the effectiveness of internal control in the company.
- ✳ Review the company's financial policies & procedures.
- ✳ Reviewing the External Auditor's business plan & any essential queries that may be raised by them to management with regard to accounting records or internal control systems.
- ✳ Establish rules that enable the company's employees to report any potential violations in the financial reports, internal control or other matters within in a confidential manner, & conduct independent & fair investigations of such violations.
- ✳ Monitor the extent of which the company complies with professional codes of conduct.
- ✳ Ensure the implementation of the rules related to Audit Committee authorities & tasks.
- ✳ To report to the Board of Directors matters within its competence & to consider any other matters determined by the board

- The following table shows the dates of the Audit Committee's meetings in 2022:

| Serial number | Meeting number | Meeting Date | Number of attendees |
|---------------|----------------|--------------|---------------------|
| 1 | (01-93) | 20-02-2022 | 3 |
| 2 | (02-94) | 28-04-2022 | 3 |
| 3 | (03-95) | 01-08-2022 | 4 |
| 4 | (04-96) | 05-11-2022 | 5 |

(6) Nominations & Remuneration Committee

The main tasks of the Nomination & Remuneration Committee are to ensure the independency of the independent members on an ongoing basis & to review the annual incentive plan, & the remunerations, nominate the board members & their remuneration, & all the main tasks mentioned in Article (47) of SCA no. (3/Chairman) of 2020 concerning Approval of Joint Stock Companies Governance Guide.

- A. Dr. Mohammed Abdullatif Khalifa Al Shehhi Nomination & Remuneration Committee Chairman, acknowledges his responsibility for the committee system in the Company, his review of its work mechanism & ensuring its effectiveness.
- B., C. The following table shows the formation of the Nomination & Remuneration Committee & the number of times the Committee held meetings in 2022:

- Members of the Nomination & Remuneration Committee for the period from 1 January 2022 to 31 December 2022

| Name | Title | No of meetings attended |
|---|---------------|-------------------------|
| Dr. Mohammed Abdullatif Khalifa Al Shehhi | Head | 3 |
| Mr. Saleh Al Shaiba Saleh Al Mazrouei | Member | 1 |
| Mr. Mohamed Ahmed Omar Salem Al-Kurbi | Member | 1 |
| Dr. Najat Eissa Salem Al Kait Al Ali | Member | 2 |
| Mr. Himanshu Kapania | Member | 1 |
| Mr. Abdullah Mohammed Hassan Al Housani | Former Member | 1 |
| Mr. Nawaf Abdullah Mahmoud Refai | Former Member | 1 |

The Nominations & Remuneration Committee shall assume the following functions, responsibilities & responsibilities:

1. To ensure independence of the independent members on an ongoing basis. If the committee finds that one of the members has lost the conditions of independence, it must submit the matter to the board of directors of the company & the board of directors shall notify the member by sending him a registered letter on his fixed address registered with the company. The member has to reply to them within fifteen days from the date of the notification. The Board of Directors shall issue a decision declaring the member independent or non-independent at the first meeting following the member's reply or the expiry of the period referred to in the preceding paragraph without a reply. It should be taken into consideration whether the loss of that title of the member would not result in a breach of the minimum number of independent members of the Board of Directors, in the composition of the Board. Without prejudice to the provisions of Article (102) of the Commercial Companies Law, if the decision of the Board to eliminate the reasons or reasons for the independency of the member affect the minimum percentage of independent members within the board, the board of directors of the company appoints a new independent member to replace that member, provided that the appointment decision has to be submitted in the first ordinary General Assembly Meeting of the Company to consider the validation of the decision of the Board.
 2. Identify the company's needs of competencies at the level of senior executive management, & employees, & the basis of their selection.
 3. Organize & follow - up the procedures for nominations to the Board of Directors membership in accordance with the applicable laws & regulations & the regulation of SCA.
 4. Review the composition of the Board of Directors, & the Committees on an annual basis & issue recommendation to the Board of Directors, when necessary regarding the membership of the Committees.
 5. Assist the Board in the annual evaluation of the Managing Director, & the General Manager.
 6. Prepare the human resources & training policy of the company, & monitor their implementation & review them annually.
 7. Review the professional development plans & succession plans within the company & discuss this with the Board & senior management.
 8. Review & submit recommendations to the Council on employment contracts, retirement & termination from service arrangements, & any privileges of key members of senior management.
 9. To prepare the policy for the granting of bonuses, benefits, incentives & salaries for the members of the Board of Directors of the Company & its employees, & to review them on an annual basis. The Committee shall verify that the bonuses & benefits granted to the Company's Executive Management are reasonable & appropriate to the performance of the Company.
 10. Review & evaluate the efficiency of the Committee's charter on an annual basis & request the Board of Directors for the proposed changes.
- C. The following table shows the dates of the Nominations & Remuneration Committee meetings during 2022:

| Serial No. | Meeting No. | Meeting date | No. of members |
|------------|-------------|--------------|----------------|
| 1 | (01-38) | 25-02-2022 | 3 |
| 2 | (02-39) | 09-06-2022 | 3 |
| 3 | (03-40) | 20-08-2022 | 4 |

(7) Insiders' Trading Follow-Up & Supervision Committee:

- A) Mr. Mahmoud Mohammed Soliman Mohammed acknowledges his responsibility for the follow-up & supervision system on transactions of the insiders in the Company, review of its work mechanism & ensuring its effectiveness.
- B) The names of the members of the Follow-up & Supervision Committee on the dealings of the insiders:

| Name | Title |
|---------------------------------------|------------------------------|
| Mr. Mahmoud Mohammed Soliman Mohammed | Head of Insiders Committee |
| Mr. Abdelwaheed Fathalla | Member of Insiders Committee |

- C) A summary of the Committee's work report during the year 2022.
- Follow-up of the trading activity on the company's shares by the insiders.
 - Follow up on decisions and circulars issued by ADX and Kuwait Boursa regarding the ban periods and circulate them to insiders.
 - The ADX and Kuwait Boursa were updated with the data of the insiders on 27 October 2022.
 - Keeping a record of insiders' transactions on the company's shares during the year 2022
 - Updated insider registry record in permanently & temporarily for internal company information.

(8) Other committees:

- (A) Members of the Marketing & Sales Committee, acknowledges his responsibility for the committee system in the company & for reviewing its work mechanism & ensuring its effectiveness.
- Members of the Investment Committee, acknowledges his responsibility for the committee system in the company & for reviewing its work mechanism & ensuring its effectiveness.

- (B) The names of the committees:
- Marketing & Sales Committee
 - Investment Committee

- (C) Details of previous committees (name, title, & duties):

| Name | Title | Duties |
|---|---------------------------------------|--|
| Dr. Mohammed Abdullatif Khalifa Al Shehhi | Member of Marketing & Sales Committee | Approve the general strategy of marketing and sales as well as the estimated budget of sales in addition to policies, procedures and contracts related to sales. |
| Mr. Mohamed Ahmed Omar Salem Al Kurbi | Member of Marketing & Sales Committee | |
| Mrs. Deepa Raja Carbon | Member of Marketing & Sales Committee | |
| Mr. Himanshu Kapania | Member of Marketing & Sales Committee | |
| Dr. Mohammed Abdullatif Khalifa Al Shehhi | Member of Investment Committee. | Review and decide on tenders worth AED 2 million to AED 13 million, as well as review and approval of procurement policies and procedures. |
| Mr. Saleh Al Shaiba Saleh Al Mazrouei | Member of Investment Committee. | |
| Mr. Atul Daga | Member of Investment Committee. | |
| Mr. Mohamed Ahmed Omar Salem Al Kurbi | Member of Investment Committee. | |

(D) Committees meetings in 2022

The number of marketing & sales committee meetings is 3 meetings.

The number of Investment Committee meeting is 2 meetings.

| Meeting date | Title | Number of Members attended | Name of Members attended |
|--------------|-----------------------------|----------------------------|--|
| 01-08-2022 | Marketing & Sales Committee | 4 | - Dr. Mohammed Abdullatif Khalifa Al Shehhi - Mr. Mohamed Ahmed Omar Salem Al Kurbi - Mrs. Deepa Raja Carbon - Mr. Himanshu Kapania |
| 17-08-2022 | | 4 | - Dr. Mohammed Abdullatif Khalifa Al Shehhi - Mr. Mohamed Ahmed Omar Salem Al Kurbi - Mrs. Deepa Raja Carbon - Mr. Himanshu Kapania |
| 20-08-2022 | | 4 | - Dr. Mohammed Abdullatif Khalifa Al Shehhi - Mr. Mohamed Ahmed Omar Salem Al Kurbi - Mrs. Deepa Raja Carbon - Mr. Himanshu Kapania |
| 07-07-2022 | Investment Committee | 4 | - Dr. Mohammed Abdullatif Khalifa Al Shehhi - Mr. Saleh Al Shaiba Saleh Al Mazrouei - Mr. Atul Daga - Mr. Mohamed Ahmed Omar Salem Al Kurbi |
| 20-08-2022 | | 4 | - Dr. Mohammed Abdullatif Khalifa Al Shehhi - Mr. Saleh Al Shaiba Saleh Al Mazrouei - Mr. Atul Daga - Mr. Mohamed Ahmed Omar Salem Al Kurbi |

(9) Internal Control System

A. The responsibility of the Board of Directors for the Internal Control System

The Board of Directors of the Company acknowledges its responsibility for the Company's internal control system & for reviewing the mechanism & effectiveness of the control system.

(1) Vision

In order to provide an independent evaluation of the business processes & internal Audit to the management, audit committee & board of directors of Ras Al Khaimah White Cement & Construction Materials Company PJSC & its subsidiaries & to provide the necessary guarantees to manage the risks that may impede the achievement of its tasks, objectives & objectives.

(2) Mission

For the purpose of carrying out audit work, independently reporting on the internal sections of Ras Al Khaimah White Cement & Construction Materials & related activities, & providing objective analysis & recommendations that add value to the Audit Committee / Board of Directors & Executive Management. All internal audit projects will be conducted in accordance with the Standards of Professional Practice for Internal Auditing issued by the (Institute of Internal Auditors).

(3) Objectives

The Internal Audit Department is an independent evaluation department that assesses the adequacy & effectiveness of the controls, regulations, policies & procedures of Ras Al Khaimah Company for White Cement & Construction Materials.

The objectives of internal audit management are as follows:

- ❖ Review the operations / sub - operations of different departments of the company, & determine whether these processes are carried out in accordance with the objectives, policies & procedures of Ras Al Khaimah Company for White Cement & Construction Materials, & related regulations & legislation.
- ❖ Review the reliability & integrity of financial & operational information & the means used to identify, measure, classify & report on such information.
- ❖ Review & evaluate the efficiency in resource utilization.

(4) Independence

Independence is achieved through the organizational position of the Internal Audit Department & the objectivity of internal auditors.

Internal auditors shall be free from any types of conflicts, whether arising out of professional interests, personal relationships or any other interests within Ras Al Khaimah Company for White Cement & Construction Materials or related activities that may be audited.

Internal auditors should be far from of any influences that would restrict or modify the scope of their work or reflect on their ability to judge with respect to the content of internal audit reports.

(5) Ability to detect fraud

Management is clearly responsible for detecting & preventing fraud. The Internal Audit Department is well qualified to support management by assessing the effectiveness, & adequacy of internal audit procedures to prevent & detect fraud.

(6) Reporting

The Internal Audit Department submits reports on the departments to the Audit Committee / Board of Directors, & submits management reports to the General Manager.

The following is the approach used by the Internal Audit Department to report:

- Discussion of initial reports on the departments / owners of operations.
- Issue a final report including section comments to the Audit Committee, the General Manager, & the Operations Owners.
- Follow - up the audit duties, & present matters that have not been resolved to the subsequent Audit Committee meeting.

Other management responsibilities include:

- ❖ To play an active role & contribute to the identification of risks & the development of an audit coverage plan for Ras Al Khaimah Company for White Cement & Construction Materials, & their specific sections & operations, & then accept joint ownership to maintain & continuously update that responsibility.
- ❖ Inform the Internal Audit Department & the General Manager of any internal control matters, whether they exist or are likely to occur, such as obstacles, thefts, & fraud, embezzlement, unauthorized transactions, as well as accounting errors, doubtful debts, etc. A report on these important matters will be presented at the meetings of the Audit Committee / Board of Directors.

(7) Relations with external auditors

The independent external auditors for Ras Al Khaimah Company for White Cement & Construction Materials perform shall perform legal acts that represent their responsibility to stakeholders.

The Internal Audit Department of Ras Al Khaimah Company for White Cement & Construction Materials will coordinate its activities with the activities of the external auditors, in order to obtain maximum degree of auditing & avoid duplication of effort. The Internal Audit Department will track the comments & recommendations included in the reports of external auditors.

(8) Special assignments

The Internal Audit Department may from time to time accept requests from the General Manager, the Audit Committee, & the Board of Directors for special assignments. The terms of reference for these tasks will be agreed upon prior to these commitments.

