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

Consolidated Financial Statements And Reports For The Year Ended December 31, 2023

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Consolidated Financial Statements And Reports
For The Year Ended December 31, 2023

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

BOARD OF DIRECTORS' REPORT

The Board of Directors submit their report together with the audited consolidated financial statements of Ras Al Khaimah Co. for White Cement & Construction Materials P.S.C. (the "Company") and its subsidiaries (together referred to as the "Group") for the year ended December 31, 2023.

Principal activities

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

Results for the year

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 20.54 million for the year ended December 31, 2023 (2022: net profit of AED 21.08 million).

Dividends

At the annual general meeting held on April 11, 2023, the Shareholders approved no dividend distribution to the shareholders in respect for the year ended December 31, 2022. They have approved the Board of Directors' remuneration for an amount of AED 360,000.

At the Annual general meeting held on March 31, 2022, the shareholders approved a cash dividend of 10% (10 fils per share) amounting to AED 50,015,700 in respect of the year ended December 31, 2021. They have approved the board of Directors' remuneration for an amount of AED 2,850,000.

Auditors

Talal Abu Ghazaleh & Co. International – RAK were appointed as auditors for the year ended December 31, 2023 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, 2023 (including comparatives) were approved by the Board of Directors on February 3, 2024 and were signed on their behalf by:

Himanshu Kapania

Chairman

Chief Executive Officer

INDEPENDENT AUDITOR'S REPORT

The Shareholders,
M/s. Ras Al Khaimah Co. For White Cement & Construction Materials P.S.C
Ras Al Khaimah
United Arab Emirates.

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of **Ras Al Khaimah Co. For White Cement & Construction Materials P.S.C** (the "Company") and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position as at December 31, 2023, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2023, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Opinion

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

Key audit matters

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

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شارع القرم، منطقة الجويس
هاتف: ٤٢٧ ٢٢٨٨ ٧ ٩٧١+
فاكس: ٩٢٩ ٢٢٨٥ ٧ ٩٧١+
ص.ب: ٤٠٣ رأس الخيمة، الإمارات العربية المتحدة

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

***Key audit matters* (continued...)**

Impairment losses on trade receivables

As at December 31, 2023, trade receivables were AED 45,267,014 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, 2023, Gross value of Inventories amounted to AED 98,073,017, against which provision for slow moving inventories amounted to AED 18,209,011 (Note 6 to the consolidated financial statements). 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 auditor's report thereon.

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

In connection with our audit of 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...)

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

As part of an audit in accordance with 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 auditor's 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 auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

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

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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

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

***Auditor's 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 those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law 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, 2023:

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 20.
7. The Group made social contributions as disclosed in Note 26 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, 2023, 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, 2023.

For TALAL ABU-GHAZALEH & CO. INTERNATIONAL

TALAT ZABEN
LICENSED AUDITOR NO. 68

Ras Al Khaimah
February 3, 2024

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, 2023

EXHIBIT A

	Notes	2023	2022
ASSETS		AED	AED
Non-current assets			
Property, plant and equipment	4	440,226,087	466,096,947
Investments at fair value through other comprehensive income (FVTOCI)	5 (a)	59,687,909	107,312,273
Total non-current assets		499,913,996	573,409,220
Current assets			
Inventories	6	79,864,006	78,466,474
Trade and other receivables	7	51,762,528	51,681,491
Investments at fair value through profit or loss (FVTPL)	5 (b)	-	31,504,588
Cash and bank balances	8	251,309,052	147,119,440
Total current assets		382,935,586	308,771,993
TOTAL ASSETS		882,849,582	882,181,213
EQUITY AND LIABILITIES			
Equity			
Share capital	9	500,157,000	500,157,000
Statutory reserve	10	120,156,867	118,102,515
Cumulative changes in fair value (FVTOCI)		(40,320,801)	(38,916,271)
Retained earnings		216,242,607	202,812,080
Net equity - Exhibit C		796,235,673	782,155,324
Non-current liabilities			
Employees' end of service benefits	11	10,171,837	10,485,524
Total non-current liabilities		10,171,837	10,485,524
Current liabilities			
Trade and other payables	12	76,442,072	89,540,365
Total current liabilities		76,442,072	89,540,365
Total liabilities		86,613,909	100,025,889
TOTAL EQUITY AND LIABILITIES		882,849,582	882,181,213

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 3, 2024.

