Fujairah Building Industries P.J.S.C. and its subsidiaries

Consolidated financial statements
31 December 2024

Fujairah Building Industries P.J.S.C. and its subsidiaries

Consolidated financial statements
31 December 2024

Contents | ***Page***

General information	1
Directors' report	2 - 3
Independent auditors' report	4 - 9
Consolidated statement of profit or loss and other comprehensive income	10
Consolidated statement of financial position	11
Consolidated statement of cash flows	12
Consolidated statement of changes in equity	13 - 14
Notes to the consolidated financial statements	15 - 57

Fujairah Building Industries P.J.S.C. and its subsidiaries

General information

Principal office address:	P.O. Box: 383, Fujairah, United Arab Emirates T: +971 (9) 222 2051 F: +971 (9) 222 7314 Email: office@fujfbi.ae
Website:	www.fujfbi.ae
Auditor:	KPMG Lower Gulf Limited The offices 5 at One Central Level 4 , Office No. 04.01 Sheikh Zayed Road, P.O. Box: 3800 Dubai, United Arab Emirates

DIRECTORS' REPORT
for the year ended 31 December 2024

The Board of Directors has the pleasure in presenting the audited consolidated financial statements of Fujairah Building Industries P.J.S.C. ("the Company") and its subsidiaries ("the Group") for the year ended 31 December 2024.

Principal activities of the Group
The principal activities of the Group comprise the manufacture, marketing and distribution of rock wool insulation materials, concrete blocks, interlocks, kerbstones, and terrazzo tiles, cutting, polishing, supply and installation of marble products, and extraction and processing of range of gabbro quarry materials.

Financial performance
The Group has achieved revenue of AED 205,911,247 from continuing operations for the year ended 31 December 2024 compared with AED 179,381,092 from continuing operations for the previous year ended 31 December 2023.

The Group has achieved a net profit of AED 23,118,818 in 2024 compared to a net profit of AED 17,968,223 in 2023. This increase in net profit is mainly attributable to the decrease in raw material input cost as well as fuel expenses. The management continues the process of reviewing the technical aspects of the production process as well as associated costs which have a significant impact on improving efficiency, increasing productivity, reducing costs and thus being able to maintain a healthy bottom line despite market adversities.

The total assets of the Group amounted to AED 372,296,646 as of 31 December 2024 compared to AED 397,729,114 million as of 31 December 2023, while the total shareholders' equity is AED 282,737,132 as of 31 December 2024 compared to AED 312,502,214 as of 31 December 2023.

The Group has managed to contribute positively to the development and prosperity of the national economy and continued to strengthen its competitive position within the local and regional markets through maintaining high quality of its products and providing excellent customer service to clients. These factors have supported the Group's activities providing sustainability to its operations.

Going concern basis
The Board of Directors has reasonable expectation that the Group has adequate resources and support to continue its operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the consolidated financial statements for the year ended 31 December 2024.

Events after the period end
In the opinion of the Board of Directors, no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the reporting period and the date of this report, which is likely to affect, substantially the result of the operations of the Group for the year ended 31 December 2024.

Transactions with related parties
The consolidated financial statements disclose related party transactions and balances in note 28. All transactions are carried out as part of our normal course of business and in compliance with applicable laws and regulations.

Independent Auditors
KPMG Lower Gulf Limited, Dubai, United Arab Emirates, were appointed vide Annual General Meeting held on 6 March 2024 for conducting the independent audit for the fiscal year 2024. In the next Annual General Meeting, the shareholders will decide to appoint the independent auditors for the fiscal year 2025.

Acknowledgements
Finally to conclude, on behalf of the members of the Board of Directors, executive management and all employees of the Group, we would like to express our sincere thanks and gratefulness to His Highness Sheikh Hamad Bin Mohammed Al-Sharqi – Member of the Federal Supreme Council of the United Arab Emirates and Ruler of Fujairah and His Highness Sheikh Mohammed Bin Hamad Bin Mohammed Al-Sharqi – Crown Prince of Fujairah for their permanent support and full care of the various sectors in the Emirate.

We also like to extend our heartfelt thanks to His Highness Sheikh Saleh Bin Mohammad Al-Sharqi – Chairman of Department of Industry and Economy of Fujairah for his support to the Group's business and growth.

Our thanks are also extended to all our shareholders, various government departments, our bankers, customers, suppliers, executive managers, general managers, divisional managers and all staff and employees of the Group for their support, and assure to continue with innovative ventures which would further enable us to reap the benefits of the Group as it grows by leaps and bounds in the nation's concepts of modernity and development.

On behalf of the Board

…………………………………………….
Ahmed Saeed Mohammed Alraqbani
Chairman

17 February 2025

Independent Auditors' Report on audit of consolidated financial statements

Independent Auditors' Report on audit of consolidated financial statements

Independent Auditors' Report on audit of consolidated financial statements

Independent Auditors' Report on audit of consolidated financial statements

Fujairah Building Industries P.J.S.C. and its subsidiaries

Consolidated statement of profit or loss and other comprehensive income
for the year ended 31 December 2024

	Note	2024 AED	2023 AED
Continuing operations			
Revenue	*4*	**205,911,247**	179,381,092
Cost of sales	*5*	**(129,641,825)**	(114,897,643)
Gross profit		**76,269,422**	64,483,449
Administrative and general expenses	*6*	**(24,814,966)**	(22,476,550)
Selling and distribution expenses	*7*	**(28,297,924)**	(25,523,803)
Impairment loss on trade receivables, retention receivables and contract assets	*30(a)*	**(590,357)**	(120,417)
Other income	*8*	**621,321**	803,975
Operating profit		**23,187,496**	17,166,654
Finance costs	*9*	**(2,667,305)**	(2,863,214)
Finance income	*10*	**5,161,522**	3,705,713
Profit before tax		**25,681,713**	18,009,153
Income tax expense	*11(b)(i)*	**(2,557,920)**	-
Profit from continuing operations		**23,123,793**	18,009,153
Loss from discontinued operation	*31*	**(4,975)**	(40,930)
Profit for the year		**23,118,818**	17,968,223
Other comprehensive income			
Items that will not be reclassified to profit or loss:			
Equity investments at FVOCI - net change in fair value	*13*	**(12,087,650)**	3,425,595
Total comprehensive income for the year		**11,031,168**	21,393,818
Earnings per share			
Basic and diluted – continuing operations and discontinued operations	*27*	**0.17**	0.13
Basic and diluted - continuing operations	*27*	**0.17**	0.13

The notes set out on pages 15 to 57 are an integral part of these consolidated financial statements.

The independent auditors' report is set out on pages 4 to 9.

Fujairah Building Industries P.J.S.C. and its subsidiaries

Consolidated statement of financial position
at 31 December 2024

	Note	2024 AED	2023 AED
ASSETS			
Non-current assets			
Property, plant and equipment	*12*	**115,599,314**	135,223,021
Long-term deposits and receivables	*16*	**622,494**	476,334
Investments carried at FVOCI	*13*	**48,065,867**	60,153,517
Total non-current assets		**164,287,675**	195,852,872
Current assets			
Inventories	*14*	**43,450,094**	49,949,087
Trade receivables	*15*	**51,145,463**	50,181,261
Advances, deposits and other receivables	*16*	**7,604,038**	6,704,030
Contract assets	*17*	**2,157,344**	2,289,249
Other financial assets	*18*	**90,000,000**	73,000,000
Cash and cash equivalents	*19*	**13,652,032**	19,752,615
Total current assets		**208,008,971**	201,876,242
Total assets		**372,296,646**	397,729,114
EQUITY AND LIABILITIES			
Equity			
Share capital	*20*	**135,987,500**	135,987,500
Statutory reserve	*21*	**54,202,914**	50,992,621
Fair value reserve of investments carried at FVOCI	*22*	**42,180,498**	54,268,148
Retained earnings	*23*	**50,366,220**	71,253,945
Total equity		**282,737,132**	312,502,214
Liabilities			
Non-current liabilities			
Lease liabilities	*24*	**34,269,879**	38,331,334
Employees' end of service benefits	*25*	**9,344,195**	9,575,870
Total non-current liabilities		**43,614,074**	47,907,204
Current liabilities			
Current tax liabilities	*11(a)*	**2,557,920**	-
Lease liabilities	*24*	**3,802,716**	3,503,018
Trade and other payables	*26*	**39,584,804**	33,816,678
Total current liabilities		**45,945,440**	37,319,696
Total liabilities		**89,559,514**	85,226,900
Total equity and liabilities		**372,296,646**	397,729,114

The notes set out on pages 15 to 57 are an integral part of these consolidated financial statements.

To the best of our knowledge, the consolidated financial statements fairly present, in all material respects, the consolidated financial position, results of operation and consolidated cash flows of the Group as of, and for, the year ended 31 December 2024.

The consolidated financial statements were approved and authorised for issue by and on behalf of the Board of Directors on 17 February 2025 and signed on their behalf by:

………………………… …………………………

Chairman Director

The independent auditors' report is set out on pages 4 to 9.