Mechanism of the Internal Audit Functions

The following are the actions authorized by the Internal Audit Department:

- Implement a program of internal audit projects, if necessary, to achieve the objectives of the management.
- The full right to access all documents, records, employees, etc. of Ras Al Khaimah Company for White Cement & Construction Materials with very strict accountability for their secrecy during the internal audit process.
- Request support from the Audit Committee / Board of Directors to enable the internal audit team to perform their work properly.
- Asking for assistance when needed from persons, experts, auditors & administrators in the event of lack of skill sets & the need for competencies that may arise during the execution of the audit functions for several operations within Ras Al Khaimah Co. for White Cement & Construction Materials.
- Perform its functions in accordance with the risk-based internal audit plan.
- The Internal Audit Manager deals with specific, redefined & sensitive matters, as well as matters that are considered to be highly confidential.
- The scope of work of the Internal Audit Department is to provide internal audit services to Ras Al Khaimah White Co. for White Cement & Construction Materials, support the departments if necessary, & make corrective recommendations to the Audit Committee / Board of Directors.

B. The name & qualifications of the Internal Audit Manager

The Internal Audit Department Manager is Mr. Mahmoud Mohamed Soliman, he was appointed on 3 January 2016. He holds the following certificates & experience:

- Bachelor of Commerce from Ain Shams University - Cairo in 2001.
- Certified Internal Auditor from the Institute of Certified Internal Auditors (IIA), USA.
- Certificate as compliance officer with an advanced level approved by the International Compliance Association in cooperation with the UAE Securities & Commodities Authority (SCA).
- Over 10 years' experience in finance & auditing.

C. The Internal Audit Manager also act as the Compliance Officer.

D. How the Internal Audit Department deals with any major problem in the company

The Internal Audit Department deals with the major problems by following the usual & usual practice in these cases, describing the problem accurately, including the supervisory gaps (if any) that led to them, the risks resulting from those gaps & the proposed procedures with the dependencies of the problem & addressing the regulatory gaps that may have led & report thereon to the Audit Committee for discussion with the Committee & the relevant parties & then Audit Committee will issue a report with proposed recommendations for submission to the Board of Directors.

E. Number of reports issued by the Internal Control Department to the Company's Board of Directors.

"(2) Reports".

(10) Details of the violations committed during the financial year 2022 & state their reasons, & how to address them to avoid their recurrence in the future.

"None".

(11) The company's contribution to local community development.

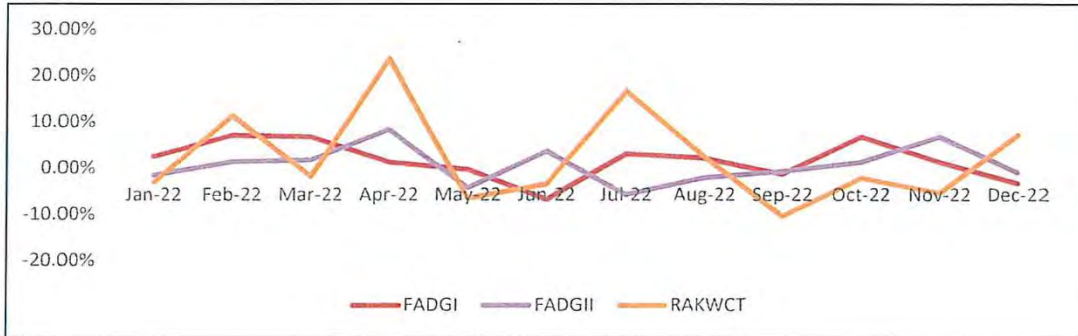
- The company contributed by donating bricks & interlocks to members of society, especially people of determination.
- Contributed to the donation of cement for the maintenance of one of the important castles to preserve the ancient Emirati antiquities.

(12) General Information:

A. The Company's share price on the Abu Dhabi Securities Market (highest / lowest / closing) during the fiscal year 2022:

| Month | Lowest price | Highest price | Closing price |
|-------|--------------|---------------|---------------|
| 1 | 1.44 | 1.69 | 1.60 |
| 2 | 1.50 | 1.75 | 1.67 |
| 3 | 1.55 | 1.73 | 1.64 |
| 4 | 1.63 | 2.45 | 2.14 |
| 5 | 2.00 | 2.23 | 2.01 |
| 6 | 1.72 | 2.20 | 1.99 |
| 7 | 1.80 | 2.10 | 2.10 |
| 8 | 1.80 | 2.13 | 2.05 |
| 9 | 1.82 | 2.07 | 1.82 |
| 10 | 1.80 | 2.06 | 1.87 |
| 11 | 1.70 | 2.10 | 1.78 |
| 12 | 1.60 | 1.79 | 1.79 |

B. Comparative performance of the company's shares with the general market index & the industrial sector index during the year 2022:



C. Distribution of the Company's shareholders' equity as at 31 December 2022:

| Shareholder category | Shareholding ratio | | | |
|----------------------|--------------------|------------|------------|-------------|
| | Individuals | Companies | Government | Total % |
| 1) Local | 8% | 57% | 10% | 75% |
| 2) GCC | 20% | 5% | - | 25% |
| 3) Arab countries | - | - | - | - |
| 4) Other countries | - | - | - | - |
| Total | 28% | 62% | 10% | 100% |

D. Shareholders own (5%) & more of the company's capital as at 31 December 2022:

| Shareholder name | No. of owned shares | Ratio % |
|--|---------------------|------------|
| 1) Ultra-Tech Cement Middle East Investments Limited | 147,000,000 | 29% |
| 2) Allied Investment Partners PJSC | 134,317,495 | 27% |
| 3) Government of Ras Al Khaimah | 45,649,163 | 9% |
| Total | 326,966,658 | 65% |

E. The shareholder's distribution according to the size of their ownership as at 31 December 2022:

| Share ownership | No. of shareholders | No. of owned shares | Ratio of owned shares to capital |
|---------------------------------|---------------------|---------------------|----------------------------------|
| 1) Less than 50K | 2,855 | 17,134,768 | 3% |
| 2) From 50K to less than 500K | 318 | 46,812,962 | 9% |
| 3) From 500K to less than 5 Mio | 63 | 88,540,182 | 18% |
| 4) More than 5 Mio | 6 | 347,669,088 | 70% |
| Total | 3,242 | 500,157,000 | 100% |

- F. Below are details of the measures taken regarding investor relations guidelines**
Mr. Abdelwaheed Fatthalla is in charge of/ Investor Relations in the company. His contact details are as follows:
- Email : a.fathalla@rakwhitecement.ae
 - Landline : +971 7 266 8888 (Ext. 227)
 - Mobile phone : +971 50 736 3779
 - Fax : +971 7 266 8866
 - Investor Relations Web page at:
(<http://www.rakwhitecement.ae/investor-relation/>)
- G. Below are the special resolutions that were presented in the general assembly held in 2022 & the actions taken there on.**

| The General Assembly, held on 31/03/2022, approved the following special resolutions: | |
|---|--|
| 1. Amending Article No. (5) Paragraph No. (2) regarding the company's objectives: | |
| Before Amendment | After Amendment |
| 2. To subscribe, purchase, own, in any form, shares, equity rights or bonds, issued by another Company that matches, entirely or partially, the purposes of the Company and involved in any activity which may, directly or indirectly, benefit the Company. | 2. To subscribe, purchase, own, in any form, shares, any financial instruments including shares, equity rights, bonds or sukuk, issued by any public/private shareholding Company, within or outside United Arab Emirates, no matter the purpose of this purchase/ownership is for long-term investment or short-term investment for trading purpose. The Company has the right to own shares, entirely or partially, in non-shareholding Companies which or not involve in the same Company's activities, within or outside United Arab Emirates. |
| 2. Amending Article (7) regarding (ownership percentage): | |
| Before Amendment | After Amendment |
| All Company's shares are nominal, and the percentage of shares ownership of UAE & GCC Citizens, must be not less than (51%) of share capital at any time, while the percentage of shares ownership of non UAE & GCC Citizens should not exceed (49%). | All Company's shares are nominal, and the percentage of shares ownership of UAE & GCC Citizens, natural and legal persons wholly owned by GCC Citizens, must be not less than (30%) of share capital at any time, while the percentage of shares ownership of non UAE & GCC Citizens should not exceed (70%). |
| The General Assembly, held on 06/23/2022, approved the following special resolution: | |
| 1-Amending Article (19) of the Articles of Association regarding (company management): | |
| Before Amendment | After Amendment |
| The Company shall be managed by a Board of Directors consisting of (9) members elected by the General Assembly of shareholders through secret cumulative voting. The majority of the members of the Board of Directors shall be independent non-executive directors having practical experience and technical skills that benefit the Company. In all cases, upon selecting the non-executive members of the Company, it shall be taken into consideration that the member is able to allocate sufficient time and attention to his membership and that this membership does not represent a conflict with his other interests. | The Company shall be managed by a Board of Directors consisting of (9) members elected by the General Assembly of shareholders through secret cumulative voting. The one-third of the members of the Board of Directors shall be independent non-executive directors having practical experience and technical skills that benefit the Company. In all cases, upon selecting the non-executive members of the Company, it shall be taken into consideration that the member is able to allocate sufficient time and attention to his membership and that this membership does not represent a conflict with his other interests. |

H. Rapporteur of Board of Directors.

| Name | Appointment Date |
|-----------------------------|------------------|
| Mr. Mahmoud Mohamed Soliman | 23/06/2022 |
| Mr. Saeed Ismail Al Ali (*) | 01/05/2010 |

(*) He was rapporteur until **23/06/2022**.

I. Below are list of the significant events that occurred during the year 2022.

- Ultra Tech Middle East Investment Company acquired (29%) of the company's shares.
- Allied Investment Partners PJSC acquired (27%) of the company's shares.

J. Statement of deals equal to 5% or more of the company's capital executed during the year 2022.

"None".

K. Below is statement of Emiratization rate in the company by the end of 2020,2021,2022:

| 2020 | 2021 | 2022 |
|-------|-------|-------|
| 5.89% | 7.29% | 8.07% |


L. Statement of innovative projects & initiatives carried out by the company or being developed during 2022.

"None".



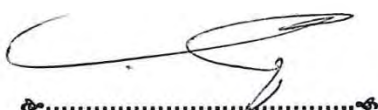
**Chairman
of the Board**

Date: 25 / 2 / 2023



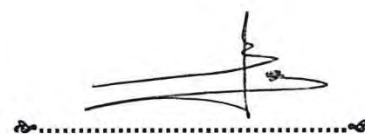
**Head of
Audit Committee**

Date: 25 / 2 / 2023



**Nomination & Remuneration
Committee Chairman**

Date: 25 / 2 / 2023



**Internal Control
Department Director**

Date: 25 / 2 / 2023



Sustainability Report

2022





شركة رأس الخيمة للصناعة والاسمنت والإيصال والمواد الإنشائية
RAS AL KHAIMAH CO. FOR WHITE CEMENT & CONST. MATERIALS

Sustainability Report

2022



Sustainability

Our mission:

Manufacturing high quality white cement, lime products & cement blocks & providing them to customers at competitive prices in a safe & environmentally friendly manner.

Our vision:

Excellence in building materials that last for generations & add beauty to the world with a focus on quality, occupational health, safety & the environment.

Our ambition:

Maximizing operating profit with a focus on quality, health, safety & the environment.

Our Values

- ◆ Commitment to Excellence
- ◆ Customer orientation
- ◆ Trustworthy & Ethical
- ◆ Results Orientation
- ◆ Creative & Open for new ideas
- ◆ Collaboration



We are committed to the following:

- ◆ Providing white cement, lime products & cement blocks according to customer satisfaction.
- ◆ Follow up on the latest operations in line with IMS requirements to achieve business excellence.
- ◆ Improving the quality of the product by emphasizing on minimum operational cost.
- ◆ Complying with applicable legal & other requirements.
- ◆ Continuously improving the performance of our integrated management systems through achieving goals.
- ◆ Implementing an effective system to prevent/mitigate injuries, ill health, environmental pollution, depletion of natural resources, & significant environmental health & safety risks/effects resulting from our activities.
- ◆ Eliminate risks & reduce occupational health & safety risks.
- ◆ Consultation & participation of workers & their representatives in integrated management systems.



First: Chief Executive Officer Message

Ras Al Khaimah White Cement & Construction Materials Company aspires to achieve leadership & continued excellence in field of specialization, on the basis of customer satisfaction first & on the completion of the projects entrusted to it on time. We always aim to challenge the temporary & partial difficulties by achieving what we aspire to & continuing our mission to the fullest.



Today, we look to the future with confidence & optimism, based on a solid ground & a bold vision, through stimulating innovation & investment in modern technologies to drive digital transformation, in addition to seizing future opportunities to maximize added value for customers & shareholders.

We hope that we will always be as we promise & achieve more success & more challenges & never forget those who contributed in this success path & helped us to build this entity & put us on the path to success. I take this opportunity to confirm our pledge to our valued customers & confirm our dedication to boost their trust in us & maintaining our solid reputation & values. We will continue to work hard to maintain the standards we set from the start.