Himanshu Kapasis
Chairman

Chief Executive Officer

The accompanying notes from 1 to 28 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, 2023

EXHIBIT B – 1

	Note	2023 AED	2022 AED
Sales	13	**255,898,035**	247,668,393
Cost of sales	14	**(224,488,207)**	(213,523,864)
Gross profit		**31,409,828**	34,144,529
General and administrative expenses	15	**(21,468,083)**	(21,999,250)
Other income	16	**264,124**	884,415
Operating Profit		**10,205,869**	13,029,694
Investment income	17	**10,674,737**	10,218,447
Impairment allowance for expected credit losses	7 (b)	**-**	(667,861)
Foreign exchange loss		**(337,086)**	(690,766)
Finance cost		**-**	(803,117)
Profit for the year – Exhibits B – 2 & C		**20,543,520**	21,086,397
Basic earnings per share	18	**0.04**	0.04

The accompanying notes from 1 to 28 are an integral part of this consolidated financial statements.

CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 31, 2023

EXHIBIT B – 2

	2023 AED	2022 AED
Profit for the year – Exhibit B – 1	**20,543,520**	21,086,397
Other comprehensive income/(loss)		
Items that will not be reclassified subsequently to profit or loss		
Changes in fair value of investments at FVTOCI	**(1,404,530)**	11,830,453
Realized (loss)/gain on disposal of investments at FVTOCI	**(5,058,641)**	8,328,071
Total other comprehensive (loss)/income for the year – Exhibit C	**(6,463,171)**	20,158,524
Total comprehensive income for the year - Exhibit C	**14,080,349**	41,244,921

The accompanying notes from 1 to 28 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, 2023

EXHIBIT C

	Share Capital AED	Statutory reserve AED	Cumulative changes in fair value (FVTOCI) AED	Retained earnings AED	Net AED
As at December 31, 2021	500,157,000	115,993,875	(50,746,724)	228,371,952	793,776,103
Profit for the year – Exhibit B – 1	-	-	-	21,086,397	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**	**21,086,397**	**41,244,921**
Transfer to retained earnings upon disposal of investment at FVTOCI	-	-	(8,328,071)	8,328,071	-
Dividend declared during the year	-	-	-	(50,015,700)	(50,015,700)
Transfer to statutory reserve	-	2,108,640	-	(2,108,640)	-
Board of directors remuneration	-	-	-	(2,850,000)	(2,850,000)
As at December 31, 2022 – Exhibit A	**500,157,000**	**118,102,515**	**(38,916,271)**	**202,812,080**	**782,155,324**
Profit for the year – Exhibit B – 1	-	-	-	20,543,520	20,543,520
Other comprehensive loss for the year – Exhibit B – 2	-	-	(6,463,171)	-	(6,463,171)
Total comprehensive income for the year	-	-	(6,463,171)	20,543,520	14,080,349
Transfer to retained earnings upon disposal of investment at FVTOCI	-	-	5,058,641	(5,058,641)	-
Transfer to statutory reserve	-	2,054,352	-	(2,054,352)	-
As at December 31, 2023 – Exhibit A	**500,157,000**	**120,156,867**	**(40,320,801)**	**216,242,607**	**796,235,673**

The accompanying notes from 1 to 28 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 CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2023