Fujairah Building Industries P.J.S.C. and its subsidiaries

Consolidated statement of cash flows
for the year ended 31 December 2024

	Note	**2024** **AED**	2023 AED
Cash flows from operating activities			
Profit for the year		**23,118,818**	17,968,223
Adjustments for:			
Interest expense on lease liabilities	*9*	**2,667,305**	2,863,214
Finance income	*10*	**(5,161,522)**	(3,705,713)
Depreciation on property, plant and equipment (including ROU assets)	*12(iv)*	**25,312,327**	25,233,094
Write-down of inventories to net realisable value	*14*	**121,290**	1,613,457
Provision for employees' end of service benefits	*25*	**965,295**	1,293,068
Loss on write-off of property, plant and equipment	*6*	**1,009,739**	-
Loss on disposal of property, plant and equipment	*6*	**-**	7,958
Impairment loss on trade receivables, retention receivables and contract assets	*30(a)*	**590,357**	120,417
Income tax expense	*11*	**2,557,920**	-
		51,181,529	45,393,718
Changes in inventories		**6,377,703**	(7,514,026)
Changes in trade receivables		**(1,554,560)**	(2,416,446)
Changes in advances, deposits and other receivables (including long-term receivables and contract assets)		**(521,566)**	733,722
Changes in trade and other payables		**5,768,127**	3,043,897
Employees' end-of-service benefits paid	*25*	**(1,196,970)**	(1,544,074)
Net cash from operating activities		**60,054,263**	37,696,791
Cash flows from investing activities			
Purchase of property, plant, and equipment	*12*	**(6,698,359)**	(7,221,732)
Interest received on short-term deposits		**3,497,493**	2,899,844
Short-term deposits placed		**(85,000,000)**	(103,000,000)
Redemption of short-term deposits		**68,000,000**	119,500,000
Proceeds from sale of property, plant, and equipment		**-**	1,290
Dividends received	*13(ii)*	**1,271,332**	125,000
Net cash (used in) / from investing activities		**(18,929,534)**	12,304,402
Cash flows from financing activities			
Payment of interest on lease liabilities	*24*	**(2,667,305)**	(2,863,214)
Payment of principal portion of lease liabilities	*24*	**(3,761,757)**	(4,227,925)
Dividends paid	*23*	**(40,796,250)**	(40,796,250)
Net cash used in financing activities		**(47,225,312)**	(47,887,389)
Net (decrease) / increase in cash and cash equivalents		**(6,100,583)**	2,113,804
Cash and cash equivalents at the beginning of the year		**19,752,615**	17,638,811
Cash and cash equivalents at the end of the year	*19*	**13,652,032**	19,752,615

The notes on pages 15 to 57 are an integral part of these consolidated financial statements.

The independent auditors' report is set out on pages 4 to 9.

Fujairah Building Industries P.J.S.C. and its subsidiaries

Consolidated statement of changes in equity
for the year ended 31 December 2024

	Share capital AED	Statutory reserve AED	Fair value reserve of investments carried at FVOCI AED	Retained earnings AED	Total AED
At 1 January 2023	135,987,500	50,094,210	50,842,553	94,980,383	331,904,646
Total comprehensive income for the year					
Profit for the year	-	-	-	17,968,223	17,968,223
Other comprehensive income for the year	-	-	3,425,595	-	3,425,595
Total comprehensive income for the year	-	-	3,425,595	17,968,223	21,393,818
Transaction with Owners of the Company					
Dividends (refer note 23)	-	-	-	(40,796,250)	(40,796,250)
Other movement					
Transfer to statutory reserve (refer note 21)	-	898,411	-	(898,411)	-
At 31 December 2023	135,987,500	50,992,621	54,268,148	71,253,945	312,502,214

Fujairah Building Industries P.J.S.C. and its subsidiaries

Consolidated statement of changes in equity *(continued)*
for the year ended 31 December 2024

	Share capital AED	Statutory reserve AED	Fair value reserve of investments carried at FVOCI AED	Retained earnings AED	Total AED
At 1 January 2024	135,987,500	50,992,621	54,268,148	71,253,945	312,502,214
Total comprehensive income for the year					
Profit for the year	-	-	-	23,118,818	23,118,818
Other comprehensive income for the year	-	-	(12,087,650)	-	(12,087,650)
Total comprehensive income for the year	-	-	(12,087,650)	23,118,818	11,031,168
Transaction with Owners of the Company					
Dividends (refer note 23)	-	-	-	(40,796,250)	(40,796,250)
Other movement					
Transfer to statutory reserve (refer note 21)	-	3,210,293	-	(3,210,293)	-
At 31 December 2024	**135,987,500**	**54,202,914**	**42,180,498**	**50,366,220**	**282,737,132**

The notes on pages 15 to 57 are an integral part of these consolidated financial statements.

1. Reporting entity

Fujairah Building Industries P.J.S.C. ("the Company") was incorporated as an establishment in 1979 in the Emirate of Fujairah, United Arab Emirates ("UAE"). Subsequently, the legal status of the Company was changed to Public Joint Stock Company in 1991. The registered address of the Company is P.O. Box 383, Fujairah, UAE. The Company's ordinary shares are listed on the Abu Dhabi Securities Exchange (Ticker: FBI). The Company is ultimately controlled by the Government of Fujairah ("the Government").

The consolidated financial statements as at and for the year ended 31 December 2024 include financial performance and position of the Company and its subsidiaries (collectively referred to as "the Group"). Details of the Company's investment in subsidiaries are listed in note 32.

The principal activities of the Group comprise production of blocks, interlocks, kerbstones, ceramic tiles, rockwool insulation materials, marble products, terrazzo tiles and quarry products.

2. Basis of preparation

(a) Statement of compliance

The consolidated financial statements of the Group have been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards) and the applicable requirements of UAE Federal Decree Law No. 32 of 2021.

(b) Basis of measurement

These consolidated financial statements have been prepared on a historical cost convention basis except for investments carried at fair value through other comprehensive income ("FVOCI") which are stated at their fair values.

(c) Functional and presentation currency

These consolidated financial statements are presented in UAE Dirhams ("AED"), which is the Company's functional currency.

(d) Use of estimates and judgements

In preparing these consolidated financial statements, management has made judgements and estimates about the future that affect the application of the Group's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revision to accounting estimates are recognised prospectively.

Information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the consolidated financial statements are described in note 34.

2. Basis of preparation *(continued)*

(e) Measurement of fair values

A number of Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets, and financial and non-financial liabilities. The Group has an established control framework with respect to the measurement of fair values.

When measuring the fair value of an asset or a liability, the Group uses market observable data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

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

If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement. The Group recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred. Further information about the assumptions made in measuring fair values is included in notes 13 and 30.

(f) New standards, interpretations and amendments adopted by the Group

Effective 1 January 2024, following new / amended IFRS Accounting Standards have become effective and have been applied in preparing these consolidated financial statements:

	Effective date
Non-current liabilities with Covenants (Amendments to IAS 1)	1 January 2024
Classification of liabilities as Current or Non-current (Amendments to IAS 1)	1 January 2024
Lease Liability in a Sale and Leaseback (Amendments to IFRS 16)	1 January 2024
Supplier Finance Arrangements (Amendments to IAS 7 and IFRS 7)	1 January 2024

The application of these revised IFRS Accounting Standards does not have any significant impact on the amounts reported for the current and prior year but may affect the accounting for future transactions or arrangements.

(g) New and amendments standards issued that are not effective for the current year

A number of new standards and amendments to standards are effective for annual periods beginning after 1 January 2025 and earlier application is permitted. None of these new standards and amendments have been early adopted in preparing these consolidated financial statements.

The following amended standards and interpretations are not expected to have a significant impact on the Group's consolidated financial statements.

	Effective date
Lack of Exchangeability (Amendments to IAS 21)	1 January 2025
Classification and Measurement of Financial Instruments (Amendments to IFRS 9 and IFRS 7)	1 January 2026
Annual Improvements to IFRS Accounting Standards – Volume 11	1 January 2026
IFRS 18 Presentation and Disclosure in Financial Statements	1 January 2027
IFRS 19 Subsidiaries without Public Accountability: Disclosures	1 January 2027

3. Material accounting policies

The Group has consistently applied the following accounting policies to all periods presented in these consolidated financial statements, except if mentioned otherwise.

(a) Basis of consolidation

Business combinations

The Group accounts for business combinations using the acquisition method when the acquired set of activities and assets meets the definition of a business and control is transferred to the Group. In determining whether a particular set of activities and assets is a business, the Group assesses whether the set of assets and activities acquired includes, at a minimum, an input and substantive process and whether the acquired set has the ability to produce outputs.

The Group has an option to apply a 'concentration test' that permits a simplified assessment of whether an acquired set of activities and assets is not a business. The optional concentration test is met if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets.