Second: About the report

Sustainability is defined as the study of how natural systems function, diversify & produce everything the natural environment needs to remain in balance. Sustainability also acknowledges that human civilization provides resources to sustain our contemporary way of living. We live in a modern, civilized world where we consume many natural resources daily. Sustainability & sustainable development focus on the balance between calculating needs, our need to use technology economically & the need to protect the environment in which



we live. Sustainability is not only related to the environment, it is also about the health of societies & ensuring that people do not suffer because of environmental legislation. It can also be said that it is an awareness of the company's positive impact on the environment & the surrounding community, & its keenness to mitigate any negative effects caused by the company's operations by adopting initiatives that take into account the three most important components of development, which are society, environment & economy. Sustainability is of particular importance to the UAE, as the adoption of sustainability initiatives coincides with the vision of the country's leadership for an environment friendly future, within the framework of the green economy strategy launched by His Highness Sheikh Mohammed bin Rashid Al Maktoum, Vice President & Prime Minister of the UAE & Ruler of Dubai, may God protect him. This strategy encourages companies to play a greater role in developing society & protecting the environment, through initiatives that advance Emiratization, support entrepreneurs & ensure environmental safety. As part of our keenness to assist the state in achieving goals in the field of sustainability, consolidating the foundations of a sustainable society & promoting economic, social & environmental development.

In order to promote & support sustainable development, we are pleased to present to you the third sustainability report of Ras Al Khaimah White Cement & Construction Materials Company & its subsidiaries. This report covers our performance in relation to sustainable development during the period from January 01, 2022 to December 31, 2022. This report reviews the social performance, environmental performance & corporate governance.

Third: Who we are

a) Ras Al Khaimah White Cement Company

Ras Al Khaimah Co. For White Cement & Construction Materials PSC is a group of companies, that manufactures & distributes white cement, lime & concrete blocks. Joint Stock Company listed on the Abu Dhabi Securities Exchange. Founded - in the Emirate of Ras Al Khaimah in the United Arab Emirates by virtue of Emir Decree No. 13/81 issued by His Highness the Ruler of Ras Al Khaimah on October 3, 1981 & in accordance with the **Memorandum** of Association & Articles of Association of the company & in accordance with the provisions of Federal Law No. (8) For the year 1984 Regarding commercial companies & the laws amending it. Ras Al Khaimah Co. For White Cement & Construction Materials group comprises of RAK White cement, Noora & Modern Block Factory:

| Company Name | Property % | Country Founding | Main activities |
|-------------------------------|------------|------------------|---|
| Modern Block Factory | 100% | UAE | Manufacture of concrete blocks, Paving works interlocking & Interlocking tiles. |
| Ras Al Khaimah Lime CO. NOORA | 100% | UAE | Manufacture of lime products. |

b) Members of the Board of Directors for the year 2022:

| Name | Position |
|---|---------------|
| 1) Mr. Mohammed Sultan Al-Qadi | Chairman |
| 2) Dr. Mohammed Abdul Latif Khalifa Al Shehhi | Vice Chairman |
| 3) Mr. Mohammed Ahmed Omar Salem Al-Kurbi | Board Member |
| 4) Dr. Najat Eissa Salem Al Ali | Board Member |
| 5) Mr. Saleh Al-Shaiba Al-Mazrouei | Board Member |
| 6) Mr. Atul Daga | Board Member |
| 7) Mrs. Deepa Raja Carbon | Board Member |
| 8) Mr. Himanshu Kapania | Board Member |
| 9) Mr. Kailash Chandra Jhanwar | Board Member |

The committees of the Board of Directors are:

1. Audit Committee
2. Nominations & remunerations Committee
3. Marketing & Sales Committee
4. Invest committee

c) Company ownership

- The following table includes the data of the 4 largest shareholders in the company as of December 31, 2022:

| Shareholder name | No. of owned shares | Ratio % |
|--|---------------------|---------|
| 1) Ultra-Tech Cement Middle East Investments Limited | 147,000,000 | 29% |
| 2) Allied Investment Partners PJSC | 134,317,495 | 27% |
| 3) Government of Ras Al Khaimah | 45,649,163 | 9% |
| Total | 326,966,658 | 65% |

- Statement of the composition of the shareholders in the table below as of December 31, 2022:

| Shareholder category | Shareholding ratio | | |
|----------------------|--------------------|-----------|------------|
| | Individuals | Companies | Government |
| 1) Local | 8% | 57% | 10% |
| 2) GCC | 20% | 5% | - |
| 3) Arab countries | - | - | - |
| 4) Other countries | - | - | - |

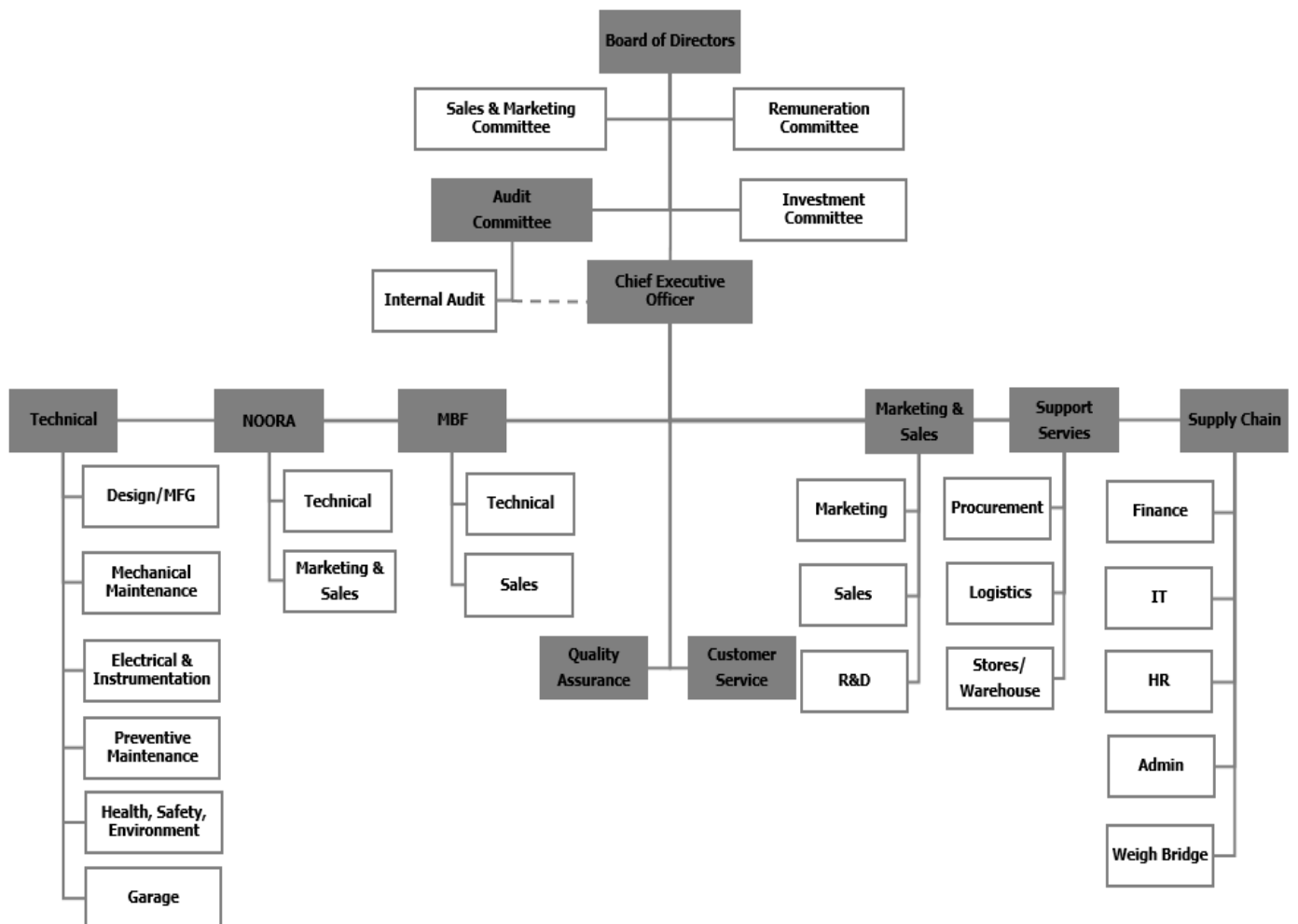
- The percentage of ownership distribution of the company's shareholders as of December 31, 2022:

| | |
|--|---|
|  <p>UAE Nationals 75%</p> |  <p>Gulf Nationals 25%</p> |
|  <p>Arab Countries 0%</p> |  <p>Foreign ownership 0%</p> |

d) Our products

| | | |
|---|---|---|
|  |  |  |
| Quick Lime Powder | White Cement Clinker | Dolomitic Lime Lumps |
|  |  |  |
| Interlocks | Kerbstone | HYDRATED LIME POWDER |
|  |  |  |
| Quick Lime Lumps | Concrete Blocks | White Portland Cement |

e) Organizational Chart



Forth: Sustainable Development Goals

The Sustainable Development Goals (SDGs), also known as the Global Goals, were adopted by the United Nations in 2015, these goals have the power to create a better world by 2030, by ending poverty, fighting inequality & addressing the urgency of climate change. Here are the efforts of Ras Al Khaimah White Cement Company in achieving some of the development goals as summarized in the table below: -



- ◆ Hire local employees.



- ◆ Offer health insurance to employees.
- ◆ Provide safety health and welfare at work & Raising awareness about health in the workplace.



- ◆ We uplift, support and empower women in our company.
- ◆ There is no gender discrimination in remuneration.
- ◆ We provide new mothers with extended maternity leave and flexible working hours.



- ◆ The company has subsidiaries that contribute to achieving economic diversification.



- ◆ Enable everyone to participate in non-discrimination policies.

Fifth: The Environmental Dimension

Responsible dealing with the environment to avoid the depletion or degradation of natural resources & to preserve the environment in the long term, the environmental protection element is considered the third element & a focus for the future of humanity. Environmental sustainability helps to ensure that the needs of the world's population are met without compromising the ability of future generations to meet their needs, by working to reduce the harmful effects of productive activities on the environment, rational



consumption of non-renewable resources, & recycling waste. In light of this, Ras Al Khaimah White Cement Company is committed to protecting & improving the environment through the use of modern filters to treat the dust rising from the kilns, planting trees, as well as the daily spraying of roads, empty spaces & raw material sites, as well as the company has advanced equipment to detect dust.

(1) Greenhouse Gas Emissions

- ◆ Total Co2 Emissions in MT per Clinker production: **0.822** MT/MT Clinker.
- ◆ Direct Co2 Emission in MT: 239,252 MT.

(2) Emission intensity

| Scale factor | % |
|--------------|--------|
| | 0.18% |
| | 69.49% |
| | 87.82% |

(3) Energy consumption

- ◆ Usage of Energy Mw/Hr.: **6.42** MW/hr.

(4) Energy density

| Scale factor | Total |
|--------------|--------|
| | 0.32 |
| | 127.27 |
| | 160.84 |

(5) Energy blending

| Scale factor | % |
|--------------|---------------|
| | 85.11% |
| | 14.88% |

(6) Water consumption

- ◆ The total water consumption is 226,910.00 m3.

(7) Operational Environmental

- ◆ The company follows an official environmental policy.
- ◆ The company follows certain policies for waste, water, energy &/or recycling.
- ◆ Our company is ISO 14001.2015, Environmental Management System certified, not 50001 certified, Energy Management System. However, we follow the company's energy management activities.

(8,9) Environmental control

- ◆ The management team monitors &/or manages sustainability issues.
- ◆ The Board of Directors monitors &/or manages issues related to sustainability.
(We duly follow environmental monitoring in accordance with MOCCE requirements).

(10) Climate risk mitigation

- ◆ The total amount invested - annually - in climate-related infrastructure, resilience, & product development is about **4** million AED to improve the company's environmental infrastructure.

Sixth: The Social Dimension

The process of sustainable development includes human development aimed at improving the level of health care & education, as well as the element of participation. The definition of sustainable development emphasize that development should be by participation so that people participate in making development decisions that affect their lives, where the human being is the focus of the definition presented about Sustainable development, & the important element to which the definition of sustainable development refer - also - is the element of justice or equity & equality.



(1) CEO Salary average

- ◆ Total CEO Remuneration to average full time equivalent. Ratio 19.76 %.
- ◆ The company has reported this scale in its regulatory registrations.

(2) Rate the salary is between the male & the female

- ◆ Average male wage to average female wage Ratio 0.46%.

(3) The employee turnover rate

Ras Al Khaimah White Cement Company is keen to reduce the employees' turnover as much as possible by employing the right person in the right place, ensuring the safety in the work & creating the employee-friendly work environment; provide the necessary transportation to & from work.

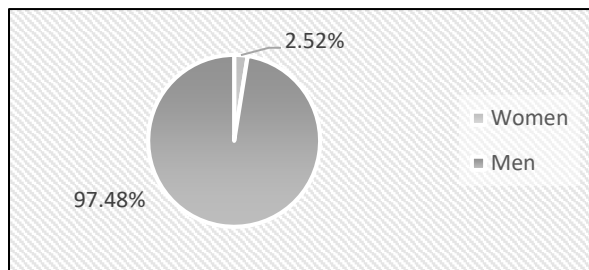
- ◆ Percentage: year-to-year change of full-time 6.98%.
- ◆ The Company does not have any change year after year for part-time employees.
- ◆ There is no change in the company year after year for contractors/consultants.