EXHIBIT D

	2023	2022
Cash Flows from Operating Activities	AED	AED
Profit for the year – Exhibit B – 1	20,543,520	21,086,397
Adjustments:		
Depreciation of property, plant and equipment	33,155,196	33,875,016
Provision for employees' end of service benefits	658,079	1,435,168
Dividend income	(3,175,983)	(6,147,012)
Interest income	(9,171,266)	(1,349,832)
Investment management fees	525	601,745
Loss/(Profit) on sale of investment at FVTPL	6,585,228	(9,312,016)
Profit on sale of property, plant & equipment	(6,762)	-
Impairment allowance for expected credit losses	-	667,861
Finance cost	-	803,117
Unrealized loss/(gain) on investments at FVTPL	(4,913,239)	5,988,670
Operating profit before working capital changes	43,675,298	47,649,114
Inventories	(1,397,532)	2,782,235
Trade and other receivables	2,115,223	(5,131,886)
Trade and other payables	(5,388,018)	(1,758,975)
Employees' end of service benefits paid	(971,766)	(210,802)
Board of Directors Remuneration paid	(360,000)	(2,850,000)
Net cash provided by operating activities	37,673,205	40,479,686
Cash Flows from Investing Activities		
Purchase of property, plant and equipment	(7,284,337)	(7,559,247)
Proceeds from disposal of property, plant and equipment	6,763	-
Dividend received	3,175,983	6,147,012
Purchase of investments at FVTOCI	-	(31,591,723)
Purchase of investments at FVTPL	-	(39,874,675)
Proceeds from disposal of investments at FVTOCI	41,161,193	118,412,219
Proceeds from disposal of investments at FVTPL	29,832,599	53,644,708
Interest received	6,975,006	84,922
Management fees paid	(525)	(601,745)
Movement in term deposits with maturity more than 3 months	(113,376,884)	(124,865,000)
Net cash used in investing activities	(39,510,202)	(26,203,529)
Cash Flows from Financing Activities		
Repayment of term loans	-	(73,011,745)
Finance cost paid	-	(1,046,084)
Dividend paid	(7,350,275)	(45,474,422)
Net cash used in financing activities	(7,350,275)	(119,532,251)
Net decrease in cash and cash equivalents	(9,187,272)	(105,256,094)
Cash and cash equivalents at the beginning of the year	22,254,440	127,510,534
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR – NOTE 8	13,067,168	22,254,440

The accompanying notes from 1 to 28 are an integral part of this consolidated financial statements.

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, concrete blocks, interlock tiles and investing, establishing and managing relevant 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.

At the Annual General Assembly Meeting held on April 11, 2023, the shareholders approved to amend Company's article of association with respect to Article 19 (Para "a" and "b") company management – shall be managed by a Board of directors consisting of 7 members and it is not required the majority of the members including chairman, be citizen of the United Arab Emirates.

Details of Company's subsidiaries at December 31, 2023 are mentioned in Note 3: Basis of consolidation.

2. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRSs)

2.1 *New and revised IFRSs applied with no material effect on the financial statements*

The following new and revised IFRSs, which became effective for annual periods beginning on or after 1 January 2023, have been adopted in these financial statements. The application of these revised IFRSs has not had any material impact on the amounts reported for the current year but may affect the accounting for future transactions or arrangements:

- IFRS 17 Insurance Contracts (effective from 1 January 2023).
- Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current (effective from January 1, 2023)
- Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2) (effective from 1 January 2023)
- Definition of Accounting Estimates (Amendments to IAS 8) (effective from 1 January 2023).
- Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12) (effective from 1 January 2023)
- Extension of the Temporary Exemption from Applying IFRS 9 (Amendments to IFRS 4) (effective from 1 January 2023)
- International Tax Reform — Pillar Two Model Rules (Amendments to IAS 12) (effective from 1 January 2023)

2. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRSs) (continued...)

2.2 *New and revised IFRS in issue but not yet effective*

The Group has not yet applied the following new and revised IFRSs that have been issued but are not yet effective: The following new and revised IFRSs, that have been issued but are not yet effective:

- Amendments to IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (effective date not yet decided)
- Lease Liability in a Sale and Leaseback (Amendments to IFRS 16) (effective from 1 January 2024)
- Non-current Liabilities with Covenants (Amendments to IAS 1) (effective from 1 January 2024)
- Supplier Finance Arrangements (Amendments to IAS 7 and IFRS 7) (effective from 1 January 2024)
- Lack of exchangeability (Amendments to IAS 21) (effective from 1 January 2025)

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.