The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired. Any goodwill that arises is tested annually for impairment. Any gain on a bargain purchase is recognised in prof it or loss immediately. Transaction costs are expensed as incurred, except if related to the issue of debt or equity securities.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

Any contingent consideration payable is measured at fair value at the acquisition date. If an obligation to pay contingent consideration that meets the definition of a financial instrument is classified as equity, it is not remeasured, and settlement is accounted for within equity. Otherwise, other contingent consideration is remeasured at fair value at each reporting date and subsequent changes in the fair value of the contingent consideration are recognised in profit or loss.

Subsidiaries

Subsidiaries are entities controlled by the Group. The Group control exists when it is exposed to or has rights to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses (except for foreign currency transaction gains or losses) arising from intra-group transactions, are eliminated. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

Loss of control

When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, any related NCI and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

3. Material accounting policies *(continued)*

(b) Revenue from contracts with customers

Revenue is measured based on the consideration specified in a contract with a customer. The Group recognises revenue when it transfers control over a good or service to a customer.

Sale of goods

Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of returns and discounts. Revenue comprises amounts derived from the sale of goods falling within the ordinary activities of the Group and are recognised at the time of delivery to customers when the control passes from the Group to the customer, and the amount of revenue can be measured reliably. Discounts are recognised as a reduction of revenue as the sales are recognised. For a sale that permits the customer to return an item, revenue is recognised to the extent that is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. Accordingly, the amount of revenue recognised is adjusted for expected returns. The Group reviews its estimate of expected returns at each reporting date.

Fit out and installation services

The Group provides fit-out / installation services mainly for marbles and tiles that are either sold separately or bundled together with the sale of marbles and tiles. The installation services do not significantly customise or modify the marbles and tiles. Contracts for bundled sales of marbles and tiles and installation services are comprised of two performance obligations because the product and installation services are both sold on a stand-alone basis and are distinct within the context of the contract. Accordingly, the Group allocates the transaction price based on the relative stand-alone selling prices of the product and installation services.

The Group recognises revenue from installation services over time because the customer simultaneously receives and consumes the benefits provided to them. The Group uses an input method in measuring progress of the installation services.

The Group recognises revenue from contracts with customers based on a five steps 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 the Group expects to be entitled to in exchange for transferring the 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 to in exchange for satisfying each performance obligation.
Step 5	Recognise revenue when (or as) the Group satisfies a performance obligation.

3. Material accounting policies *(continued)*

(c) Foreign currency

Foreign currency transactions

Transactions in foreign currencies are translated into the respective functional currency of Group at the exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Non-monetary items that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Foreign currency differences are generally recognised in profit or loss.

(d) Discontinued operation

A discontinued operation is a component of the Group's business, the operations and cash flows of which can be clearly distinguished from the rest of the Group and which:

- represents a separate major line of business or geographic area of operations;
- is part of a single coordinated plan to dispose of a separate major line of business or geographic area of operations; or
- is a subsidiary acquired exclusively with a view to resale.

Classification as a discontinued operation occurs at the earlier of disposal or when the operation meets the criteria to be classified as held-for-sale.

When an operation is classified as a discontinued operation, the comparative statement of profit or loss and other comprehensive income is re-presented as if the operation had been discontinued from the start of the comparative year.

(e) Finance income and costs

Finance income comprises interest income on short-term deposits and dividend income. Interest income is recognised as it accrues in profit or loss, using the effective interest method. Dividend income is recognised in profit or loss on the date on which the Group's right to receive payment is established.

Finance costs comprises interest expense on lease liabilities and are recognised as it accrues using the effective interest method.

(f) Income taxes

Income tax expense comprises current and deferred tax. It is recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in OCI.

Current tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date. Current tax assets and liabilities are offset only if certain criteria are met.

3. Material accounting policies *(continued)*

(f) Income taxes *(continued)*

Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that:

  - is not a business combination; and
  - at the time of the transaction (i) affects neither accounting nor taxable profit or loss and (ii) does not give rise to equal taxable and deductible temporary differences:

- temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and

- taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on the reversal of relevant taxable temporary differences.

If the amount of taxable temporary differences is insufficient to recognise a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans for the Group. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

In determining the amount of current and deferred tax the Group takes into account the impact of uncertain tax positions and whether additional taxes, penalties and late-payment interest may be due.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax assets and liabilities, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

3. Material accounting policies *(continued)*

(g) Property, plant and equipment

Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the following:

- cost of materials and direct labour;
- any other costs directly attributable to bringing the assets to a working condition for their intended use; and
- capitalised borrowing costs.

If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment is recognised in the profit or loss.

Items of property, plant and equipment are depreciated from the date that they are installed and are ready for use.

Subsequent expenditure

Subsequent expenditure is capitalised only when it is probable that the future economic benefits associated with the expenditure will flow to the Group. Ongoing repairs and maintenance is expensed as incurred.

Depreciation

Depreciation is calculated to write-off the cost of items of property, plant and equipment less their estimated residual values using the straight-line method over their estimated useful lives. Leasehold improvements are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term. Leasehold lands are depreciated over the lease term.

The estimated useful lives of property, plant and equipment for the current and comparative years are as follows:

Asset	**Estimated useful life (in years)**
Leasehold lands	15
Buildings and leasehold improvements	5 - 15
Plant and equipment	5 - 15
Heavy equipment and vehicles	4 - 15
Furniture and fixtures	2 - 5

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

3. Material accounting policies *(continued)*

(g) Property, plant and equipment *(continued)*

Capital-work-in-progress

Capital-work-in-progress is stated at cost less impairment, if any, until the construction is completed. Upon completion of construction, the cost of such assets together with the cost directly attributable to construction, including capitalised borrowing costs are transferred to the respective class of asset. No depreciation is charged on capital-work-in-progress.

(h) Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is based on the weighted average cost principle and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition. In the case of manufactured inventories and work in progress, cost includes an appropriate share of production overheads based on normal operating capacity.

(i) Employees' end of service benefits

Pension and social security policy

The Group is a member of the pension scheme operated by the Federal Pension General and Social Security Authority which is a defined contribution plan. Contributions for eligible UAE National employees are calculated as a percentage of the employees' salaries and charged to the consolidated statement of profit or loss, in accordance with the provisions of Federal Law No. (7) of 1999 relating to Pension and Social Security Law.

The Group's contribution, calculated as a percentage of the employees' salaries, is recognised as an expense in the consolidated statement of profit or loss as incurred. The Group has no legal or constructive obligation to pay any further contributions.

End of service benefits to non - UAE nationals

Terminal and retirement benefits for non-national employees, disclosed as a long-term liability, are payable in accordance with the UAE Federal Labour Law. The provision for such benefits is determined as follows:

a) making a reliable estimate of the amount of benefit that employees have earned in return for their service in the current and prior years. This requires estimating the demographic variables and financial variables that will influence the cost of the benefit; and

b) discounting that benefit in order to determine the present value of the defined benefit obligation and the current service cost.

(j) Financial instruments

(i) Recognition and initial measurement

Trade receivables, retention receivables and contract assets are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Group becomes a party to the contractual provisions of the instrument.

3. Material accounting policies *(continued)*

(j) Financial instruments

(i) Recognition and initial measurement *(continued)*

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

(ii) Classification and subsequent measurement

Financial assets - classification

On initial recognition, a financial asset is classified as measured at amortised cost, FVOCI – debt instruments, at FVOCI – equity instruments or at FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

– it is held within a business model whose objective is to hold assets to collect contractual cash flows; and

– its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

All financial assets not measured at amortised cost or FVOCI as described above are measured at FVTPL.

Financial assets - Business model assessment

The Group makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed, and information is provided to management.

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

3. Material accounting policies *(continued)*

(j) Financial instruments *(continued)*

(ii) Classification and subsequent measurement *(continued)*

Financial assets – Subsequent measurement and gains and losses

Financial assets at amortised cost	These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.
Debt investment at FVOCI	These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.
Equity instruments at FVOCI	These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and never reclassified to profit or loss.
Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.

Financial liabilities – Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortised cost and are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

(iii) Modification

Financial assets

If the terms of a financial asset are modified, the Group evaluates whether the cash flows of the modified asset are substantially different. If the cash flows are substantially different (referred to as 'substantial modification'), then the contractual rights to cash flows from the original financial asset are deemed to have expired. In this case, the original financial asset is derecognised and a new financial asset is recognised at fair value.

The Group performs a quantitative and qualitative evaluation of whether the modification is substantial, i.e. whether the cash flows of the original financial asset and the modified or replaced financial asset are substantially different. The Group assesses whether the modification is substantial based on quantitative and qualitative factors in the following order: qualitative factors, quantitative factors, combined effect of qualitative and quantitative factors. If the cash flows are substantially different, then the contractual rights to cash flows from the original financial asset deemed to have expired. In making this evaluation the Group analogizes to the guidance on the derecognition of financial liabilities

3. Material accounting policies *(continued)*

(j) Financial instruments *(continued)*

(iii) Modification *(continued)*

Financial assets (continued)

If the cash flows of the modified asset carried at amortised cost are not substantially different, then the modification does not result in derecognition of the financial asset. In this case, the Group recalculates the gross carrying amount of the financial asset and recognises the amount arising from adjusting the gross carrying amount as a modification gain or loss in profit or loss. The gross carrying amount of the financial asset is recalculated as the present value of the renegotiated or modified contractual cash flows that are discounted at the financial asset's original effective interest rate. Any costs or fees incurred adjust the carrying amount of the modified financial asset and are amortised over the remaining term of the modified financial asset.