(4) Diversity Between the two genders

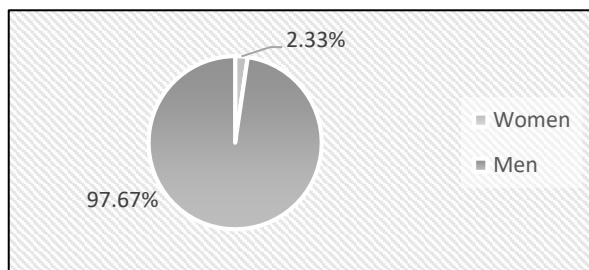
Ras Al Khaimah White Cement Company adopts a corporate culture that aims to support & enhance the work of females. Likewise, there is no discrimination in remuneration when the value & quality of work is equal. In addition to enabling everyone to participate this is due to the company's non-discrimination policy. In line with the laws of the United Arab Emirates & the global trend to achieve gender equality, we will continue to seek to create new

opportunities & increase the number of female employees in addition to enhancing their contribution to sustainable development.

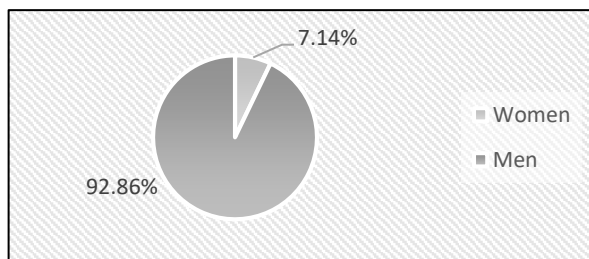
- ◆ Percentage: The total number of employees in the institution, which are occupied by men & women?



- ◆ Percentage: The lower & middle positions occupied by men & women?



- ◆ Percentage: Senior & executive positions held by men & women?



(5) Ratio Temporary workers

- ◆ There are no part-time employees in the company.
- ◆ There are no employees in the company who work as contractors &/or consultants.

(6) Non-discrimination

- ◆ Ras Al Khaimah White Cement Company is committed to providing equal opportunities at work & in private employment decisions (such as appointment, salaries, & promotions), there is no discrimination against the employees on the basis of color, gender, identity or religion.

(7) Injury rate

- ◆ Ras Al Khaimah White Cement Company is working to create a safe work environment for workers & raise the level of efficiency of preventive measures, which has led to a reduction in the frequency of work injuries. The rate of recurrence of injuries: 0.27%

(8) Global health & safety

- ◆ Ras Al Khaimah White Cement Company places human health at the forefront of its priorities, & deals with maintaining & upgrading it as one of the most important goals in the process of sustainable development. As a government institution; the Company is committed to applying international best practices that ensure the safety of all concerned. The administration also applies a system based on providing a healthy work environment & providing health insurance for employees.

(9) Child & Forced Labor

- ◆ The company follows a child labor policy under Article No. 44 of the company's policy when hiring employees: the applicant must be at least 18 years old.
- ◆ The policy also applies to suppliers & sellers.

(10) Human Rights

- ◆ The Ras Al Khaimah White Cement Company follows a human rights policy.
- ◆ The company's human rights policy includes suppliers & sellers.

(11) Emiratization

- ◆ The percentage of Emirati employees reached 8.07%.

(12) Community investment

- ◆ The amount invested within the community, as it represents a percentage of the company's revenues, is **240,000** Dirhams.

Seventh: Governance

Ras Al Khaimah Co. For White Cement & Construction Materials takes great care of the issue related to applying the corporate governance & discipline & is fully committed to the provisions of applicable legislation, including the provisions of the Chairman of the Board of Directors of Securities & Commodities Authority (3/Chairman) of 2022 concerning Approval of Joint Stock Companies Governance Guide. The Board of Directors is responsible towards the shareholders of the company & its customers for the proper & strict application of the principles of governance by achieving the required discipline in the management of the company in accordance with the international standards & encourages the Board of Directors of the company to maintain a high level of transparency.



(1) Diversity of the board of directors

In accordance with Article No.19 of the Articles of Association of the Company, the Company shall be managed by a Board of Directors consisting of nine members elected by the Ordinary General Assembly by secret accumulative ballot. In all cases, the majority of the members of the Board shall be UAE nationals. Accordingly, a new Board of Directors has been elected at the Annual General Assembly Meeting. The Board comprises of nine members, most of them are UAE nationals & are highly experienced & competent.

- ◆ The percentage of the total board seats occupied by women & men.

| Board Directors seats | Men | Women |
|-----------------------|---------|---------|
| 9 | 7 (78%) | 2 (22%) |

- ◆ Percentage of committee seats held by women & men.

| No of committee | Women | Men | Committee Chairs | % |
|-----------------|-------|-----|------------------|---|
| 4 | - | 2 | 2 | - |

(2) Independent Board Members

The company's board of directors & its executive management are bound by the rules & procedures stipulated in Article (40) of the rules for candidacy for membership of the board of directors No. (2) Non-executives who must have practical experience & technical skills for the interest of the company. In all cases, when selecting the non-executive members of the company, it must be taken into account that the member is able to allocate sufficient time & attention to his membership & that this membership does not represent a conflict with other interests of him.

- ◆ The management of Ras Al Khaimah White Cement & Construction Materials Company consists of a board of directors consisting of 9 members in addition to the executive management delegated by the board of directors to carry out the tasks required to manage the company
- ◆ Percentage: the total board seats occupied by independent board members

| Board Directors seats | Independent | Non-Independent | % |
|-----------------------|-------------|-----------------|-----|
| 9 | 5 | 4 | 56% |

(3) Salaries with incentives

- ◆ Executives are not get incentives for achieving sustainability

(4) Supplier Code of Conduct

- ◆ Ras Al Khaimah White Cement Company is committed to the highest ethical & legal standards in the conduct of business. The company requires everyone who does business with it to acknowledge, & agree to abide by, the policies & principles stipulated by the company & these rules apply to all providers of goods / services & its subsidiaries.
- ◆ During the year, suppliers will be required to formally certify their compliance with the rules.

(5) Ethics & anti-corruption

- ◆ UAE is one of the leading countries in the fight against corruption, UAE issued laws that criminalize & hold anyone involved in acts of corruption accountable, whether in the public or private sectors. Ras Al Khaimah White Cement Company adheres to & follows the anti-corruption policy. In addition, the company has internal policies & controls that help the company to combat corruption.
- ◆ The percentage of compliance of the company's workforce is 100%.

(6) Data privacy

- ◆ Ras Al Khaimah White Cement Company & its subsidiaries are committed to providing the highest standards of privacy & protection with regard to the collection & use of personal information of their customers, based on applicable data protection laws & regulations.
- ◆ The company abides by the rules followed in the United Arab Emirates with regard to data privacy.

(7,8,9) Sustainability Reports, Disclosure & Validation Practices

- ◆ This report is the Third sustainability report published by the company, & the management gives priority to developing the report continuously to reach the best required standards & to rely on the global initiative or initiatives adopted by the United Arab Emirates & its approval by accredited parties or offices so that the company can verify the main performance indicators.

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

**RAS AL KHAIMAH
UNITED ARAB EMIRATES**

**CONSOLIDATED FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REPORT
FOR THE YEAR ENDED
DECEMBER 31, 2022**

Ras Al Khaimah Co. For White Cement & Construction Materials P.S.C.

Directors' Report

The Directors submit their report together with the audited consolidated financial statements of Ras Al Khaimah Co. for White Cement & Construction Materials P.S.C. and its subsidiaries for the year ended December 31, 2022.

Incorporation and registered office

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 13/81 dated 3 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:

| Name of subsidiary | Proportion of ownership interest | Country of incorporation | Principal activities |
|------------------------------------|---|---------------------------------|--|
| 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. |

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

Results and appropriation

The operating results and the consolidated financial position of the Group are fully set out in the attached consolidated financial statements. The Group reported a net profit of AED 21.08 million for the year ended December 31, 2022 (2021: net profit of AED 32.87 million).

Dividends

At the annual general meeting held on March 31, 2022, the Shareholders approved cash dividends of 10% amounting to AED 50,015,700 to the shareholders in respect for the year ended December 31, 2021. They have also approved the board of Directors' remuneration for an amount of AED 2.85 million.

At the annual general meeting held on April 12, 2021, the Shareholders approved cash dividends of 5% amounting to AED 25,007,850 to the shareholders in respect for the year ended December 31, 2020. They have also approved the board of Directors' remuneration for an amount of AED 1.14 million.

Auditors

Talal Abu Ghazaleh & Co. International – RAK were appointed as auditors for the year ended December 31, 2022 and being eligible, they have expressed their willingness to continue in office once elected at the forthcoming Annual General Meeting.

These consolidated financial statements for the year ended December 31, 2022 (including comparatives) were approved by the Board of Directors on February 25, 2023 and were signed on their behalf by:


Chairman


Chief Executive Officer

Report on the Audit of the Consolidated Financial Statements (continued...)

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.

Impairment losses on trade receivables

As at December 31, 2022, trade receivables were AED 47,452,447 against which impairment loss allowance of AED 3,616,295 was recorded (Note 7 to the consolidated financial statements).

Management exercises significant judgement when determining both when and how much to record as trade receivable impairment allowance as per requirements of IFRS 9 "Financial instruments". 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.

The work that we performed to address this key audit matter included the following procedures:

- We obtained an understanding of the Group's 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.

Allowance for slow moving inventories

As at December 31, 2022, Gross value of Inventories amounted to AED 109,809,236, against which provision for slow moving inventories amounted to AED 31,342,762. Inventories include various types of inventories that are reported at the lower of cost of net realizable value. Assessing net realizable value of inventories is an area of significant judgement, in particular with regard to the estimation of allowance for slow-moving inventories.

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 inventories. Since significant judgement is involved in assessing the required allowance, we have identified this as a key area of focus.

Report on the Audit of the Consolidated Financial Statements (continued...)

Key audit matters (continued...)

The work that we performed to address this key audit matter included the following procedures:

- We inquired of the management to understand the procedures undertaken by them as part of the inventory review and assessment of allowance for slow moving 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.

Other Information

The Board of directors are responsible for the other information. Other information consists of information included in the Director's report, other than the consolidated financial statements and our auditors' 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 consolidated financial statement, 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 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.

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 IFRSs and in compliance with the applicable provisions of the Articles of Association of the Company and the UAE Federal Law No. (32) of 2021, 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.

Those charged with governance are responsible for overseeing the Group's consolidated financial reporting process.

Report on the Audit of the Consolidated Financial Statements (continued...)

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' 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.

Report on the Audit of the Consolidated Financial Statements (continued...)

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements (continued...)

We also provide the board of directors 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, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the board of directors, 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 or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

As required by UAE Federal Law No. (32) of 2021, we report that for the year ended December 31, 2022:

1. We have obtained all the information we considered necessary for purposes of our audit.
2. The consolidated financial statements have been prepared and comply, in all material respect with the applicable provisions of UAE Federal Law No. (32) of 2021 and the Articles of Association of the Company.
3. The Group has maintained proper books of accounts.
4. The consolidated financial information included in the Directors' report is consistent with the books of accounts of the Group.
5. Investments in shares and stocks are included in note 5 to the consolidated financial statements.
6. Transactions and term with related parties disclosed in Note 21.
7. The Group made social contributions as disclosed in Note 27 to the consolidated financial statements.
8. Based on the information that has been made available to us, nothing came to our attention which causes us to believe that the Group has contravened during the financial year ended December 31, 2022, any of the applicable provisions of UAE Federal Law No. (32) Of 2021 or the Articles of Association of the Company which would have a material effect on its activities or on its consolidated financial position as at December 31, 2022.

For **TALAT ABU-GHAZALEH & CO. INTERNATIONAL**

TALAT ZABEN
LICENS D AUDITOR NO. 68

Ras Al Khaimah
February 25, 2023



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

RAS AL KHAIMAH

UNITED ARAB EMIRATES

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

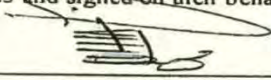
As At December 31, 2022

EXHIBIT A

| <u>ASSETS</u> | <u>Notes</u> | <u>2022</u> | <u>2021</u> |
|---|---------------------|--------------------|--------------------|
| <u>Non-current assets</u> | | <u>AED</u> | <u>AED</u> |
| Property, plant and equipment | 4 | 466,096,947 | 492,412,716 |
| Investments at fair value through other comprehensive income (FVTOCI) | 5 (a) | 107,312,273 | 173,974,245 |
| Total non-current assets | | 573,409,220 | 666,386,961 |
| <u>Current assets</u> | | | |
| Inventories | 6 | 78,466,474 | 81,248,709 |
| Trade and other receivables | 7 | 51,681,491 | 45,952,556 |
| Investments at fair value through profit or loss (FVTPL) | 5 (b) | 31,504,588 | 41,951,275 |
| Cash and bank balances | 8 | 147,119,440 | 127,510,534 |
| Total current assets | | 308,771,993 | 296,663,074 |
| TOTAL ASSETS | | 882,181,213 | 963,050,035 |
| <u>EQUITY AND LIABILITIES</u> | | | |
| <u>Equity</u> | | | |
| Share capital | 9 | 500,157,000 | 500,157,000 |
| Statutory reserve | 10 | 118,102,515 | 115,993,875 |
| Cumulative changes in fair value (FVTOCI) | | (38,916,271) | (50,746,724) |
| Retained earnings | | 202,812,080 | 228,371,952 |
| Net equity - Exhibit C | | 782,155,324 | 793,776,103 |
| <u>Non-current liabilities</u> | | | |
| Employees' end of service benefits | 11 | 10,485,524 | 9,261,158 |
| Bank borrowings | 12 | - | 50,511,745 |
| Total non-current liabilities | | 10,485,524 | 59,772,903 |
| <u>Current liabilities</u> | | | |
| Bank borrowings | 12 | - | 22,500,000 |
| Trade and other payables | 13 | 89,540,365 | 87,001,029 |
| Total current liabilities | | 89,540,365 | 109,501,029 |
| Total liabilities | | 100,025,889 | 169,273,932 |
| TOTAL EQUITY AND LIABILITIES | | 882,181,213 | 963,050,035 |

To the best of our knowledge, the consolidated financial information included in these consolidated financial statements fairly presents in all material respects the financial condition, consolidated result of operation and consolidated cash flows of the Group as of, and for, the periods presented therein.