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

Basis of preparation:

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

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

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

Basis of consolidation:

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

Control is achieved when the Group:

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

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

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

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

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

Basis of consolidation (Continued...):

- 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:

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

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.

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

Foreign currencies

Foreign currency transactions and balances (continued...)
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:

Asset category	Life (Years)
Buildings and building improvements	5-20
Plant and machinery	3-30
Tools, equipment, furniture and fixture	2-20
Vehicles	5-10

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.

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

Property and equipment: (continued...)

Capital work-in-progress

Capital work-in-progress Properties or assets in the course of construction for production, supply or administrative purposes are carried at cost, less any recognised impairment loss. Cost includes all direct costs attributable to the design and construction of the property including related staff costs, and for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy. When the assets are ready for intended use, the capital work in progress is transferred to investment properties or the appropriate property and equipment category and is depreciated in accordance with the Group's policies.

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.

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

Financial instruments (continued...)

a) Initial measurement: (continued...)

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.

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.

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

Financial instruments (continued...)

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

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.

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:

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

Financial instruments (continued...)

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

- 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.

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.

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

Financial instruments (continued...)

Financial liabilities

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.

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.

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

Impairment of non-financial assets (continued...)

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 imm ediately 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.

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.

Pension contributions are made in respect of UAE national employees to the UAE General Pension and Social Security Authority in accordance with the UAE Federal Law No. (2), 2000 for Pension and Social Security. Such contributions are charged to profit or loss during the employees' period of service.

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

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.

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.

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

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.

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.

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

Revenue recognition (continued...)

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.

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;

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

Segment reporting (continued...)

a) Manufacturing of White cement, lime products, cement products, concrete blocks and interlock tiles.
b) Investment in marketable equity securities.

There are no transactions 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.

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.

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

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

Impairment of financial assets (continued...)

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.

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.

4. PROPERTY, PLANT AND EQUIPMENT:

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

	Lands AED	Buildings and improvements AED	Plant and machinery AED	Vehicles AED	Tools, equipments, furniture and fixtures AED	Capital work-in-progress AED	Total AED
Cost:							
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
Additions during the year	-	153,872	1,521,169	477,048	991,468	4,140,780	7,284,337
Capitalized during the year	-	-	6,067,849	-	-	(6,067,849)	-
Disposal during the year	-	-	-	(87,000)	-	-	(87,000)
At December 31, 2023	**21,157,893**	**34,118,579**	**756,564,906**	**23,616,320**	**23,632,177**	**2,162,339**	**861,252,214**
Accumulated Depreciation:							
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
Charged for the year	-	1,295,340	30,386,999	447,389	1,025,468	-	33,155,196
Disposal during the year	-	-	-	(86,999)	-	-	(86,999)
At December 31, 2023	-	**21,823,405**	**358,158,762**	**22,026,823**	**19,017,137**	-	**421,026,127**
Net Carrying Amount:							
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
At December 31, 2023 – Exhibit A	**21,157,893**	**12,295,174**	**398,406,144**	**1,589,497**	**4,615,040**	**2,162,339**	**440,226,087**

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

b) Plant and machinery having a carrying amount of AED NIL (2022: AED 44 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) Capital work-in-progress amounting to AED 2,162,339 (2022: AED 4,089,408) as shown in Note 4 (a) represents expenditures incurred on installation of New Silo machine and other installations which is under progress.

e) No borrowing costs have been capitalized during the current year (2022: AED Nil).

f) Depreciation expense classified as follows;

	2023 AED	2022 AED
Cost of sales	**32,715,512**	33,403,169
General and administrative expenses	**439,684**	471,847

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.

	2023 AED	2022 AED
Equity shares, Quoted - Local - UAE	**56,864,595**	100,166,391
Equity shares, Quoted - GCC countries	**2,823,314**	7,145,882
Total – Exhibit A	**59,687,909**	107,312,273

Movement details are as follows:

	2023 AED	2022 AED
Balance at beginning of the year	**107,312,273**	173,974,245
Purchase during the year	**-**	31,591,723
Disposal during the year	**(46,219,834)**	(110,084,148)
Change in fair value	**(1,404,530)**	11,830,453
Balance at end the year	**59,687,909**	107,312,273

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 OCI.