Financial liabilities

The Group derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different. In this case, a new financial liability based on the modified terms is recognised at fair value. The difference between the carrying amount of the financial liability extinguished and the new financial liability with modified terms is recognised in profit or loss.

If a modification (or exchange) does not result in the derecognition of the financial liability the Group applies accounting policy consistent with the requirements for adjusting the gross carrying amount of a financial asset when a modification (or exchange) does not result in the derecognition of the financial asset, i.e. the Group recognises any adjustment to the amortised cost of the financial liability arising from such a modification (or exchange) in profit or loss at the date of the modification (or exchange).

Group performs a quantitative and qualitative evaluation of whether the modification is substantial considering qualitative factors, quantitative factors and combined effect of qualitative and quantitative factors.

(iv) Derecognition

Financial assets

The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Group enters transactions whereby it transfers assets recognised in its statement of financial position but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not recognised.

3. Material accounting policies *(continued)*

(j) Financial instruments *(continued)*

(iv) Derecognition *(continued)*

Financial liabilities

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled or expire. The Group also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

(v) Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends to settle them on a net basis or to realise the asset and settle the liabilities simultaneously.

(k) Impairment

(i) Non-derivative financial assets – financial instruments and contract assets

The Group recognises loss allowances for ECLs on financial assets measured at amortised cost, which are disclosed as part of trade receivables, retention receivables and contract assets.

The Group measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured at 12-month ECLs:

- debt securities that are determined to have low credit risk at the reporting date: and
- other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowances for trade receivables, retention receivables and contract assets are always measured at an amount equal to lifetime ECLs.

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

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

3. Material accounting policies *(continued)*

(k) Impairment *(continued)*

(i) Non-derivative financial assets – financial instruments and contract assets (continued)

The Group considers a financial asset to be in default when:
- the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or
- the financial asset is more than 90 days past due.

The Group considers a financial asset to be in default when the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such realising security (if any is held).

Lifetime ECLs are the ECLs that result from default events that are possible over the expected life of a financial instrument. 12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months). The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive).

ECLs are discounted at the effective interest rate of the financial asset.

Credit-impaired financial assets

At each reporting date, the Group assesses whether financial assets carried at amortised cost are credit impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or debtor;
- a breach of contract (such as a default);
- the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise;
- it is probable that the borrower will enter bankruptcy or another financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

Presentation of allowance for ECL in the statement of financial position

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

Impairment losses are assessed for related trade and retention receivables, contract assets, cash at banks, refundable deposits and certain other receivables and are presented separately in the consolidated statement of profit or loss and comprehensive income.

3. Material accounting policies *(continued)*

(k) Impairment *(continued)*

(i) Non-derivative financial assets – financial instruments and contract assets *(continued)*

Write-off

The gross carrying amount of a financial asset is written off when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. For its customers, the Group individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Group expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

(ii) Non-financial assets

The carrying amounts of the Group's non-financial assets, other than inventories, prepayment and advances are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For impairment testing, assets are grouped together into the smallest group of assets that generate cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating unit ("CGU"). All impairment losses are recognised in profit or loss.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its estimated recoverable amount.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(l) Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. All operating segments' operating results are reviewed regularly by the Group's chief executive officer to make decisions about resources to be allocated to the segment and assess its performance.

Segment results that are reported to the Group's chief executive officer include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets, head office income and liabilities.

3. Material accounting policies *(continued)*

(m) Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

(n) Leases

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

As a lessee

At commencement or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. However, for the leases of property the Group has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any material initial direct costs incurred and an estimate of material costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Group by the end of the lease term or the cost of the right-of-use asset reflects that the Group will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property, plant and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

3. Material accounting policies *(continued)*

(n) Leases *(continued)*

As a lessee *(continued)*

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, if the Group changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Group presents right-of-use assets under 'property plant and equipment' and lease liabilities separately in the statement of financial position.

Short-term leases and leases of low-value assets

The Group has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

(o) Earnings per share (EPS)

The Group presents basic and diluted earnings per share data for its ordinary shares. Basic earnings per share is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

(p) Share capital

Incremental cost directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effects.

3. Material accounting policies *(continued)*

(q) Fair value measurement

'Fair value' is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Group has access at that date. The fair value of a liability reflects its non-performance risk.

A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

When one is available, the Group measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as active if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.
If there is no quoted price in an active market, then the Group uses valuation techniques that maximize the use of relevant observable inputs and minimize the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

If an asset or a liability measured at fair value has a bid price and an ask price, then the Group measures assets and long positions at a bid price and liabilities and short positions at an ask price.

The best evidence of the fair value of a financial instrument on initial recognition is normally the transaction price – i.e., the fair value of the consideration given or received. If the Group determines that the fair value on initial recognition differs from the transaction price and the fair value is evidenced neither by a quoted price in an active market for an identical asset or liability nor based on a valuation technique for which any unobservable inputs are judged to be insignificant in relation to the measurement, then the financial instrument is initially measured at fair value, adjusted to defer the difference between the fair value on initial recognition and the transaction price. Subsequently, that difference is recognised in profit or loss on an appropriate basis over the life of the instrument but no later than when the valuation is wholly supported by observable market data, or the transaction is closed out.

4. Revenue

	2024	2023
	AED	AED
Sale of goods - *point in time*	**203,968,345**	172,360,053
Fit out and installation services - *over a period of time*	**1,942,902**	7,021,039
	205,911,247	179,381,092

4. Revenue *(continued)*

Disaggregation of revenue by major product / service line and geographical market

	2024 AED	2023 AED
Major product / service line		
Concrete products	**91,039,159**	76,086,475
Rockwool products	**93,721,427**	76,827,986
Quarry products	**10,411,700**	7,461,835
Marbles and tiles	**8,796,059**	11,983,757
Fit out and installation services	**1,942,902**	7,021,039
	205,911,247	179,381,092
Geographical markets		
Within UAE	**197,921,315**	172,574,502
Outside UAE	**7,989,932**	6,806,590
	205,911,247	179,381,092

5. Cost of sales

	2024 AED	2023 AED
Raw materials at the beginning of the year	**6,360,030**	5,891,969
Purchases during the year	**52,700,029**	47,151,584
Raw materials at the end of the year (refer note 14)	**(5,227,451)**	(6,360,030)
Raw materials consumed	**53,832,608**	46,683,523
Labour costs	**16,283,111**	16,450,914
Depreciation on property, plant and equipment (including ROU assets) (refer note 12(iv))	**16,776,916**	16,971,022
Manufacturing overheads	**39,242,566**	36,711,349
Write-down of inventories to net realisable value (refer note 14)	**121,290**	1,613,457
Cost of goods manufactured	**126,256,491**	118,430,265
Finished goods at the beginning of the year	**33,333,979**	29,801,357
Finished goods at the end of the year (refer note 14)	**(29,948,645)**	(33,333,979)
	129,641,825	114,897,643

6. Administrative and general expenses

	2024	2023
	AED	AED
Salaries and related benefits	**14,866,233**	13,783,462
Depreciation on property, plant and equipment (including ROU assets) (refer note 12(iv))	**3,993,263**	3,785,416
Board of director's remuneration (refer note 23)	**1,260,000**	1,260,000
Loss on write-off property, plant and equipment (refer note 12(iii))	**1,009,739**	-
Utilities	**730,822**	859,601
Legal, visa and professional expense (refer note (i) below)	**645,704**	636,761
Social contribution (refer (ii) below)	**261,738**	368,865
Vehicle expense	**179,397**	201,530
Insurance expense	**96,852**	136,621
Loss on disposal of property, plant and equipment	**-**	7,958
Others	**1,771,218**	1,436,336
	24,814,966	22,476,550

(i) Professional expense includes auditors' remuneration of AED 415,000 *(2023: AED 377,045)*.

(ii) This represents social contributions in the form of free of cost goods issued to 'Fujairah Foundation for Regional Development' for the development of local communities based in the Fujairah.