These consolidated financial statements were approved for issue by the Board of Directors on February 25, 2023 and signed on their behalf by:



Chairman



Chief Executive Officer

The accompanying notes from 1 to 30 are an integral part of this consolidated financial statements.

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

RAS AL KHAIMAH
UNITED ARAB EMIRATES

CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED DECEMBER 31, 2022

EXHIBIT B – 1

| | <u>Note</u> | <u>2022</u> <u>AED</u> | <u>2021</u> <u>AED</u> |
|---|-------------|---------------------------|---------------------------|
| Sales | 14 | 247,668,393 | 239,809,046 |
| Cost of sales | 15 | (213,525,258) | (202,443,235) |
| Gross profit | | 34,143,135 | 37,365,811 |
| General and administrative expenses | 16 | (21,997,856) | (24,067,641) |
| Other income | 17 | 884,415 | 9,580,465 |
| Operating Profit | | 13,029,694 | 22,878,635 |
| Investment income | 18 | 10,218,447 | 11,826,288 |
| Impairment allowance for expected credit losses | 7 (b) | (667,861) | - |
| Foreign exchange loss | | (690,766) | (259,588) |
| Finance cost | | (803,117) | (1,573,576) |
| Profit for the year – Exhibits B – 2 & C | | 21,086,397 | 32,871,759 |
| Basic earnings per share | 19 | 0.04 | 0.07 |

The accompanying notes from 1 to 30 are an integral part of this consolidated financial statements.

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

RAS AL KHAIMAH
UNITED ARAB EMIRATES

CONSOLIDATED STATEMENT OF
OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 31, 2022

EXHIBIT B – 2

| | <u>2022</u> | <u>2021</u> |
|---|--------------------------|--------------------------|
| | <u>AED</u> | <u>AED</u> |
| Profit for the year – Exhibit B – 1 | 21,086,397 | 32,871,759 |
| <u>Other comprehensive income/(loss)</u> | | |
| <i>Items that will not be reclassified subsequently to profit or loss</i> | | |
| Changes in fair value of investments at FVTOCI | 11,830,453 | 18,419,390 |
| Realized gain on disposal of investments at FVTOCI | 8,328,071 | 12,854,664 |
| Total other comprehensive income for the year – Exhibit C | <u>20,158,524</u> | <u>31,274,054</u> |
| Total comprehensive income for the year - Exhibit C | <u>41,244,921</u> | <u>64,145,813</u> |

The accompanying notes from 1 to 30 are an integral part of this consolidated financial statements.

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

RAS AL KHAIMAH

UNITED ARAB EMIRATES

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED DECEMBER 31, 2022

| | <u>EXHIBIT C</u> | | | |
|--|-----------------------------|-------------------------|--------------------------|------------------------|
| | <u>Share Capital</u> | <u>Statutory</u> | <u>Cumulative</u> | |
| | <u>AED</u> | <u>reserve</u> | <u>changes in</u> | <u>Net</u> |
| | | <u>AED</u> | <u>fair value</u> | <u>earnings</u> |
| | | | <u>(FV/TOCI)</u> | <u>AED</u> |
| | | | <u>AED</u> | <u>AED</u> |
| As at December 31, 2020 | 500,157,000 | 112,706,699 | (69,166,114) | 755,778,140 |
| Profit for the year – Exhibit B – 1 | - | - | - | 32,871,759 |
| Other comprehensive income for the year – Exhibit B – 2 | - | - | 31,274,054 | 31,274,054 |
| Total comprehensive income for the year | - | - | 31,274,054 | 64,145,813 |
| Dividend declared during the year | - | - | - | (25,007,850) |
| Transfer to retained earnings upon disposal of investment at FV/TOCI | - | - | (12,854,664) | 12,854,664 |
| Transfer to statutory reserve | - | 3,287,176 | - | (3,287,176) |
| Board of directors remuneration | - | - | - | (1,140,000) |
| As at December 31, 2021 – Exhibit A | 500,157,000 | 115,993,875 | (50,746,724) | 793,776,103 |
| Profit for the year – Exhibit B – 1 | - | - | - | 21,086,397 |
| Other comprehensive income for the year – Exhibit B – 2 | - | - | 20,158,524 | 20,158,524 |
| Total comprehensive income for the year | - | - | 20,158,524 | 41,244,921 |
| Transfer to retained earnings upon disposal of investment at FV/TOCI | - | - | (8,328,071) | 8,328,071 |
| Dividend declared during the year | - | - | - | (50,015,700) |
| Transfer to statutory reserve | - | 2,108,640 | - | (2,108,640) |
| Board of directors remuneration | - | - | - | (2,850,000) |
| As at December 31, 2022 – Exhibit A | 500,157,000 | 118,102,515 | (38,916,271) | 782,155,324 |

The accompanying notes from 1 to 30 are an integral part of this consolidated financial statements.

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

RAS AL KHAIMAH
UNITED ARAB EMIRATES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

1. GENERAL INFORMATION:

Ras Al Khaimah Co. for White Cement & Construction Materials P.S.C. (the "Company") is incorporated as a public shareholding company by Emiri decree number 13/81 dated 3 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, and United Arab Emirates.

The principal activities of the Company and its subsidiaries (the "Group") are manufacturing and supply of white cement, lime products, cement products and investing, establishing and managing similar activities. The "Group" comprises of Ras Al Khaimah Co. for White Cement & Construction Materials P.S.C. and its Subsidiaries.

At the Annual General Assembly Meeting held on March 31, 2022, the shareholders approved to amend Company's article of association with respect to Article 5 (2) – Purposes of the Company and Article (7) – Percentage of Ownership and on April 13, 2022 the changes were applied.

Details of Company's subsidiaries at December 31, 2022 are mentioned in Note 3: Basis of consolidation.

2. NEW AND REVISED STANDARDS, INTERPRETATION AND AMENDMENTS

The accounting policies adopted in the preparation of consolidated financial statements are consistent with those applied by the Group in the interpretation of the consolidated financial statements for the year ended December 31, 2021 except for the adoption of the following new standards, interpretation and amendments.

2.1 Standards, interpretations issued and effective for the current year

The Group has adopted all the applicable new and revised standards and interpretations issued by the International Accounting Standards Board (IASB) and the International Financial Reporting Interpretations Committee (IFRIC) of the IASB that are relevant to its operations and effective for the year beginning on 1 January 2022.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2022 (continued...)

2. NEW AND REVISED STANDARDS, INTERPRETATION AND AMENDMENTS (continued...)

2.1 Standards, interpretations issued and effective for the current year (continued...)

- ***Proceeds before intended use (Amendments to IAS (16) Property, Plant and Equipment.***

The amendments prohibit an entity from deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced before that asset is available for use, i.e. proceeds while bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognizes the proceeds from selling such items, and the cost of producing those items, in profit or loss.

The amendments also clarify that an entity is 'testing whether the asset is functioning properly' when it assesses the technical and physical performance of the asset.

If not presented separately in the consolidated statement of comprehensive income, the consolidated financial statements shall disclose the amounts of proceeds and cost included in profit or loss that relate to items produced that are not an output of the entity's ordinary activities, and which line item(s) in the consolidated statement of comprehensive income include(s) such proceeds and cost.

- ***Reference to the Conceptual Framework (Amendments to IFRS 3).***

Minor amendments were made to IFRS 3 'Business Combinations' to update the references to the Conceptual Framework for Financial Reporting and add an exception for the recognition of liabilities and contingent liabilities within the scope of IAS 37 Provisions, Contingent Liabilities and Contingent Assets and IFRIC 21 Levies. The amendments also confirm that contingent assets should not be recognized at the acquisition date.

- ***Onerous Contracts — Cost of Fulfilling a Contract (Amendments to IAS 37).***

The amendments specify that the cost of fulfilling a contract comprises the costs that relate directly to the contract. Costs that relate directly to a contract consist of both the incremental costs of fulfilling that contract (for example, direct labour and materials) and an allocation of other costs that relate directly to fulfilling contracts (for example, allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling that contract, among others)

Before a separate provision for an onerous contract is established, an entity recognizes any impairment loss that has occurred on assets used in fulfilling the contract.

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

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022 (continued...)

2. NEW AND REVISED STANDARDS, INTERPRETATION AND AMENDMENTS
(continued...)

2.1 Standards, interpretations issued and effective for the current year (continued...)

- *Annual improvements to IFRS 2018-2020 (Amendments to IFRS 1, IFRS 9, IFRS 16 and IAS 41)*

- *IFRS 1 Amendments, First-time Adoption of International Financial Reporting Standards*

The amendment provides additional relief to a subsidiary which becomes a first-time adopter later than its parent in respect of accounting for cumulative translation differences. As a result of the amendment, a subsidiary that uses the exemption in IFRS 1: D16 (a) may elect, in its financial statements, to measure cumulative translation differences for all foreign operations at the carrying amount that would be included in the parent's consolidated financial statements, based on the parent's date of transition to IFRSs, if no adjustments were made for consolidation procedures and for the effects of the business combination in which the parent acquired the subsidiary. A similar election is available to an associate or joint venture that uses the exemption in IFRS 1: D16 (a).

- *IFRS 9 Amendments, Financial Instruments*

The amendments clarify the fees an entity includes when it applies the '10 per cent' in assessing whether to derecognize a financial liability, an entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf.

- *IFRS 16 Amendments, Leases*

The amendment to illustrative example 13 accompanying IFRS 16 removes from the example the illustration of the reimbursement of leasehold improvements.

- *IAS 41 Amendments, Agriculture*

The amendment removes the requirement in paragraph 22 of IAS 41 for the entities to exclude taxation cash flows when measuring the fair value under IAS 41

These amendments had no material impact on the consolidated financial statements of the Group.

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

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022 (continued...)

2. NEW AND REVISED STANDARDS, INTERPRETATION AND AMENDMENTS
(continued...)

2.2 Standards, interpretations and amendments in issue not yet effective and not early adopted:

| | | Effective date |
|---|--|---------------------------|
| IAS 1 – Amendment | Classification of Liabilities as Current or Non-current | 1 January 2023 |
| IFRS- 17 – New | Insurance Contracts | 1 January 2023 |
| IAS 1 – Amendment & IFRS practice statement 2 | Disclosure of Accounting Policies | 1 January 2023 |
| IAS 8- Amendment | Definition of Accounting Estimate | 1 January 2023 |
| IAS 12- Amendment | Deferred Tax related to Assets and Liabilities arising from a from a Single transaction | 1 January 2023 |
| IFRS 10 and IAS 28 Amendments | Sale or Contribution of Assets between an Investor and an and its Associate or Joint Venture | Indefinite effective date |

If applicable, the Group intends to adopt these new and amended standards and interpretations when they become effective. The management anticipates that the adoption of the above standards and interpretations in future periods may have an impact on the consolidated financial statements of the Group.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Statement of compliance:

The Group prepared its consolidated financial statements in accordance, and comply with, International Financial Reporting Standards (IFRS) and IFRS Interpretations Committee (IFRIC) applicable to the group companies reporting under IFRS and applicable requirements of the UAE Federal Law No. (32) Of 2021.

Basis of preparation:

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

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 purpose in these consolidated financial statement is determined on such basis, and measurement that have some similarities to fair value but are not fair value, such as net realizable value in IAS 2 or value in use in IAS 36.

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

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022 (continued...)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued...):

Basis of consolidation (Continued...):

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.

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

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

The Company has the following subsidiaries over which it exercises effective control:

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

Foreign currencies

Functional and presentation currency

Items included in the consolidated financial statements are measured and presented in United Arab Emirates Dirhams (AED), being the currency of the primary economic environment in which the Group operates (the functional currency'). The consolidated financial statements are presented in AED, which is the Group's functional and presentation currency.

...the relevant activities of the investee unilaterally.

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

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UNITED ARAB EMIRATES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022 (continued...)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued...):

Basis of consolidation (Continued...):

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.

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| Modern Block Factory Establishment | 100% | Ras Al Khaimah U.A.E. | Manufacturing of concrete blocks, interlock tiles and cement products. |
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Items included in the consolidated financial statements are measured and presented in United Arab Emirates Dirhams (AED), being the currency of the primary economic environment in which the Group operates (the functional currency'). The consolidated financial statements are presented in AED, which is the Group's functional and presentation currency.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022 (continued...)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued...):

Foreign currencies

Foreign currency transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the consolidated statement of comprehensive income, except when deferred in other comprehensive income as qualifying cash flow hedges.

Balances and transactions denominated in US dollars ("USD") have been translated into the presentation currency at a fixed rate as the exchange rate of AED to USD has been pegged.