	2023 AED	2022 AED
Equity shares, Quoted - Local - UAE	-	20,715,802
Equity shares, Quoted - GCC countries	-	10,788,786
Total – Exhibit A	-	31,504,588

Movement details are as follows:	2023 AED	2022 AED
Balance at beginning of the year	**31,504,588**	41,951,275
Purchase during the year	-	39,874,675
Disposal during the year	**(36,417,827)**	(44,332,692)
Change in fair value	**4,913,239**	(5,988,670)
Balance at end the year	-	31,504,588

6. INVENTORIES:

This item comprises of the following:	2023 AED	2022 AED
Finished goods	**4,359,424**	14,293,885
Raw materials	**7,673,854**	7,615,827
Work in progress	**32,743,611**	47,946,314
Bags, fuel and lubricants	**16,206,351**	7,244,347
Spare parts	**37,089,777**	32,694,581
Total	**98,073,017**	109,794,954
Allowance for slow-moving inventories	**(18,209,011)**	(31,342,762)
Goods in transit	-	14,282
Net - Exhibit A	**79,864,006**	78,466,474

7. TRADE AND OTHER RECEIVABLES:

a) This item comprises of the following:

	2023 AED	2022 AED
Trade accounts receivable - Note 7 (c)	**45,267,014**	47,452,447
Impairment allowances for expected credit losses - Note 7 (b)	**(3,616,295)**	(3,616,295)
Net	**41,650,719**	43,836,152
Prepaid expenses	**1,297,179**	1,547,690
Advance to suppliers	**3,049,645**	1,665,038
Refundable deposits & other receivables	**5,764,985**	4,632,611
Total – Exhibit A	**51,762,528**	51,681,491

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 25.38 million representing 56.07% of the total trade receivables (2022: 22.56 million representing 47.54% of trade receivables) are due from the Group's seven customers (2022: six customers).

The average credit period on sales of goods is 78 days (2022: 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:

	2023 AED	2022 AED
Balance at the beginning of the year	**3,616,295**	2,948,434
Net increase/(decrease) during the year - Exhibit B	**-**	667,861
Balance at the end of the year	**3,616,295**	3,616,295

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

c) Analysis of trade receivables are set out below:

	2023	2022
	AED	AED
Secured against unconditional bank guarantees	**7,041,336**	12,589,162
Secured against letter of credit	**1,542,798**	10,376,911
Open credit	**36,682,880**	24,486,374
Total	**45,267,014**	47,452,447

8. CASH AND BANK BALANCES:

This item comprises of the following:

	2023	2022
	AED	AED
Cash in hand	**157,036**	190,095
Checking accounts with bank	**3,602,738**	7,181,166
Portfolio accounts	**71**	3,377,357
Call deposits	**2,805,340**	3,695,322
Term deposits with maturity less than three months	**6,501,983**	7,810,500
Cash and cash equivalents - Exhibit D	**13,067,168**	22,254,440
Term deposits with maturity more than three months	**238,241,884**	124,865,000
Total –Exhibit A	**251,309,052**	147,119,440
By Geographical area:		
In the U.A.E	**248,590,463**	138,368,315
In other GCC countries	**2,718,589**	8,751,125

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 5.7% (2022: 4.5% per annum).

9. SHARE CAPITAL:

This item comprises of the following:

	2023	2022
	AED	AED
Issued and fully paid 500,157,000 shares of AED 1 each - **Exhibits A & C**	**500,157,000**	500,157,000

10. STATUTORY RESERVE:

In accordance with the U.A.E Federal Commercial Companies Law Number (33) of 2021 and the Company's Articles of Association, 10% of the profit for each year is transferred to the Legal reserve. The transfer to legal reserve may be suspended when it reaches 50% of paid-up share capital. During the year ended December 31, 2023, the Group has transferred AED 2,054,352 (2022: AED 2,108,640) to legal reserve.

This reserve is not available for distribution except in circumstances stipulated by the law.