7. Selling and distribution expenses

	2024	2023
	AED	AED
Salaries and related benefits	**9,748,260**	9,279,519
Vehicle expense	**9,580,844**	8,175,068
Depreciation on property, plant and equipment (including ROU assets) (refer note 12(iv))	**4,542,148**	4,476,656
Government fees on quarry sales	**1,207,782**	715,369
Advertisement and business promotion expense	**850,590**	452,378
Telephone and communication expense	**585,487**	557,089
Legal, visa and professional expense	**367,682**	387,779
Insurance expense	**219,535**	223,079
Rent expense on short-term leases (refer note 24)	**122,525**	129,715
Others	**1,073,071**	1,127,151
	28,297,924	25,523,803

8. Other income

	2024 AED	2023 AED
Sale of scrap	**511,046**	739,327
Other miscellaneous income	**110,275**	64,648
	----------	----------
	621,321	803,975
	======	======

9. Finance costs

	2024 AED	2023 AED
Interest on lease liabilities (refer note 24)	**2,667,305**	2,863,214
	=======	=======

10. Finance income

	2024 AED	2023 AED
Interest income on short-term deposits	**3,890,190**	3,580,713
Dividend income	**1,271,332**	125,000
	------------	------------
	5,161,522	3,705,713
	=======	=======

11. Taxation

UAE Corporate tax

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

The Cabinet of Ministers Decision No. 116/2022 effective from January 2023, has confirmed the threshold of income over which the 9% tax rate would apply, and the Law is considered to be substantively enacted. A rate of 9% applies to taxable income exceeding AED 375,000. A rate of 0% applies to taxable income not exceeding AED 375,000.

The Company has elected to form a Tax Group with the below subsidiaries, collectively referred to as "Tax Group":

- Fujairah Building Industries PJSC
- Fujairah Rockwool Factory
- Fujairah Concrete Products
- Fujairah Marbles and Tiles Factory
- Emirates Ceramic Factory

11. Taxation *(continued)*

UAE Corporate tax *(continued)*

Fujairah National Quarry ("FNQ") meets the extractive business criteria and is thus exempt from the UAE CT. Since it is an exempt entity, it is not part of the tax group.

a. Current tax liability

	2024 AED	2023 AED
At 1 January	**-**	-
Add: Income tax provision for the year (refer note 11(b)(i))	**2,557,920**	-
At 31 December	**2,557,920**	-

b. Income tax expense

i. Amounts recognised in the consolidated statement of profit or loss

	2024 AED	2023 AED
Current tax expense	**2,557,920**	-

ii. Reconciliation of effective tax rate

	2024 AED	2023 AED
Profit before tax (continuing and discontinued operations)	**25,676,738**	17,968,223
Tax using the Company's domestic tax rate at 9% *(2023: 0%)*	**2,310,907**	-
Tax effect of:		
- Share of loss from tax exempt entity (FNQ)	**375,813**	-
- Standard deduction as per CT Law	**(33,750)**	-
- Dividend income from quoted investments	**(114,420)**	-
- Non-deductible expenses	**19,370**	-
Total income tax expense	**2,557,920**	-
Effective tax rate	**9.96%**	-

12. Property, plant and equipment

	Leasehold land AED	Buildings and leasehold improvements AED	Plant and machinery AED	Heavy equipment and vehicles AED	Furniture and fixtures AED	Capital-work-in-progress (CWIP) AED	Total AED
Cost							
At 1 January 2023	61,523,549	120,489,619	329,479,293	58,981,100	15,893,999	20,646,487	607,014,047
Additions	-	16,250	912,186	1,349,188	242,226	4,701,882	7,221,732
Transfers from CWIP	-	12,114,537	5,121,238	882,000	1,710,271	(19,828,046)	-
Disposals	-	(282,839)	(167,435)	(2,293,416)	(342,344)	-	(3,086,034)
At 31 December 2023	61,523,549	132,337,567	335,345,282	58,918,872	17,504,152	5,520,323	611,149,745
At 1 January 2024	61,523,549	132,337,567	335,345,282	58,918,872	17,504,152	5,520,323	611,149,745
Additions	-	261,030	1,615,414	3,114,856	829,957	877,102	6,698,359
Write-off (refer note (iii) below)	-	-	(36,269,150)	(10,032,374)	(7,107,955)	-	(53,409,479)
Transfer from CWIP	-	-	4,763,798	-	191,674	(4,955,472)	-
At 31 December 2024	61,523,549	132,598,597	305,455,344	52,001,354	11,417,828	1,441,953	564,438,625

12. Property, plant and equipment *(continued)*

	Leasehold land AED	Buildings and leasehold improvements AED	Plant and machinery AED	Heavy equipment and vehicles AED	Furniture and fixtures AED	Capital-work-in-progress (CWIP) AED	Total AED
Accumulated depreciation							
At 1 January 2023	19,113,926	92,616,284	271,579,165	55,662,402	14,798,638	-	453,770,415
Charge for the year (refer note (iv) below)	4,188,240	6,198,964	13,152,021	1,031,735	662,134	-	25,233,094
On disposals	-	(282,839)	(161,077)	(2,293,416)	(339,453)	-	(3,076,785)
At 31 December 2023	23,302,166	98,532,409	284,570,109	54,400,721	15,121,319	-	475,926,724
At 1 January 2024	23,302,166	98,532,409	284,570,109	54,400,721	15,121,319	-	475,926,724
Charge for the year (refer note (iv) below)	4,188,240	5,391,592	13,575,045	1,248,304	909,146	-	25,312,327
On write-off (refer note (iii) below)	-	-	(35,884,609)	(9,710,363)	(6,804,768)	-	(52,399,740)
At 31 December 2024	27,490,406	103,924,001	262,260,545	45,938,662	9,225,697	-	448,839,311
Carrying amounts							
At 31 December 2024	**34,033,143**	**28,674,596**	**43,194,799**	**6,062,692**	**2,192,131**	**1,441,953**	**115,599,314**
At 31 December 2023	38,221,383	33,805,158	50,775,173	4,518,151	2,382,833	5,520,323	135,223,021

(i) Buildings are constructed on plots of land obtained on lease from the Government of Fujairah under a yearly contract, which is on a renewable basis (see note 28).

(ii) Capital-work-in-progress mainly comprises plant and machinery under installation *(2023: installation of firefighting system)*.

(iii) During the year ended 31 December 2024, based on the approval of the Board of Directors, management has written-off property, plant and equipment with a cost of AED 53,409,479 and accumulated depreciation of AED 52,399,740, resulting in a loss on write-off of AED 1,009,739 (refer note 6).

12. Property, plant and equipment *(continued)*

(iv) Depreciation

Depreciation for the year (including ROU assets) has been allocated as follows:

	2024	2023
	AED	AED
Cost of sales (refer note 5)	**16,776,916**	16,971,022
Selling and distribution expenses (refer note 7)	**4,542,148**	4,476,656
Administrative and general expenses (refer note 6)	**3,993,263**	3,785,416
	25,312,327	25,233,094

(v) Right-of-use-assets

Right-of-use assets related to leased properties presented within property, plant and equipment are as follows:

	Leasehold land AED	**Buildings and leasehold improvements AED**	**Total AED**
2024			
At 1 January	38,221,383	323,467	38,544,850
Depreciation charge for the year	(4,188,240)	(41,291)	(4,229,531)
At 31 December	**34,033,143**	**282,176**	**34,315,319**
2023			
At 1 January	42,409,623	364,758	42,774,381
Depreciation charge for the year	(4,188,240)	(41,291)	(4,229,531)
At 31 December	38,221,383	323,467	38,544,850

Depreciation charge on the ROU assets is based on the lease terms of the respective leases and has been allocated to profit or loss for the year as follows:

	2024	2023
	AED	AED
Cost of sales	**1,445,926**	1,445,926
Selling and distribution expenses	**2,124,062**	2,124,062
Administrative and general expenses	**659,543**	659,543
	4,229,531	4,229,531

13. Investments carried at fair value through other comprehensive income (FVOCI)

	2024	2023
	AED	AED
Investment in equity securities:		
- Quoted	**46,491,080**	58,567,517
- Unquoted	**1,574,787**	1,586,000
	48,065,867	60,153,517

Movement in investments carried at FVOCI is as follows:

	2024	2023
	AED	AED
At 1 January	**60,153,517**	56,727,922
Change in fair value	**(12,087,650)**	3,425,595
At 31 December	**48,065,867**	60,153,517

(i) *Classification of investment in equity securities at FVOCI*

The Group designated the above investments as equity securities carried at FVOCI, as these equity securities represent investments that the Group intends to hold for long-term strategic purpose.

(ii) *Dividend income*

During the current year, dividend income of AED 1,271,332 *(2023: AED 125,000)* has been recognised in the statement of profit or loss from equity securities carried at FVOCI.

(iii) *Measurement of fair values*

Equity securities held by the Group are listed below:

	2024	2023
	AED	AED
National Bank of Fujairah (a related party)	**46,491,080**	58,567,517
Fujairah Fresh Water Production Company (Private Joint Stock Company)	**1,488,787**	1,500,000
ESCAN	**86,000**	86,000
	48,065,867	60,153,517

Information about the Group's exposure to market risk and fair value measurement is included in note 30.

14. Inventories

	2024	2023
	AED	AED
Raw materials	**5,227,451**	6,360,030
Finished goods	**29,948,645**	33,333,979
Spare parts and consumables	**24,040,598**	25,900,388
	59,216,694	65,594,397
Less: write-down of inventories to net realisable value	**(15,766,600)**	(15,645,310)
	43,450,094	49,949,087

In 2024, spare parts and consumables of AED 23,514,257 *(2023: AED 23,662718)* were recognised as expense during the year.