Property and equipment:

Property and equipment held for use in production or supply of goods or services or for administrative purposes are initially recognized at their cost being their purchase price plus any other costs directly attributable to bringing the asset to the location and condition necessary for them to be capable of operating in the manner intended by the Management.

After initial recognition, the property and equipment are carried, in the consolidated statement of financial position, at their cost less accumulated depreciation and any accumulated impairment. Depreciation is calculated on a straight line basis, which reflects the pattern in which the asset's future economic benefits are expected to be consumed by the Group over the estimated useful lives of the assets and accordingly annual depreciation rates are decided for each class of assets.

The annual rate of depreciation used are as follows:

| <u>Asset category</u> | <u>Life (Years)</u> |
|---|----------------------------|
| Buildings and building improvements | 5-20 |
| Plant and machinery | 3-30 |
| Tools, equipment, furniture and fixture | 3-20 |
| Vehicles | 5-10 |

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022 (continued...)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (continued...)

Property and equipment: (continued...)

The depreciation charge for each year is recognized in the consolidated statement of profit or loss and other comprehensive income. 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.

On the subsequent derecognition (sale or retirement) of the property and equipment, the resultant gain or loss, being the difference between the net disposal proceeds, if any, and the carrying amount, is included in the consolidated statement of profit or loss and other comprehensive income.

Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Financial instruments are either financial assets or financial liabilities.

Effective interest method

The effective interest method is a method of calculating the amortized cost of a debt instrument and of allocating interest income over the relevant Year. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter Year, to the net carrying amount on initial recognition.

Financial assets

Any asset that is: cash, an equity instrument of another entity, or a debt instrument of another entity (a contractual right to receive cash or another financial asset from another entity, or to exchange financial assets or financial liabilities with another entity under conditions that are potentially favorable to the entity, or a contract that will or may be settled in the entity's own equity instruments).

a) Initial measurement:

Financial assets are recognized when the Group becomes party to the contractual provisions of the instruments. At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

Trade receivables are measured at the amount of consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third party, if the trade receivables do not contain a significant financing component at initial recognition.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022 (continued...)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (continued...)

Financial instruments (continued...)

b) Subsequent measurement:

- Debt Instruments

Subsequent measurement of debt instruments depends on an entity's business model for managing the asset and the contractual cash flow characteristics of the asset. The Group's financial assets are mainly debt instruments that are subsequently measured at amortized cost. The Group's financial assets are held for the collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortized cost. Financial assets are measured at amortized cost using the effective interest method, less impairment. Gains and losses are recognized in profit or loss when the assets are derecognized or impaired, and through amortization process.

c) Impairment:

The Group assesses on a forward looking basis the expected credit losses (ECL) associated with its debt instrument assets carried at amortized cost and FVTOCI. For trade receivables, the Group measures the loss allowance at an amount equal to the lifetime expected credit losses.

d) Derecognition:

A financial asset is derecognized where the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognized in other comprehensive income for debt instruments is recognized in profit or loss.

e) Financial assets designated at fair value through Other Comprehensive Income – equity instruments (“FVTOCI”)

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under IAS 32 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognized as gain on investments in the consolidated statement of profit or loss when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022 (continued...)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (continued...)

Financial instruments (continued...)

e) Financial assets designated at fair value through OCI (equity instruments) (continued...)

Investments carried at fair value through other comprehensive income (FVTOCI) represent investments that the Group intends to hold for the long term for strategic purposes. The Group elected to classify irrevocably its listed equity investments under available for sale category as financial assets designated at fair value through OCI.

f) Financial assets at Fair Value Through Profit or Loss ("FVTPL")

Financial assets that do not meet the criteria for being measured at amortized cost or FVTOCI are measured at FVTPL. Specifically:

- Investments in equity instruments are classified as at FVTPL, unless the Group designates an equity investment that is neither held for trading nor a contingent consideration arising from a business combination as at FVTOCI on initial recognition.
- Debt instruments that do not meet the amortized cost criteria or the FVTOCI criteria are classified as at FVTPL. In addition, debt instruments that meet either the amortized cost criteria or the FVTOCI criteria may be designated as at FVTPL upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency (so called 'accounting mismatch') that would arise from measuring assets or liabilities or recognizing the gains and losses on them on different bases. The Group has not designated any debt instruments as at FVTPL.

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

Despite the foregoing, the Group may make the following irrevocable election / designation at initial recognition of a financial asset:

- The Group may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if certain criteria are met; and
- The Group may irrevocably designate a debt investment that meets the amortized cost or FVTOCI criteria as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2022 (continued...)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (continued...)

Financial instruments (continued...)

Cash and cash equivalents

For the purpose of the consolidated statement of cash flows, cash comprises cash on hand and demand deposits where cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Financial liabilities

a) **Initial recognition and measurement:**

Financial liabilities are recognized when the Group becomes a party to the contractual provisions of the financial instrument. The Group determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognized initially at fair value plus in the case of financial liabilities not at fair value through profit or loss, directly attributable transaction costs.

b) **Subsequent measurement:**

After initial recognition, financial liabilities that are not carried at fair value through profit or loss are subsequently measured at amortized cost using the effective interest method. Gains and losses are recognized in profit or loss when the liabilities are derecognized, and through the amortization process.

c) **Derecognition:**

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in profit or loss.

d) **Financial guarantee**

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument.

Financial guarantees are recognized initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequent to initial recognition, financial guarantees are measured at the higher of the amount of the impairment loss allowance and the amount initially recognized less, when appropriate, the cumulative amount of income recognized

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022 (continued...)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (continued...)

Inventories

Inventories are measured at the lower of cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

Spare parts and other inventories cost comprises of their purchase price.

Raw materials cost comprises of purchase cost and other costs incurred in bringing the raw material to their present location and condition. Products in process cost comprises raw materials, wages and industrial costs that contribute in transforming raw materials into products in process. Finished goods 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.

When inventories are sold, the carrying amounts of those inventories are recognized as an expense in the period in which the related revenue is recognized. The amount of any write down of inventories to net realizable value and all losses of inventories are recognized as an expense in the period the write down or loss occurs. The amount of any reversal of any write down of inventories, arising from an increase in net realizable value, are recognized as reduction in the amount of inventories recognized as an expense in the period in which the reversal occurs.

Impairment of non-financial assets

At each consolidated statement of financial position date, the Group reviews the carrying amounts of its assets to determine whether there is any indication that those assets have been impaired. 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, being the amount by which the carrying amount of the asset exceeds its recoverable amount. The recoverable amount is the higher of asset's fair value less costs to sell and the value in use. The asset's fair value is the amount for which that asset could be exchanged between knowledgeable, willing parties in arm's length transaction. The value in use is the present value of the future cash flows expected to be derived from the asset. An impairment loss is recognized immediately in the 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.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but the increased carrying amount due to reversal should not be more than what the depreciated historical cost would have been if the impairment had not been recognized in prior Years. A reversal of an impairment loss is recognized immediately in the consolidated statement of profit or loss and other comprehensive income 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.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022 (continued...)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (continued...)

Related party transactions

Related parties includes persons (or a close member of that person's family) that are related to the Group, has control or joint control over the Group, has significant influence over the Group, and/or member of the key management personnel of the reporting entity, or of a parent of the reporting entity. The Group is related to another entity if they are members of the same Group (that is all entities within a Group are related to each other).

Transactions with related parties, normally, comprise of transfer of resources, services, or obligations between the parties. At the consolidated statement of financial position date, the related parties' receivables are stated at the net realizable value.

Employees' end-of-service benefits

Provision for employees' end-of-service benefits is calculated in accordance with the Federal Labour Laws of United Arab Emirates.

Provisions

Provisions are present obligations (legal or constructive) resulted from past events, the settlement of the obligations is probable and the amount of those obligations can be estimated reliably. The amount recognized as a provision is the best estimate of the expenditure required to settle the present obligation at the consolidated statement of financial position date, that is, the amount that the Group would rationally pay to settle the obligation at the consolidated statement of financial position date or to transfer it to a third party.

Provisions are reviewed and adjusted at each consolidated statement of financial position date. If outflows, to settle the provisions, are no longer probable, reverse of the provision is recorded as income. Provisions are only used for the purpose for which they were originally recognized.

Contingent liabilities

Contingent liabilities are possible obligations depending on whether some uncertain future events occur, or they are present obligations but payments are not probable or the amounts cannot be measured reliably. Contingent liabilities are not recognized in the consolidated financial statements but are disclosed.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022 (continued...)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (continued...)

Current versus non – current classification

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

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

All other assets are classified as non-current.

A liability is classified as current when:

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

The Group classifies all other liabilities as non-current.

Value added tax ("VAT")

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

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

Cash and cash equivalents

Cash and cash equivalents are items, which are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Cash and cash equivalents in the consolidated statement of financial position comprise cash on hand and current accounts with bank and short-term deposits with original maturities of three months or less.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022 (continued...)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (continued...)

Share capital and reserves

Share capital represents the nominal value of shares that have been issued. Ordinary shares are classified as equity.

Statutory reserve is required to be created by UAE Federal Law No. (32) Of 2021 as described in note 10.

Retained earnings include all current and prior period retained profits.

Revenue recognition

Revenue is measured at an amount that reflects the consideration, to which an entity expects to be entitled in exchange for transferring goods or services to customer, excluding amounts collected on behalf of third parties. Revenue is adjusted for expected discounts and volume discounts, which are estimated based on the historical data or forecast and projections. The Group recognizes revenue from contracts with customers based on a five-step model as set out in IFRS 15:

- Step 1: Identify contract(s) with a customer: A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria for every contract that must be met.
- Step 2: Identify performance obligations in the contract: A performance obligation is a promise in a contract with a customer to transfer a good or service to the customer.
- Step 3: Determine the transaction price: The transaction price is the amount of consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.
- Step 4: Allocate the transaction price to the performance obligations in the contract: For a contract that has more than one performance obligation, the Group allocates the transaction price to each performance obligation in an amount that depicts the amount of consideration to which the Group expects to be entitled in exchange for satisfying each performance obligation.
- Step 5: Recognize revenue: When (or as) the Group satisfies a performance obligation.

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

Revenue from contracts with customers is recognized when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022 (continued...)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (continued...)

Dividend and interest income

Dividend income from investment is recognized 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 net carrying amount.

Earnings per share

Basic earnings per share is calculated by dividing;

- The profit attributable to shareholders of the Group, excluding any costs of servicing equity other than ordinary shares.
- By the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year and excluding treasury shares if any.

Segment reporting

For management purposes, the Group is organized into business units based on their products and service and has reportable segments as follows;

- a) Manufacturing of White cement, lime products, cements products.
- b) Investment in marketable equity securities.

There are no sale between segments during the year.

Management monitors the operating results of its business units for the purpose of making decisions about resources allocations and performance assessment. Segment performance is evaluated based on net profit or loss and is measured consistently with operating profit or loss in the consolidated financial statements.

Critical accounting judgments and key sources of estimation uncertainty

In the application of the Group's accounting policies, the Management is required to make judgments, estimates and assumptions about the reporting amounts of assets, liabilities, income and expenses that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the Year in which the estimate is revised if the revision affects only that Year or in the Year of the revision and future Years if the revision affects both current and future Years.

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3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (continued...)

Critical accounting judgments and key sources of estimation uncertainty: (continued...)

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the date of the consolidated statement of financial position, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial Year.

Impairment of financial assets

Measurement of Expected Credit Loss ("ECL") is a significant estimate that involves determination methodology, models and data inputs. The following components have a major impact on credit loss allowance: definition of default, SICR, probability of default ("PD"), exposure at default ("EAD"), and loss given default ("LGD"), as well as models of macro-economic scenarios. The Group regularly reviews and validates the models and inputs to the models to reduce any differences between expected credit loss estimates and actual credit loss experience.

The expected loss rates are based on aging of receivables. The historical loss rates are adjusted for to reflect forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables.

Allowance for slow moving inventories

Inventories are stated at the lower of cost or net realizable value. Adjustments to reduce the cost of inventory to its net realizable value, if required, are made at the product level for estimated excess, obsolescence or impaired balances. Factors influencing these adjustments include changes in demand, technological changes, physical deterioration and quality issues. Based on the factors, management has identified inventory items as slow and non-moving to calculate the allowance for slow moving inventories. Revisions to the allowance for slow moving inventories would be required if the outcome of these indicative factors differ from the estimates.

Useful lives of property, plant and equipment

The cost of property and equipment is depreciated over the estimated useful life, which is based on expected usage of the assets, expected physical wear and tear, which depends on operational factors such as repair and maintenance program and physical obsolescence. The Management has not considered any residual value as it is deemed immaterial.

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3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (continued...)

Critical accounting judgments and key sources of estimation uncertainty: (continued...)

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.