11. EMPLOYEES' END OF SERVICE BENEFITS:

Movement details are as follows:	2023	2022
	AED	AED
At January 1	**10,485,524**	9,261,158
Charge for the year	**658,079**	1,435,168
Payments during the year	**(971,766)**	(210,802)
At December 31 - Exhibit A	**10,171,837**	10,485,524

12. TRADE AND OTHER PAYABLES:

This item comprises of the following:	2023	2022
	AED	AED
Trade accounts payable	**24,102,270**	29,529,137
Dividend payable (*)	**32,549,766**	39,900,041
Accrued expenses and other provisions	**15,656,441**	13,853,708
Advance from customers/contract liabilities	**4,133,595**	6,257,479
Total - Exhibit A	**76,442,072**	89,540,365

* - Based on the Cabinet Resolution No. 1/21 of 2023, the Securities and Commodities Authority (SCA) has been appointed to manage the uncollected dividends of locally listed public joint stock companies prior to March 2015 and to transfer the value of uncollected dividends to the SCA no later than May 21, 2023. Accordingly, during the year, the Group has transferred the undistributed dividends prior to March 2015 of AED 5,419,621 to the SCA's account.

13. SALES:

This item comprises of the following:	2023	2022
	AED	AED
Local sales	**88,154,388**	95,937,581
Export sales	**167,743,647**	151,730,812
Total – Exhibit B – 1	**255,898,035**	247,668,393

14. COST OF SALES:

This item comprises of the following:	2023 AED	2022 AED
Material and spare parts consumption cost	**87,693,438**	78,278,768
Natural gas, electricity and water	**79,911,165**	80,324,260
Salaries, wages and related benefits	**22,866,883**	21,079,068
Depreciation of property, plant and equipment	**32,715,512**	33,403,169
Other expense	**1,301,209**	438,599
Total – Exhibit B – 1	**224,488,207**	213,523,864

15. GENERAL AND ADMINISTRATIVE EXPENSE:

This item comprises of the following:	2023 AED	2022 AED
Salaries and related benefits	**13,081,962**	13,167,024
Legal and professional fee	**1,387,146**	1,775,925
Marketing expense	**1,798,107**	2,273,420
Office expense	**1,529,641**	1,286,508
Depreciation of property, plant and equipment	**439,684**	471,847
Bank charges	**544,971**	873,702
Other expense	**2,686,572**	2,150,824
Total – Exhibit B – 1	**21,468,083**	21,999,250

16. OTHER INCOME

This item comprises of the following:	2023 AED	2022 AED
Reversal of liability	**1,266**	382,841
Others	**262,858**	501,574
Total – Exhibit B – 1	**264,124**	884,415

17. INVESTMENT INCOME:

This item comprises of the following:	2023 AED	2022 AED
Dividend income	3,175,983	6,147,012
Change in fair value of investments at FVTPL	(1,671,987)	3,323,348
Interest income	9,171,266	1,349,832
Investment management fee	(525)	(601,745)
Net – Exhibit B – 1	**10,674,737**	10,218,447

18. BASIC EARNINGS PER SHARE:

The calculation of basic earnings per share is based on the profit attributable to owners of the Group and the weighted average number of ordinary shares outstanding as at 31 December 2023, calculated as follows

	2023 AED	2022 AED
Net profit for the year	20,543,520	21,086,397
Weighted average number of shares outstanding	500,157,000	500,157,000
Basic earnings per share (AED)	**0.04**	0.04

Diluted earnings per share as of December 31, 2023 and December 31, 2022 are equivalent to basic earnings per share.

19. DIVIDENDS DISTRIBUTION AND BOARD OF DIRECTORS' REMUNERATION:

At the Annual General Meeting held on April 11, 2023, the Shareholders approved no dividend distribution to the shareholders in respect for the year ended December 31, 2022. They have approved the Board of Directors' remuneration for an amount of AED 360,000.

At the Annual General Meeting held on March 31, 2022, the shareholders approved a cash dividend of 10% (10 fils per share) amounting to AED 50,015,700 in respect of the year ended December 31, 2021. They have also approved the board of Directors' remuneration for an amount of AED 2,850,000.