Movement in write-down of inventories to net realisable value is as follows:

	2024	2023
	AED	AED
At 1 January	**15,645,310**	14,031,853
Write-down for the year (refer note 5)	**121,290**	1,613,457
At 31 December	**15,766,600**	15,645,310

15. Trade receivables

	2024	2023
	AED	AED
Trade receivables	**69,798,292**	68,243,733
Less: impairment loss on trade receivables	**(18,652,829)**	(18,062,472)
	51,145,463	50,181,261

16. Advances, deposits and other receivables

		2024 AED	2023 AED
Prepayments *		**2,990,140**	2,271,430
Advances *		**1,821,032**	1,269,730
Retention receivables		**907,808**	1,793,602
Interest receivable		**1,869,175**	1,476,478
Refundable deposits		**497,438**	254,208
Other receivables		**140,939**	114,916
Total advances, deposits and other receivables	(a)	**8,226,532**	7,180,364
Less: non-current portion			
Refundable deposits		**(444,334)**	(201,105)
Retention receivable		**(178,160)**	(275,229)
Non-current portion classified under long-term receivables	(b)	**(622,494)**	(476,334)
Current portion of advances, deposits and other receivables	(a) - (b)	**7,604,038**	6,704,030

* Represents non-financial assets

17. Contract assets

The contract assets primarily relate to the Group's rights to consideration for work completed but not billed at the reporting date on fit out and installation services. The contract assets are transferred to receivables when the rights become unconditional. This usually occurs when the Group issues an invoice to the customer.

Significant changes in the contract asset during the year are as follows:

	2024 AED	2023 AED
At 1 January	**2,289,249**	2,288,827
Add: increases as a result of changes in the measure of progress	**1,942,902**	7,021,039
Less: transfers from contract assets to trade receivables	**(2,074,807)**	(7,020,617)
31 December 2024	**2,157,344**	2,289,249

No information is provided about remaining performance obligations at 31 December 2024 or at 31 December 2023 as all the contracts have an original expected duration of one year or less, as allowed by IFRS 15.

18. Other financial assets

	2024	2023
	AED	AED
Short-term deposits with an original maturity of more than 3 months	**90,000,000**	73,000,000
	========	========

The above short-term deposits (held with a related party bank) are made for varying periods up to twelve months and earn interest at the respective short-term deposit rates.

19. Cash and cash equivalents

	2024	2023
	AED	AED
Cash in hand	**256,787**	322,227
Bank balances – current accounts (refer note (i) below)	**13,395,245**	19,430,388
	------------	------------
	13,652,032	19,752,615
	========	========

(i) Includes an amount of AED 13,370,956 *(2023: AED 19,405,052)* held with a related party bank.

20. Share capital

	2024	2023
	AED	AED
Authorised, issued and paid-up		
135,987,500 shares of AED 1 each	**135,987,500**	135,987,500
	=========	=========

21. Statutory reserve

In accordance with UAE Federal Decree Law No. 32 of 2021 and the Company's Articles of Association, 10% of net profit for the year is required to be transferred to statutory reserve until the reserve reaches 50% of Company's paid-up share capital. The reserve is not available for distribution except as stipulated by the Law. During the current year, transfer of AED 3,210,293 *(2023: AED 898,411)* has been made to the statutory reserve.

22. Fair value reserve of investments carried at FVOCI

The fair value reserve comprises the cumulative net change in the fair value of investments in equity securities carried at FVOCI until the respective investment is derecognised.

23. Retained earnings

Dividend

At the annual general meeting held on 6 March 2024, the shareholders approved a 30% cash dividend *(2023: 30%)* of AED 40,796,250 *(2023: AED 40,796,250),* which has been paid during the year.

After the reporting date, a 30% cash dividend of AED 40,796,250 is proposed by the board of directors. The dividends have not been recognised as liabilities and there are no tax consequences.

24. Lease liabilities

Leases as lessee

The Group leases plots of land and staff accommodation. Lease terms and rental calculations vary significantly between different lease agreements. The leases typically run for a period of 15 years.

The Group also leases IT equipment and office spaces with contract terms of one or less than one year. These leases are short-term and / or leases of low value items. The Group has elected not to recognise right-of-use assets and lease liabilities for these leases.

Lease liabilities included in the consolidated statement of financial position

	2024 AED	2023 AED
At 1 January	**41,834,352**	46,062,277
Add: interest on lease liabilities (refer note 9)	**2,667,305**	2,863,214
Less: payment of interest on lease liabilities	**(2,667,305)**	(2,863,214)
Less: payment of principal portion of lease liabilities	**(3,761,757)**	(4,227,925)
At 31 December	**38,072,595**	41,834,352
Less: current portion of lease liabilities	**(3,802,716)**	(3,503,018)
Non-current portion of lease liabilities	**34,269,879**	38,331,334

Amounts recognised in the consolidated statement of profit or loss

	2024 AED	2023 AED
Interest on lease liabilities (refer note 9)	**2,667,305**	2,863,214
Depreciation expense (refer note 12(v))	**4,229,531**	4,229,531
Rent expense on short-term leases (refer note 7)	**122,525**	129,715
	7,019,361	7,222,460

Amounts recognised in consolidated statement of cash flows

	2024 AED	2023 AED
Payment of interest on lease liabilities	**2,667,305**	2,863,214
Payment of principal portion of lease liabilities	**3,761,757**	4,227,925
	6,429,062	7,091,139

25. Employees' end of service benefits

	2024 AED	2023 AED
At 1 January	**9,575,870**	9,826,876
Charge for the year	**965,295**	1,293,068
Payments made during the year	**(1,196,970)**	(1,544,074)
At 31 December	**9,344,195**	9,575,870

26. Trade and other payables

	2024 AED	2023 AED
Trade payables	**29,169,181**	23,458,434
Accruals	**5,273,859**	6,618,796
Advances from customers *	**4,137,522**	2,582,949
Staff provisions	**835,968**	803,611
VAT payable	**168,274**	352,888
	39,584,804	33,816,678

* Represents non-financial liabilities

100% *(2023: 100%)* of these advances from customers will be recognised as revenue in the next 12-months from the reporting date.

27. Earnings per share

	2024	2023
Earnings for the year attributable to equity shareholders (AED)		
From continuing operations	**23,123,793**	18,009,153
From discontinued operations	**(4,975)**	(40,930)
Total earnings (AED)	**23,118,818**	17,968,223
Weighted average number of equity shares in issue	**135,987,500**	135,987,500
Earnings per share (AED)		
Basic and diluted – continuing operations	**0.17**	0.13
Basic and diluted – discontinued operations	**(0.00)**	(0.00)
Total earnings per share (AED)	**0.17**	0.13

There was no dilution effect on the basic earnings per share, as the Group does not have any such outstanding commitments as at the reporting dates.

28. Related party transactions and balances

The Group in the normal course of business enters into transactions with individuals and other entities which fall within the definition of related parties as contained in IAS 24 *Related Party Disclosures*. Related parties comprise ultimate parent, entities held under common control and key management personnel.

Management approves prices and terms of payment for these transactions, and these are carried out at mutually agreed rates.

(a) Related party transactions

The Group enters into transactions, in the normal course of business, with Government-owned entities. In accordance with the exemption available in IAS 24, management has elected not to disclose such transactions, which are primarily in nature of financing (interest on short-term deposits, bank charges, etc) and operational (government fees, power, utilities, etc) related activities, and entered in the normal course of business at commercial terms.

Significant related party transactions during the year were as follows:

	2024	2023
	AED	AED
Sales to entities under common control	**7,178,180**	14,446,905
Payment of lease rent to Government (refer note 24)	**6,429,062**	7,091,139
Short-term deposits placed	**85,000,000**	103,000,000
Redemption of short-term deposits	**68,000,000**	119,500,000
Dividend received (refer note 10)	**1,271,332**	125,000
	========	=========

(b) Key management personnel compensation

Key management personnel compensation comprises the following:

	2024	2023
	AED	AED
Board of Directors remuneration * (refer note 6)	**1,260,000**	1,260,000
Short-term benefits	**1,800,000**	2,123,366
Provision towards staff terminal benefits	**99,510**	21,295
	------------	------------
	3,159,510	3,404,661
	=======	=======

* At the annual general meeting held on 6 March 2024, the shareholders approved the directors' remuneration amounting to AED 1,260,000 for the year ended 31 December 2024 *(2023: AED 1,260,000)*.

28. Related party transactions and balances *(continued)*

(c) Related party balances

	2024	2023
	AED	AED
Due from related parties (included in trade receivables)		
Entities under common control		
Siji Ready Mix LLC	**851,634**	1,236,679
Build Right Construction LLC	**374,024**	306,111
Fujairah National Construction and Transport LLC	**311,864**	966,772
Decortech LLC	**255,430**	9,389
Fujairah Cement Industries PJSC	**-**	1,974
Entity controlled by key management personnel		
East Coast Contracting and Trading LLC	**408,002**	792,730
	2,200,954	3,313,655
Due to a related party (included in trade payables)		
Entities under common control		
Fujairah National Advertising Company LLC	**31,432**	15,289

The above related party balances are non-interest bearing, have no minimum contractual term and are repayable on demand.