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4. PROPERTY, PLANT AND EQUIPMENT:

a) Property, plant and equipment are stated at cost less accumulated depreciation as follows:

| Cost: | Lands AED | Buildings and improvements AED | Plant and machinery AED | Vehicles AED | Tools, equipments, furniture and fixtures AED | Assets under construction AED | Total AED |
|---|----------------------|---|--|-------------------------|--|--|----------------------|
| At December 31, 2020 (restated - Note 28) | 21,157,893 | 33,515,809 | 732,853,426 | 21,728,438 | 21,105,789 | 4,147,308 | 834,508,663 |
| Additions during the year | - | 207,090 | 4,393,050 | 921,500 | 1,201,133 | 5,264,194 | 11,986,967 |
| Transfer | - | - | 9,411,502 | - | - | (9,411,502) | - |
| At December 31, 2021 | 21,157,893 | 33,722,899 | 746,657,978 | 22,649,938 | 22,306,922 | - | 846,495,630 |
| Additions during the year | - | 241,808 | 2,317,910 | 576,334 | 333,787 | 4,089,408 | 7,559,247 |
| At December 31, 2022 | 21,157,893 | 33,964,707 | 748,975,888 | 23,226,272 | 22,640,709 | 4,089,408 | 854,054,877 |
| Accumulated Depreciation: | | | | | | | |
| At December 31, 2020 (restated - Note 28) | - | 17,800,198 | 266,693,174 | 20,167,928 | 15,935,355 | - | 320,596,655 |
| Charged for the year | - | 1,449,815 | 30,405,060 | 698,795 | 932,589 | - | 33,486,259 |
| At December 31, 2021 | - | 19,250,013 | 297,098,234 | 20,866,723 | 16,867,944 | - | 354,082,914 |
| Charged for the year | - | 1,278,052 | 30,673,529 | 799,710 | 1,123,725 | - | 33,875,016 |
| At December 31, 2022 | - | 20,528,065 | 327,771,763 | 21,666,433 | 17,991,669 | - | 387,957,930 |
| Net Carrying Amount: | | | | | | | |
| At December 31, 2021 - Exhibit A | 21,157,893 | 14,472,886 | 449,559,744 | 1,783,215 | 5,438,978 | - | 492,412,716 |
| At December 31, 2022 - Exhibit A | 21,157,893 | 13,436,642 | 421,204,125 | 1,559,839 | 4,649,040 | 4,089,408 | 466,096,947 |

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022 (continued...)

4. PROPERTY, PLANT AND EQUIPMENT: (continued...)

- b) Plant and machinery having a carrying amount of AED 44 million (2021: AED 110 million) is pledged to bank against facilities obtained by the Group.
- c) Clinker and lime production facilities, administrative office buildings are constructed on lands shown in Note 4 (a). These lands are situated in Ras Al Khaimah and owned by the Group.
- d) Assets under construction amounting to AED 4,089,408 (2021: AED Nil) as shown in Note 4 (a) represents expenditures incurred on installation of New Silo machine which is under progress.
- e) No borrowing costs have been capitalized during the current year (2021: AED Nil) as the amount eligible are immaterial.
- f) Depreciation expense classified as follows;

| | <u>2022</u> | <u>2021</u> |
|-------------------------------------|-------------|-------------|
| | <u>AED</u> | <u>AED</u> |
| Cost of sales | 33,404,563 | 33,034,547 |
| General and administrative expenses | 470,453 | 451,712 |

5. INVESTMENT IN SECURITIES:

- a) Investments at fair value through other comprehensive income (FVTOCI)

Equity securities which are not held for trading and which the group has irrevocably elected at initial recognition to recognize in this category. These are strategic investment and the group considers this classification to be more relevant.

| | <u>2022</u> | <u>2021</u> |
|---------------------------------------|--------------------|--------------------|
| | <u>AED</u> | <u>AED</u> |
| Equity shares, Quoted - Local - UAE | 100,166,391 | 112,399,840 |
| Equity shares, Quoted - GCC countries | 7,145,882 | 61,574,405 |
| Total – Exhibit A | 107,312,273 | 173,974,245 |

Movement details are as follows:

| | <u>2022</u> | <u>2021</u> |
|----------------------------------|--------------------|--------------------|
| | <u>AED</u> | <u>AED</u> |
| Balance at beginning of the year | 173,974,245 | 211,659,656 |
| Purchase during the year | 31,591,723 | 36,962,776 |
| Disposal during the year | (110,084,148) | (93,067,577) |
| Change in fair value | 11,830,453 | 18,419,390 |
| Balance at end the year | 107,312,273 | 173,974,245 |

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FOR THE YEAR ENDED DECEMBER 31, 2022 (continued...)

5. INVESTMENT IN SECURITIES: (continued...)

b) Investments at fair value through profit and loss (FVTPL):

This item comprise of equity investments that are held for trading and equity investments for which the entity has not elected to recognize fair value gains and losses through other comprehensive income.

| | <u>2022</u> | <u>2021</u> |
|---------------------------------------|-------------------|-------------------|
| | <u>AED</u> | <u>AED</u> |
| Equity shares, Quoted - Local - UAE | 20,715,802 | 27,515,804 |
| Equity shares, Quoted - GCC countries | 10,788,786 | 14,435,471 |
| Total – Exhibit A | 31,504,588 | 41,951,275 |

Movement details are as follows:

| | <u>2022</u> | <u>2021</u> |
|----------------------------------|-------------------|-------------------|
| | <u>AED</u> | <u>AED</u> |
| Balance at beginning of the year | 41,951,275 | 25,164,972 |
| Purchase during the year | 39,874,675 | 65,559,554 |
| Disposal during the year | (44,332,692) | (50,027,418) |
| Change in fair value | (5,988,670) | 1,254,167 |
| Balance at end the year | 31,504,588 | 41,951,275 |

6. INVENTORIES:

This item comprises of the following:

| | <u>2022</u> | <u>2021</u> |
|---------------------------------------|--------------------|--------------------|
| | <u>AED</u> | <u>AED</u> |
| Finished goods | 14,293,885 | 14,886,776 |
| Raw materials | 7,615,827 | 5,101,725 |
| Work in progress | 47,946,314 | 51,135,827 |
| Bags, fuel and lubricants | 7,244,347 | 10,479,446 |
| Spare parts | 32,694,581 | 30,986,022 |
| Total | 109,794,954 | 112,589,796 |
| Allowance for slow-moving inventories | (31,342,762) | (31,342,762) |
| Goods in transit | 14,282 | 1,675 |
| Net - Exhibit A | 78,466,474 | 81,248,709 |

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FOR THE YEAR ENDED DECEMBER 31, 2022 (continued...)

7. TRADE AND OTHER RECEIVABLES:

| | | |
|--|--------------------|--------------------|
| a) This item comprises of the following: | <u>2022</u> | <u>2021</u> |
| | <u>AED</u> | <u>AED</u> |
| Trade accounts receivable - Note 7 (c) | 47,452,447 | 44,104,921 |
| Impairment allowances for expected credit losses - Note 7 (b) | (3,616,295) | (2,948,434) |
| Net | 43,836,152 | 41,156,487 |
| Prepaid expenses | 1,547,690 | 1,121,522 |
| Advance to suppliers | 1,665,038 | 1,216,224 |
| Refundable deposits & other receivables | 4,632,611 | 2,458,323 |
| Total – Exhibit A | 51,681,491 | 45,952,556 |

Before accepting new customers, the Group generally obtains bank guarantee or letter of credit from the potential customers. Trade receivables at the end of year amounting to AED 22.56 million representing 47.54% of the total trade receivables (2021: 18.79 million representing 43.60% of trade receivables) are due from the Group's six customers (2021: five customers).

The average credit period on sales of goods is 73 days. No interest is charged on outstanding receivables. The Group measures the impairment allowance for expected credit losses at an amount equal to lifetime 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 the factors that are specific to the customers bank guarantees, and letters of credit provided, 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.

All the Group trade receivables in the comparative periods have been reviewed for indicators of impairment. The impaired trade receivables are mostly due from customers in the business to business market that are experiencing financial difficulties.

The Group write off trade receivables 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.

b) Movement details of impairment allowances for expected credit losses are as follows:

| | | |
|---|--------------------|--------------------|
| | <u>2022</u> | <u>2021</u> |
| | <u>AED</u> | <u>AED</u> |
| Balance at the beginning of the year | 2,948,434 | 2,948,434 |
| Net increase/(decrease) during the year - Exhibit B | 667,861 | - |
| Balance at the end of the year | 3,616,295 | 2,948,434 |

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FOR THE YEAR ENDED DECEMBER 31, 2022 (continued...)

7. TRADE AND OTHER RECEIVABLES: (continued...)

| | | |
|---|--------------------------|--------------------------|
| c) Analysis of trade receivables are set out below: | <u>2022</u> | <u>2021</u> |
| | <u>AED</u> | <u>AED</u> |
| Secured against unconditional bank guarantees | 15,602,758 | 11,999,860 |
| Secured against letter of credit | 14,288,383 | 15,283,996 |
| Open credit | 17,561,306 | 16,821,065 |
| Total | <u>47,452,447</u> | <u>44,104,921</u> |

8. CASH AND BANK BALANCES:

| | | |
|--|---------------------------|---------------------------|
| This item comprises of the following: | <u>2022</u> | <u>2021</u> |
| | <u>AED</u> | <u>AED</u> |
| Cash in hand | 190,095 | 175,853 |
| Checking accounts with bank | 7,181,166 | 11,188,969 |
| Portfolio accounts | 3,377,357 | 39,816,344 |
| Call deposits | 3,695,322 | 12,997,482 |
| Term deposits with maturity less than three months | 7,810,500 | 63,331,886 |
| Cash and cash equivalents - Exhibit D | <u>22,254,440</u> | <u>127,510,534</u> |
| Term deposits with maturity more than three months | 124,865,000 | - |
| Total -Exhibit A | <u>147,119,440</u> | <u>127,510,534</u> |

By Geographical area:

| | | |
|------------------------|-------------|-------------|
| In the U.A.E | 138,368,315 | 114,078,013 |
| In other GCC countries | 8,751,125 | 13,432,521 |

Bank balances are held with local and international branch of reputable banks. Management views these banks as having a sound performance history and satisfactory credit ratings.

The average interest rates for the bank deposits during the year were 4.5% (2021: 0.1% per annum).

9. SHARE CAPITAL:

| | | |
|--|---------------------------|---------------------------|
| This item comprises of the following: | <u>2022</u> | <u>2021</u> |
| | <u>AED</u> | <u>AED</u> |
| Issued and fully paid 500,157,000 shares of AED 1 each | | |
| - Exhibits A & C | <u>500,157,000</u> | <u>500,157,000</u> |

10. STATUTORY RESERVE:

In accordance with the U.A.E Federal Law No. (32) of 2021 and the Company's Articles of Association, 10% of the profit for each year is transferred to the statutory reserve. The transfer to statutory reserve may be suspended when it reaches 50% of share capital. During the year ended December 31, 2022, the Group has transferred AED 2,108,640 (2021: AED 3,287,176) to statutory reserve. This reserve is not available for distribution except in circumstances stipulated by the law.

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11. EMPLOYEES' END OF SERVICE BENEFITS:

Movement details are as follows:

| | <u>2022</u> | <u>2021</u> |
|----------------------------|-------------------|------------------|
| | <u>AED</u> | <u>AED</u> |
| At January 1 | 9,261,158 | 8,856,815 |
| Charge for the year | 1,435,168 | 915,968 |
| Payments during the year | <u>(210,802)</u> | <u>(511,625)</u> |
| At December 31 - Exhibit A | <u>10,485,524</u> | <u>9,261,158</u> |

12. BANK BORROWINGS:

a) This item consists of the following:

| | <u>2022</u> | <u>2021</u> |
|-------------------------------|-------------|-------------------|
| | <u>AED</u> | <u>AED</u> |
| Term Loan - Note 12 (b) & (c) | - | 73,011,745 |
| Total -Exhibit A | <u>-</u> | <u>73,011,745</u> |

Classified as follows:

| | | |
|---|---|------------|
| Bank borrowings – current – Exhibit A | - | 22,500,000 |
| Bank borrowings – non-current – Exhibit A | - | 50,511,745 |

b) Movement of term loan are as follows:

| | <u>2022</u> | <u>2021</u> |
|-------------------------|---------------------|---------------------|
| | <u>AED</u> | <u>AED</u> |
| Opening balance | 73,011,745 | 95,511,745 |
| Payment during the year | <u>(73,011,745)</u> | <u>(22,500,000)</u> |
| Ending balance | <u>-</u> | <u>73,011,745</u> |

- c) Term loan were obtained from UNB, as part of merger between UNB and ADCB which resulted in existing loan taken over by ADCB and new facilities of AED 118,011,745 commenced in November 2019 that is repayable over 4 years. On August 25, 2022, the Group settled all the outstanding dues against the term loan.
- d) The Group has amended credit facility agreement for bank overdrafts, short term loan and letter of credit amounting to AED 63,000,000 (Previously AED 73,000,000).
- e) Bank facilities are secured by pledge of property, plant and equipment; (Refer to Note 4).