20. 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.

Balances with related parties as follows:	2023 AED	2022 AED
Trade accounts receivable:		
Ultratech Cement Limited - India	**12,109,340**	4,086,620

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

Transactions with related party as follows:	From January 1 to December 31, 2023 AED	From June 23 to December 31, 2022 AED
Sales (Including freight):		
Ultratech Cement Limited - India	**55,221,555**	5,822,608

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

Key Management Personnel Compensation:	2023 AED	2022 AED
Short-term benefits	**314,566**	515,996
Board remuneration*	**780,000**	2,850,000

*Include an amount of AED 420,000 - accrued based on proposed board remuneration for the year 2023 subject to Annual General Meeting approval.

21. COMMITMENTS AND CONTINGENT LIABILITIES:

This item comprises of the following:	2023 AED	2022 AED
Letter of guarantees	**2,754,995**	2,755,024

22. 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.

22. 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	
	2023	2022	**2023**	2022
	AED	AED	**AED**	AED
Kuwaiti dinar	**-**	-	**4,285,189**	23,582,993
Euro	**466,686**	371,645	**167,385**	397,476
GBP	**-**	-	**24,531**	7,068
JPY	**32,213**	35,887	**6,678**	32,213

The Group is mainly exposed to Kuwaiti Dinar in 2023 (2022: Kuwaiti Dinar). 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, 2023 and equity as of and December 31, 2023 would have increased or decreased by approximately AED 0.42 million (2022: AED 1.79 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.

22. RISK MANAGEMENT (continued...):

b) Market risk (continued...):

- ***Cash flow and fair value interest rate risk management***

  The Group's exposure to interest rate risk is limited to fixed deposits and call deposits with banks at floating interest rates and borrowings from banks at floating rates of interest linked to EIBOR. At December 31, 2023, bank fixed and call deposits carried an interest rate in the avg. of 5.7% p.a. (2022: 4.5% p.a.) and bank loans carried an interest rate in the avg. of NIL (2022: 2.2% p.a.).

  If interest rates had been 50 basis points higher/lower throughout the year and all other variables were held constant, the Group's profit for the year ended December 31, 2023 and equity as at December 31, 2023 would have decreased /increased by approximately AED 0.95 million (2022: decrease/ increase by AED 0.71 million).

- ***Equity price risk:***

  The Group's exposure to equity securities price risk arises from investments held by the Group and classified in the consolidated statement of financial position either as at fair value through other comprehensive income (FVTOCI) (note 5) or at fair value through profit or loss (FVTPL) (note 5). To manage its price risk arising from investments in equity securities, the Group diversifies its portfolio.

  Diversification of the portfolio is done in accordance with the limits set by the group. The majority of the group's equity investments are publicly traded.

  Sensitivity analysis

  At the reporting date if the equity prices are 20% higher/lower as per the assumptions mentioned below and all the other variables were held constant, the Group's consolidated statements of income and comprehensive income would have increased/decreased by AED NIL and by AED 11.93 million, respectively (2022: AED 6.3 million and by AED 21.46 million, respectively).

  Method and assumptions for sensitivity analysis:

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

22. 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 8.5 million (2022: AED 22.96 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, 2023 (Note 24).

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

	2023 AED	2022 AED
United Arab Emirates	17,573,672	17,713,198
Other GCC countries	5,089,394	6,852,068
Other countries	22,603,948	22,887,181
Total	**45,267,014**	47,452,447

22. 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;

	Less than one year AED	More than one year AED
As at December 31, 2023		
Employees' end of service benefits	-	10,171,837
Trade and other payables	72,308,477	-
As at December 31, 2022		
Employees' end of service benefits	-	10,485,524
Trade and other payables	83,282,886	-

23. SEGMENT INFORMATION:

The Group has broadly two major reportable segments as described below, which are the Group's strategic business units. The strategic business units operate in different sectors and are managed separately because they require different strategies. The following summary describes the operation in each of the Group's reportable segments:

Manufacturing segment includes White cement, lime products, cement products, concrete blocks and interlock tiles.
Investment segment includes investment in marketable equity securities, deposit with bank.