29. Contingent liabilities and commitments

	2024	2023
	AED	AED
Capital commitments	**463,391**	944,502
Letter of credit	**1,023,049**	6,850,748

30. Financial risk management

The Group has exposure to the following risks arising from financial instruments:

- credit risk
- liquidity risk
- market risk

Risk management framework

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The Group's senior management are responsible for developing and monitoring the Group's risk management policies and report regularly to the Board of Directors on their activities. The Group's current financial risk management framework is a combination of formally documented risk management policies in certain areas and informal risk management practices in others.

30. Financial risk management *(continued)*

Risk management framework (continued)

The Group's risk management policies (both formal and informal) are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Audit Committee oversees how management monitors compliance with the Group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. The Audit Committee is assisted in its oversight role by the Internal Audit Department. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Group's trade receivables, deposits and other receivables, contract assets, other financial assets and cash at banks. The exposure to credit risk on trade receivables, retention receivables and contract assets are monitored on an ongoing basis by management and these amounts are considered recoverable by the Group's management. The Group's cash is placed with banks of repute.

The Group establishes an allowance for impairment that represents its estimate of expected credit losses in respect of trade receivables, retention receivables and contract assets. The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the factors that may influence the credit risk of its customer base, including the default risk associated with the industry and country in which customers operate.

Exposure to credit risk

The carrying amounts of the financial assets (net of impairment losses), represent the Group's maximum exposure to credit risks. The maximum exposure to credit risk at the reporting date was:

	2024	2023
	AED	AED
Trade receivables (refer note 15)	**51,145,463**	50,181,261
Deposits and other receivables*	**3,415,360**	3,639,204
Contract assets (refer note 17)	**2,157,344**	2,289,249
Other financial assets (refer note 18)	**90,000,000**	73,000,000
Cash at banks (refer note 19)	**13,395,245**	19,430,388
	160,113,412	148,540,102

** excluding prepayments and advances*

30. Financial risk management *(continued)*

a) Credit risk *(continued)*

Exposure to credit risk (continued)

The maximum exposure to credit risk towards trade receivables at the reporting date by geographic region was as follows:

	2024	2023
	AED	AED
U.A.E.	**49,907,805**	47,952,222
GCC region (excluding U.A.E.)	**1,237,658**	2,229,039
	51,145,463	50,181,261

The Group's management has established a credit policy under which each new customer is analysed individually for creditworthiness before the Group's standard payment and delivery terms and conditions are offered. Purchase limits are established for each customer, which represents the maximum open amount without requiring approval from senior Group management. These limits are reviewed periodically.

In monitoring credit risk, customers are grouped according to their credit characteristics, including whether they are an individual or legal entity, geographic location, industry, aging profile, maturity and evidence of previous financial difficulties.

Expected credit loss assessment

The Group uses an allowance matrix to measure the ECLs of trade receivables, retention receivable and contract assets. Loss rates are calculated based on the probability of a receivable progressing through successive stages of delinquency to write-off.

The following table provides information about the exposure to credit risk and ECLs for trade receivables, retention receivables and contract assets:

	Weighted average loss rate	**Gross AED**	**Impairment AED**
31 December 2024			
Current not past due	**0.2%**	**42,422,581**	**(73,388)**
0 - 90 days past due	**9.7%**	**12,307,139**	**(1,189,182)**
90 - 180 days past due	**47.5%**	**793,186**	**(376,737)**
More than 180 days past due	**98.1%**	**17,340,538**	**(17,013,522)**
		72,863,444	**(18,652,829)**
31 December 2023			
Current not past due	-	37,714,094	-
0 - 90 days past due	-	13,696,330	-
90 - 180 days past due	25.6%	2,673,527	(683,920)
More than 180 days past due	95.3%	18,242,633	(17,378,552)
		72,326,584	(18,062,472)

30. Financial risk management *(continued)*

a) Credit risk *(continued)*

Expected credit loss assessment (continued)

Loss rates are based on actual credit loss experience over the recent years. These rates are multiplied by scalar factors to reflect differences between economic conditions during the period over which the historical data has been collected, current conditions and the Group's view of economic conditions over the expected lives of the receivables.

Movement in the allowance for impairment in respect of trade receivables, retention receivables and contract assets during the year was as follows:

	2024 AED	2023 AED
At 1 January	**18,062,472**	17,942,055
Charge for the year	**590,357**	120,417
At 31 December	**18,652,829**	18,062,472

Balances with banks

Cash is held with banks, which are rated A+ to Baa1. Impairment on cash at bank and short-term deposits has been measured on a 12-month expected loss basis and reflects the short-term maturities of the exposures. Given the profile of its bankers, management does not expect any counter party to fail to meet its obligations, as the bank balances are held with the banks of repute.

b) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. Liquidity risk mainly relates to trade and other payables (excluding advances) and lease liabilities. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements:

	Carrying amount AED	**Contractual cash flows AED**	**Less than 1 year AED**	**1 to 5 years AED**	**5 years and above AED**
At 31 December 2024					
Non-derivative financial liabilities					
Trade and other payables*	**35,447,282**	**(35,447,282)**	**(35,447,282)**	**-**	**-**
Lease liabilities	**38,072,595**	**(57,417,216)**	**(6,245,094)**	**(31,516,490)**	**(19,655,632)**
	73,519,877	**(92,864,498)**	**(41,692,376)**	**(31,516,490)**	**(19,655,632)**

30. Financial risk management *(continued)*

b) Liquidity risk *(continued)*

	Carrying amount AED	Contractual cash flows AED	Less than 1 year AED	1 to 5 years AED	5 years and above AED
At 31 December 2023					
Non-derivative financial liabilities					
Trade and other payables*	31,233,729	(31,233,729)	(31,233,729)	-	-
Lease liabilities	41,834,352	(57,143,032)	(6,653,101)	(31,456,684)	(19,033,247)
	73,068,081	(88,376,761)	(37,886,830)	(31,456,684)	(19,033,247)

* Excludes advances from customers

c) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Interest rate risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to interest rate risk is primarily on its short-term deposits and lease liabilities.

At the reporting date, the profile of the Group's interest-bearing financial instruments was:

	2024 AED	2023 AED
Fixed rate instruments		
Financial assets	**90,000,000**	73,000,000
Financial liabilities	**(38,072,595)**	(41,834,352)
Net exposure	**51,927,405**	31,165,648

Fair value sensitivity analysis for fixed rate instruments

The Group does not account for any fixed rate financial assets and financial liabilities at fair value through profit or loss. Therefore, a change in interest rates at the reporting date would not affect profit or loss.

Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group does not have any significant exposure to foreign currency risk as substantially most financial assets and financial liabilities are denominated in US Dollars or UAE Dirhams to which the US Dollars is fixed.

30. Financial risk management *(continued)*

c) Market risk *(continued)*

Equity price risk

Equity price risk arises from marketable equity securities measured at FVOCI. The management of the Group monitors the mix of equity securities in its investment portfolio to maximise investment returns, which is the primary goal of the Group's investment strategy.

The Group's quoted securities are susceptible to market price risk arising from uncertainties about the future values of the investment securities.

The primary goal of the Group's investment in equity securities is to hold the investments for the long term for strategic purposes.

Equity price risk - Sensitivity analysis

Group's listed equity investment is listed on Abu Dhabi Stock Exchange ("ADX"). A 10% drop in the market index at the reporting date will lead to decrease in the fair value of this investment at the reporting date and would have resulted in a decrease in equity by AED 4,649,108 *(2023: AED 5,856,752)* and an equal change in the opposite direction would have resulted in an increase in equity by the same amount.

Capital management

The Group's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. Management monitors the return on capital, as well as the level of dividends to the shareholders. The Group manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets.

There were no changes in the Group's approach to capital management during the year.

Fair value of financial instruments

The Group measures fair values using the following fair value hierarchy as stated in note 2.

The tables below show financial instruments measured at fair value at the end of the reporting periods, by the level in the fair value hierarchy into which the fair value measurement is categorised. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

	Level 1 AED	Level 2 AED	Level 3 AED	Total AED
31 December 2024				
Investments in equity securities carried at FVOCI	**46,491,080**	**-**	**1,574,787**	**48,065,867**
31 December 2023				
Investments in equity securities carried at FVOCI	58,567,517	-	1,586,000	60,153,517

30. Financial risk management *(continued)*

Fair value of financial instruments *(continued)*

The fair value of financial instruments classified as level 3 are, in certain circumstances, measured using valuation techniques that incorporate assumptions that are not evidenced by the prices from observable current market transactions in the same instrument and are not based on observable market data. In the absence of active market, the investment's fair value is estimated by management on the basis of an analysis of the investee's financial position and results, risk profile and other unobservable factors.