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13. TRADE AND OTHER PAYABLES:

This item comprises of the following:

| | <u>2022</u> | <u>2021</u> |
|---|-------------------|-------------------|
| | <u>AED</u> | <u>AED</u> |
| Trade accounts payable | 29,529,137 | 29,055,785 |
| Dividend payable | 39,900,041 | 35,358,763 |
| Accrued expenses and other provisions | 13,853,708 | 16,711,563 |
| Advance from customers/contract liabilities | 6,257,479 | 5,874,918 |
| Total - Exhibit A | 89,540,365 | 87,001,029 |

14. SALES:

This item comprises of the following:

| | <u>2022</u> | <u>2021</u> |
|------------------------------|--------------------|--------------------|
| | <u>AED</u> | <u>AED</u> |
| Local sales | 95,937,581 | 103,277,715 |
| Export sales | 151,730,812 | 136,531,331 |
| Total - Exhibit B - 1 | 247,668,393 | 239,809,046 |

15. COST OF SALES:

This item comprises of the following:

| | <u>2022</u> | <u>2021</u> |
|---|--------------------|--------------------|
| | <u>AED</u> | <u>AED</u> |
| Material and spare parts consumption cost | 78,278,768 | 76,922,002 |
| Natural gas, electricity and water | 80,324,260 | 69,567,884 |
| Salaries, wages and related benefits | 21,079,068 | 20,688,853 |
| Depreciation | 33,404,563 | 33,034,547 |
| Other expense | 438,599 | 2,229,949 |
| Total - Exhibit B - 1 | 213,525,258 | 202,443,235 |

16. GENERAL AND ADMINISTRATIVE EXPENSES:

This item comprises of the following:

| | <u>2022</u> | <u>2021</u> |
|-------------------------------|-------------------|-------------------|
| | <u>AED</u> | <u>AED</u> |
| Salaries and related benefits | 13,167,024 | 12,396,105 |
| Legal and professional fee | 1,775,925 | 4,607,767 |
| Marketing expense | 2,273,420 | 3,090,440 |
| Office expense | 1,286,508 | 1,106,559 |
| Depreciation | 470,453 | 451,712 |
| Bank charges | 873,702 | 786,104 |
| Other expense | 2,150,824 | 1,628,954 |
| Total - Exhibit B - 1 | 21,997,856 | 24,067,641 |

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17. OTHER INCOME:

This item comprises of the following:

| | <u>2022</u> | <u>2021</u> |
|------------------------------|----------------|------------------|
| | <u>AED</u> | <u>AED</u> |
| Reversal of liability* | 382,841 | 9,014,618 |
| others | 501,574 | 565,847 |
| Total – Exhibit B – 1 | 884,415 | 9,580,465 |

* Reversal of liability include an amount of AED Nil (2021: AED 9,000,000) representing reversal of provisions in regards to a favorable legal outcome that occurred during the year.

18. INVESTMENT INCOME:

This item comprises of the following:

| | <u>2022</u> | <u>2021</u> |
|---|-------------------|-------------------|
| | <u>AED</u> | <u>AED</u> |
| Dividend income | 6,147,012 | 5,982,416 |
| Unrealized (loss)/gain on revaluation of investments at FVTPL | (5,988,670) | 1,254,167 |
| Realized gain on sale of investments at FVTPL | 9,312,018 | 6,366,943 |
| Interest income | 1,349,832 | 23,090 |
| Investment management fee | (601,745) | (1,800,328) |
| Net – Exhibit B – 1 | 10,218,447 | 11,826,288 |

19. EARNINGS PER SHARE:

The basic earnings per share computed by dividing the profit for the year by the weighted average number of ordinary shares outstanding during the year.

| | <u>2022</u> | <u>2021</u> |
|---|-------------|-------------|
| | <u>AED</u> | <u>AED</u> |
| Net profit for the year | 21,086,397 | 32,871,759 |
| Weighted average number of shares outstanding | 500,157,000 | 500,157,000 |
| Basic earnings per share (AED) | 0.04 | 0.07 |

Diluted earnings per share as of December 31, 2022 and December 31, 2021 are equivalent to basic earnings per share.

20. DIVIDENDS:

At the Annual general meeting held on 31 March 2022, the shareholders approved a cash dividend of 10% amounting to AED 50,015,700 in respect of the year ended December 31, 2021.

At the Annual general meeting held on 12 April 2021, the shareholders approved cash dividends of 5% amounting to AED 25,007,850 in respect of the year ended December 31, 2020.

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21. RELATED PARTY TRANSACTIONS:

Related parties represent major shareholders, directors and key management personnel of the Group, and entities controlled, jointly controlled or significant influenced by such parties. Pricing policies and terms of these transactions are approved by the Group's management and mutually agreed with the related parties.

Trade accounts receivable:

Ultratech Cement Limited - India

(Parent of significant shareholder w.e.f. date of change in control i.e. June 23, 2022)

2022

AED

4,086,620

Transactions with related party as follows:

From

June 23 to
December 31,

2022

AED

Sales (Including freight):

Ultratech Cement Limited - India

(Parent of significant shareholder w.e.f. date of change in control i.e. June 23, 2022)

6,365,954

Key Management Personnel Compensation:

Short-term benefits

Board remuneration paid

2022

AED

515,996

2,850,000

2021

AED

424,996

1,140,000

22. COMMITMENTS AND CONTINGENT LIABILITIES:

This item comprises of the following:

Letter of guarantees

2022

AED

2,755,024

2021

AED

2,688,299

23. RISK MANAGEMENT:

a) Capital risk management:

The Group manages its capital to ensure that Group entities will be able to continue as a going concern while maximizing the return to shareholders and benefit to other stakeholders through the optimization of the debt and equity balance.

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23. RISK MANAGEMENT (continued...):

a) Capital risk management (continued...):

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 formalized optimal target capital structure or target ratios in connection with its capital risk management objective.

The Group changed its strategy during the year by settling all its term loan and currently its capital structure consist of equity, comprising issued capital, reserves and retained earnings.

b) Market risk:

The Group activities expose it primarily to the financial risks of changes in foreign currency exchange rates, cash flow and fair value interest rates and equity price risk. Market risk exposures are measured using sensitivity analysis.

• **Foreign currency risk management:**

Majority of the Group transactions are denominated in AED or in currencies AED is pegged to. However, the Group undertakes certain transactions denominated in other foreign currencies. Hence exposure to exchange rate fluctuations arise.

| | Liabilities | | Assets | |
|---------------|--------------------|-------------|-------------------|-------------|
| | 2022 | 2021 | 2022 | 2021 |
| | AED | AED | AED | AED |
| Kuwaiti dinar | - | - | 23,582,993 | 79,393,795 |
| Euro | 371,645 | 790,793 | 397,476 | 22,024 |
| QAR | - | - | - | 2,229,677 |
| GBP | - | - | 7,068 | - |
| JPY | 35,887 | - | 32,213 | - |

The Group is mainly exposed to Kuwaiti Dinar in 2022 (2021: Kuwaiti Dinar and Qatari Riyal). Based on the sensitivity analysis to a 10% increase or decrease in the AED against Kuwait Dinar the Group's profit for the year ended December 31, 2022 and equity as of and December 31, 2022 would have increased or decreased by approximately AED 1.79 million (2021: AED 8.08 million). The Group has no material exposure against Euro, Qatar Riyals, British Pound Sterling 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.

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23. RISK MANAGEMENT: (continued...)

c) 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.

Trade receivables consist of a number of customers. On-going credit evaluation is performed on the financial condition of trade receivables. Further details of credit risks on trade and other receivables and short-term deposits are disclosed in Notes 7 and 8 respectively.

The credit risk associated with the Group's trade receivables (note 7) is considered limited as the Group holds receivables amounting to AED 29.89 million (2021: AED 27.28 million) fully covered by unconditional bank guarantees and letters of credit to secure the collectability of these trade receivables.

Other financial assets represent investments carried at fair value through other comprehensive income (FVOCI) and investments carried at fair value through profit and loss (FVTPL), where all their investments are listed equity securities as at December 31, 2022 (Note 25).

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

| | <u>2022</u> | <u>2021</u> |
|----------------------|--------------------------|--------------------------|
| | <u>AED</u> | <u>AED</u> |
| United Arab Emirates | 17,713,198 | 22,490,797 |
| Other GCC countries | 6,852,068 | 6,110,525 |
| Other countries | 22,887,181 | 15,503,599 |
| Total | <u>47,452,447</u> | <u>44,104,921</u> |

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23. RISK MANAGEMENT: (continued...)

c) Credit risk management:

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Other financial assets represent investments carried at fair value through other comprehensive income (FVOCI) and investments carried at fair value through profit and loss (FVTPL), where all their investments are listed equity securities as at December 31, 2022 (Note 25).

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

| | <u>2022</u> | <u>2021</u> |
|----------------------|--------------------------|--------------------------|
| | <u>AED</u> | <u>AED</u> |
| United Arab Emirates | 17,713,198 | 22,490,797 |
| Other GCC countries | 6,852,068 | 6,110,525 |
| Other countries | 22,887,181 | 15,503,599 |
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23. RISK MANAGEMENT: (continued...)

d) Liquidity risk:

Liquidity risk also referred to as funding risk is the risk that an enterprise will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from an inability to sell a financial asset quickly at close to its fair value. The Group liquidity risk is the availability of funds to cover future commitments. The Group manages liquidity through an ongoing review of future commitments.

The Group considers expected cash flows from financial assets in assessing and managing liquidity risk, in particular its cash resources and trade receivables.

The Group non-derivative financial liabilities have contractual maturities as summarized below;

| | <u>Less than one</u> <u>year</u> <u>AED</u> | <u>More than</u> <u>one year</u> <u>AED</u> |
|---------------------------------------|--|--|
| <u>As at December 31, 2022</u> | | |
| Employees' end of service benefits | - | 10,485,524 |
| Trade and other payables | 83,282,886 | - |
| <u>As at December 31, 2021</u> | | |
| Bank borrowings | 22,500,000 | 50,511,745 |
| Employees' end of service benefits | - | 9,261,158 |
| Trade and other payables | 81,126,111 | - |

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24. SEGMENT INFORMATION:

| | As at December 31, 2022 | | | As at December 31, 2021 | | |
|----------------------------|-------------------------|--------------------|--------------------|-------------------------|--------------------|--------------------|
| | Manufacturing | Investments | Total | Manufacturing | Investments | Total |
| Segment Revenue | 247,668,393 | - | 247,668,393 | 239,809,046 | - | 239,809,046 |
| Segment result | 10,867,950 | 10,218,447 | 21,086,397 | 21,045,471 | 11,826,288 | 32,871,759 |
| Depreciation | 33,875,016 | - | 33,875,016 | 33,486,259 | - | 33,486,259 |
| Finance cost | 803,117 | - | 803,117 | 1,573,576 | - | 1,573,576 |
| | | | | | | |
| | As at December 31, 2022 | | | As at December 31, 2021 | | |
| | Manufacturing | Investments | Total | Manufacturing | Investments | Total |
| Segment Asset | 596,244,912 | 138,816,861 | 735,061,773 | 619,613,981 | 215,925,520 | 835,539,501 |
| Unallocated Asset | - | - | 147,119,440 | - | - | 127,510,534 |
| Total Asset | 596,244,912 | 138,816,861 | 882,181,213 | 619,613,981 | 215,925,520 | 963,050,035 |
| | | | | | | |
| Segment Liabilities | 100,025,889 | - | 100,025,889 | 169,273,932 | - | 169,273,932 |

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25. 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.

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

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the assets or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

| <u>December 31, 2022</u> | <u>Level 1</u> | <u>Level 2</u> | <u>Level 3</u> | <u>Total</u> |
|-------------------------------------|---------------------------|---------------------------|---------------------------|-------------------------|
| | <u>AED</u> | <u>AED</u> | <u>AED</u> | <u>AED</u> |
| FVTOCI | | | | |
| Quoted equities | 107,312,273 | - | - | 107,312,273 |
| FVTPL | | | | |
| Quoted equities | 31,504,588 | - | - | 31,504,588 |
| | <u>138,816,861</u> | <u>-</u> | <u>-</u> | <u>138,816,861</u> |
| <u>December 31, 2021</u> | <u>Level 1</u> | <u>Level 2</u> | <u>Level 3</u> | <u>Total</u> |
| | <u>AED</u> | <u>AED</u> | <u>AED</u> | <u>AED</u> |
| FVTOCI | | | | |
| Quoted equities | 173,974,245 | - | - | 173,974,245 |
| FVTPL | | | | |
| Quoted equities | 41,951,275 | - | - | 41,951,275 |
| | <u>215,925,520</u> | <u>-</u> | <u>-</u> | <u>215,925,520</u> |

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26. GEOGRAPHICAL INFORMATION:

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

| | <u>2022</u> | <u>2021</u> |
|------------------------------|--------------------|--------------------|
| | <u>AED</u> | <u>AED</u> |
| United Arab Emirates | 95,935,302 | 102,361,891 |
| Other GCC countries | 38,031,522 | 41,211,224 |
| India | 91,527,256 | 70,069,259 |
| Jordan | 1,360,184 | 1,669,349 |
| Yemen | 1,761,090 | 2,534,198 |
| Other countries | 19,053,039 | 21,963,125 |
| Total – Exhibit B – 1 | 247,668,393 | 239,809,046 |

27. SOCIAL CONTRIBUTION:

The social contribution (including donation and charity) made during the year amounted to AED 240,000 (2021: 245,000).

28. RESTATEMENT OF CONSOLIDATED FINANCIAL STATEMENTS

During the year ended December 31, 2022, the Management decided to rectify misstatements and the following restatements were made for prior year consolidated financial statements. There was no effect on the performance of the Group as a result of below restatements.

| <u>Account description</u> | <u>As previously reported</u> | <u>Restatements</u> | <u>As restated</u> |
|--|-------------------------------|---------------------|--------------------|
| | <u>AED</u> | <u>AED</u> | <u>AED</u> |
| Property, plant and equipment (cost) | 830,594,293 | 3,914,370 | 834,508,663 |
| Property, plant and equipment (Accumulated depreciation) | (316,682,285) | (3,914,370) | (320,596,655) |