The above segments are the basis on which the management monitors the operating results of these segments for the purpose of making decisions about resource allocation 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.

	As at December 31, 2023			As at December 31, 2022		
	Manufacturing	Investments	Total	Manufacturing	Investments	Total
Segment Revenue	255,898,035	-	255,898,035	247,668,393	-	247,668,393
Segment result	9,868,783	10,674,737	20,543,520	10,867,950	10,218,447	21,086,397
Depreciation	33,155,196	-	33,155,196	33,875,016	-	33,875,016
Finance cost	-	-	-	803,117	-	803,117

	As at December 31, 2023			As at December 31, 2022		
	Manufacturing	Investments	Total	Manufacturing	Investments	Total
Segment Asset	571,852,621	304,431,776	876,284,397	596,244,912	271,492,361	867,737,273
Unallocated Asset	-	-	6,565,185	-	-	14,443,940
Total Asset	571,852,621	304,431,776	882,849,582	596,244,912	271,492,361	882,181,213
Segment Liabilities	86,613,909	-	86,613,909	100,025,889	-	100,025,889

24. FAIR VALUE MEASUREMENTS:

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. As such, differences can arise between book values and the fair value estimates. Underlying the definition of fair value is the presumption that the Group is a going concern without any intention or requirements to materiality curtail the scale of its operations or to undertake a transaction on adverse terms.

a) Fair value of financial instruments at amortized cost.
The management considers that the carrying amount of financial asset and financial liabilities recognized at amortized cost in the condensed interim consolidated financial information approximate their fair values.

b) Valuation techniques and assumptions applied for the purpose of measuring fair value.
The fair values of financial assets and financial liabilities are determined using similar valuations techniques and assumptions as used in the audited annual consolidated financial statement for the year ended December 31, 2022.

c) Fair value of the Group's financial asset that are measured at fair value on recurring basis.
Some of the Group's financial assets are measured at fair value at the end of the reporting period. The following table 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 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.

December 31, 2023	Level 1 AED	Level 2 AED	Level 3 AED	Total AED
FVTOCI				
Quoted equities	**59,687,909**	-	-	**59,687,909**
FVTPL				
Quoted equities	-	-	-	-
	59,687,909	-	-	**59,687,909**

December 31, 2022	Level 1 AED	Level 2 AED	Level 3 AED	Total AED
FVTOCI				
Quoted equities	107,312,273	-	-	107,312,273
FVTPL				
Quoted equities	31,504,588	-	-	31,504,588
	138,816,861	-	-	138,816,861

25. GEOGRAPHICAL INFORMATION:

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

	2023	2022
	AED	AED
United Arab Emirates	**88,497,669**	95,935,302
Other GCC countries	**45,951,026**	38,031,522
India	**105,723,854**	91,527,256
Jordan	**-**	1,360,184
Yemen	**3,243,923**	1,761,090
Other countries	**12,481,563**	19,053,039
Total – Exhibit B – 1	**255,898,035**	247,668,393

26. SOCIAL CONTRIBUTION:

The social contribution (including donation and charity) made during the year amounted to AED 245,500 (2022: 240,000).

27. CORPORATE TAX:

On 3 October 2022, the United Arab Emirates (UAE) Ministry of Finance ("MOF") issued Federal Decree-Law No. 47 of 2022 on the Taxation of Corporations and Businesses, Corporate Tax Law ("CT Law") to implement a new CT regime in the UAE. The new CT regime is applicable for accounting periods beginning on or after June 1, 2023.

Generally, UAE businesses will be subject to a 9% CT rate, however a rate of 0% could be applied to taxable income not exceeding a particular threshold or to certain types of entities, to be prescribed by way of a Cabinet Decision.

The Group has conducted an assessment of the potential impact of these laws and regulations. Based on this assessment, the Group has determined that no deferred tax implications are to be considered in the preparation of these financial statements.

28. COMPARATIVE FIGURES:

Comparative figures have been reclassified in accordance with IAS 1 'Presentation of financial statements' in order to conform to the presentation for the current year.