Favourable and unfavourable changes in the value of financial instruments are determined on the basis of changes in the value of the instruments as a result of varying the levels of the unobservable parameters, quantification of which is judgmental. Changes in any of the assumptions used in the fair value model by 5% would not result in a significant change in fair value.

The fair value of other financial assets and financial liabilities approximate their carrying amounts as at the reporting date.

31. Discontinued operation

During 2015, to curtail losses incurred by a subsidiary, Emirates Ceramic Factory ("ECF"), the Board of Directors approved the closure of the subsidiary's plant operations. Accordingly, the management has classified operational results of the subsidiary separately as discontinued operation. Results of the discontinued operation are as follows:

Summary of financial performance

	2024 AED	2023 AED
Revenue	**-**	-
Cost of sales	**-**	-
Administrative expenses	**(4,472)**	(35,558)
Selling and distribution expenses	**(503)**	(5,372)
Loss for the year from discontinued operation	**(4,975)**	(40,930)

Summary of financial position

	2024 AED	2023 AED
Inventories (refer note below)	**-**	-
Advances	**-**	2,625
Cash at banks	**35,417**	35,907
Assets related to discontinued operation	**35,417**	38,532
Liabilities related to discontinued operation (other payables)	**(6,301)**	(4,444)
Net assets related to discontinued operation	**29,116**	34,088

31. Discontinued operation *(continued)*

Break-up of inventories is as set out below:

	2024	2023
	AED	AED
Finished goods	**108,907**	108,907
Spare parts	**2,487,054**	2,487,054
	2,595,961	2,595,961
Less: write-down of inventories to net realisable value	**(2,595,961)**	(2,595,961)
Inventories relating to discontinued operation	**-**	-

Summary of cash flows

	2024	2023
	AED	AED
Net cash used in operating activities	**490**	36,415
Net cash used in investing activities	**-**	-
Net cash used in financing activities	**-**	-
Net cash flows for the year	**490**	36,415

32. List of subsidiaries

The financial position and the results of operations of the following subsidiaries are included in these consolidated financial statements:

Name of Subsidiary	**Country of incorporation**	**Ownership interest (%) 2024**	**Ownership interest (%) 2023**	**Principal activities**
Fujairah Concrete Products	UAE	**100%**	100%	Manufacturing and selling of concrete blocks, interlocks and kerbstones
Fujairah National Quarry	UAE	**100%**	100%	Manufacturing and selling of quarry products
Fujairah Marbles and Tiles Factory	UAE	**100%**	100%	Manufacturing and selling of marble and tiles and contracting for installation of marbles
Fujairah Rockwool Factory	UAE	**100%**	100%	Manufacturing and selling of rockwool products
Emirates Ceramics Factory (refer note 31)	UAE	**100%**	100%	Manufacturing and selling of ceramic tiles

33. Segment reporting

a. Basis for segmentation

The Group has the following two strategic divisions, which are its reportable segments. These divisions offer different products and services and are managed separately because they require different technology and marketing strategies.

The following summary describes the operations of each reportable segment:

Reportable segments	**Operations**
Manufacturing*	Manufacturing and supply of blocks, interlocks, kerbstones, ceramic tiles, rockwool insulation materials and marble and terrazzo tiles. Also includes contracting for supply and installation of marbles and terrazzo tiles.
Quarrying	Mining and sale of quarry products.

The Group's chief executive officer reviews the internal management reports of each division at least quarterly.

* The entities under manufacturing segment are aggregated into a single operating segment after consideration of the nature of products and services, nature of the production processes, type or class of customer for their products and services, methods used to distribute their products or provide their services and the nature of the regulatory environment.

Integration between quarrying and manufacturing segments includes transfers of raw materials (quarry). Inter-segment pricing is determined on mutually agreed terms.

33. Segment reporting *(continued)*

b. Information about reportable segments

	2024			2023		
	Reportable segments			Reportable segments		
	Manufacturing AED	**Quarrying AED**	**Total AED**	Manufacturing AED	Quarrying AED	Total AED
External revenue	195,499,547	10,411,700	205,911,247	171,919,257	7,461,835	179,381,092
Intersegment revenue	1,982	7,583,052	7,585,034	1,690	7,914,971	7,916,661
Segment revenue	**195,501,529**	**17,994,752**	**213,496,281**	171,920,947	15,376,806	187,297,753
Segment profit / (loss) before tax	**28,258,653**	**(4,175,701)**	**24,082,952**	20,479,341	(1,696,854)	18,782,487
Cost of sales	112,462,560	17,179,265	129,641,825	101,714,904	13,182,739	114,897,643
Finance income	3,141,715	-	3,141,715	3,226,730	-	3,226,730
Finance cost	(2,667,305)	-	(2,667,305)	(2,863,214)	-	(2,863,214)
Impairment losses on trade receivables, contract assets and retention receivables	(9,526)	(580,831)	(590,357)	(120,417)	-	(120,417)
Depreciation and amortisation	(24,242,990)	(1,069,337)	(25,312,327)	(24,336,156)	(896,939)	(25,233,095)
Segment assets	**223,798,897**	**21,400,471**	**245,199,368**	311,694,554	21,552,999	333,247,553
Segment liabilities	**66,896,395**	**20,576,173**	**87,472,568**	65,131,408	18,249,852	83,381,260

33. Segment reporting *(continued)*

c. *Reconciliations of information on reportable segment to the amounts reported in the financial statements*

	2024 AED	2023 AED
(i) Revenues		
Total revenue for reportable segments	**213,496,281**	187,297,753
Elimination of inter-segment revenue	**(7,585,034)**	(7,916,661)
Elimination of discontinued operations	**-**	-
Consolidated revenue	**205,911,247**	179,381,092
(ii) Profit before tax		
Total profit before tax for reportable segments	**24,082,952**	18,782,487
Elimination of inter-segment profit	**(198,317)**	978,573
Elimination of discontinued operation (refer note 31)	**(4,975)**	(40,930)
Unallocated amounts	**1,797,078**	(1,751,907)
Consolidated profit before tax (continuing and discontinued operations)	**25,676,738**	17,968,223
(iii) Assets		
Total assets for reportable segments	**245,199,368**	333,247,553
Other unallocated amounts	**127,097,278**	64,481,561
Consolidated total assets	**372,296,646**	397,729,114
(iv) Liabilities		
Total liabilities for reportable segments	**87,472,568**	83,381,260
Other unallocated amounts	**2,086,946**	1,845,640
Consolidated total liabilities	**89,559,514**	85,226,900

(v) Other material items

	Reportable segment totals AED	Unallocated amounts AED	Consolidated totals AED
2024			
Cost of sales	**129,641,825**	**-**	**129,641,825**
Finance income	**3,141,715**	**2,019,807**	**5,161,522**
Finance cost	**(2,667,305)**	**-**	**(2,667,305)**
Impairment losses on trade receivables, contract assets and retention receivables	**(590,357)**	**-**	**(590,357)**
Depreciation and amortisation	**(25,312,327)**	**-**	**(25,312,327)**

33. Segment reporting *(continued)*

c. Reconciliations of information on reportable segment to the amounts reported in the financial statements (continued)

(v) Other material items *(continued)*

	Reportable segment totals AED	Unallocated amounts AED	Consolidated totals AED
2023			
Cost of sales	114,897,643	-	114,897,643
Finance income	3,226,730	478,983	3,705,713
Finance cost	(2,863,214)	-	(2,863,214)
Impairment losses on trade receivables, contract assets and retention receivables	(120,417)	-	(120,417)
Depreciation and amortisation	(25,233,094)	-	(25,233,094)
	=========	======	=========

34. Significant accounting estimates and judgements

Management has reviewed the development, selection and disclosure of the Group's critical accounting policies and estimates and the application of these policies and estimates. Critical accounting estimates used by management in the preparation and presentation of these consolidated financial statements (other than those disclosed in the notes to the accounts) mainly relate to the below:

Write-down of inventories to net realisable value

The Group reviews its inventory to assess loss on account of obsolescence and any write down for net realisable value adjustment on a regular basis. In determining whether a provision for obsolescence should be recorded in profit and loss, the Group makes judgments as to whether there is any observable data indicating that there is any future saleability and usability of the product and the net realisable value for such product. Write-down to net realisable value is made where the net realisable value is less than cost based on best estimates by management.

Impairment losses on receivables

The Group recognises loss allowance for ECLs on financial assets measured at amortised cost. ECLs are a probability weighted estimate of credit losses. ECL computation uses historical trends and a forward-looking element to compute percentage allowance to be recorded as impairment loss on trade receivables, retention receivables and contract assets. Should any of these input estimates vary, the profit or loss and financial position of the following year(s) would be significantly impacted.

35. Purchase of shares

During the current year ended 31 December 2024, the Group has not purchased or invested in any shares *(2023: Nil)*. Also refer note 13.

36. Subsequent events

There has been no significant events subsequent to the reporting date and up to the date of authorisation of these consolidated financial statements, which would have a material effect on the consolidated financial statements.