FUJAIRAH BUILDING INDUSTRIES PSC.

الفجيرة لصناعات البناء ش.م.ع

التقرير المتكامل

2022

Integrated Report

شركة الفجيرة لصناعات البناء

(شركة مساهمة عامة)

Fujairah Building Industries pjsc

(Public Shareholding Company)

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

Consolidated financial statements
31 December 2022

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General information

Principal office address:	P.O. Box: 383, Fujairah – United Arab Emirates T: +971 9 222 2051 F: +971 9 222 7314 Email: fbi_fuj@emirates.net.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

Report of the Board of Directors for the year ended 31 December 2022

Dear Shareholders,
It is our pleasure to present the Annual Report along with the Audited Consolidated Financial Statements for the fiscal year ended 31 December 2022 on behalf of the Board of Directors.

Principal activities of the Group:
The principal activities of the Group comprise of 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 review:
The Group has achieved revenue of AED 171.43 million from continuing operations for the year ended 2022 compared with AED 174.56 million from continuing operations and AED 1.07 million from discontinued operation for the previous year ended 2021.

The Group has achieved a net profit of AED 17.32 million in 2022 compared to a net profit of AED 25.62 million in 2021. This decrease in net profit is mainly attributed to the increase 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 circumstances.

The total assets of the Group amounted to AED 418.56 million as of 31 December 2022 compared to AED 460.67 million as of 31 December 2021, while the total shareholders' equity is AED 331.90 million as of 31 December 2022 compared to AED 355.78 million as of 31 December 2021.

Despite local and regional market volatility and challenges and the tough competition in the field of building materials industry during last few years, 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 company's activities providing sustainability to its operations.

Share capital:
The share capital remained unchanged at AED 135,987,500 as at 31 December 2022 compared to 31 December 2021.

Independent auditors:
M/s. KPMG Lower Gulf Limited, Auditors, United Arab Emirates, were appointed vide Annual General Meeting held on 31 March 2022 for conducting the independent audit for the fiscal year 2022. In the next Annual General Meeting, the shareholders will decide to appoint the independent auditors for the fiscal year 2023.

Transactions with related parties
The consolidated financial statements disclose related party transactions and balances in note 29. All transactions are carried out as part of our normal course of business and in compliance with applicable laws and regulations.

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 Supreme Council and Ruler of Fujairah and H.H. 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 H.H. Sheikh Saleh Bin Mohammad Al-Sharqi – Chairman of Department of Industry & Economy in Fujairah for his support to the company'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 & 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.

Ahmed Saeed Mohammed Alraqbani
Chairman

23 February 2023

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
Tel. +971 (4) 4030300, www.kpmg.com/ae

Independent auditors' report

To the Shareholders of Fujairah Building Industries P.J.S.C.

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Fujairah Building Industries P.J.S.C. ("the Company") and its subsidiaries ("the Group"), which comprise the consolidated statement of financial position as at 31 December 2022, the consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2022, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Standards as issued by the International Accounting Standards Board (IFRS Standards).

Basis for Opinion

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

Key Audit Matters

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

Valuation of inventories

See note 14 to the consolidated financial statements.

The key audit matter	How the matter was addressed in our audit
As described in the accounting policies in note 3 to the consolidated financial statements, inventories are carried at the lower of cost and net realisable value. As a result, the management applies judgment in determining the appropriate provisions for obsolete stock based on its ageing and anticipated future selling price. We identified the valuation of inventories as a key audit matter because determining appropriate provisions involves predicting the excess quantities of stocks which will remain unused or unsold after the end of the reporting period, which can be inherently uncertain and requires the exercise of significant management judgement.	• Tested the operating effectiveness of key controls operating over inventories. • Assessed, on a sample basis, whether items in the inventories ageing report were classified within the appropriate ageing bracket by comparing individual items in the report with underlying documentation, which included purchase invoices and goods received notes. • Tested on a sample basis the net realisable value by comparing cost to recent selling prices and assessing the reasonableness of any resulting write down of inventory items. • Assessed whether the provisions made at the reporting date were consistent with the Group's inventories provision policy by recalculating the provisions based on the relevant parameters in the policy. • Assessed the historical accuracy of management's judgements in making provisions for inventories by examining the utilisation or release of provisions recorded as at year end and new provisions made in the current year in respect of inventories in hand.

Key Audit Matters (continued)

Expected credit loss on trade receivables

See Note 31 to the consolidated financial statements.

The key audit matter	How the matter was addressed in our audit
As described in the accounting policies in note 3 to the consolidated financial statements, impairment of trade receivables is determined through the expected credit loss (ECL) model. Trade receivables comprise 11% of the Group's total assets at 31 December 2022 and involves significant estimates and judgements for the determination of expected credit loss on trade receivables.	• Obtained an understanding of the Group's methodology for estimating ECL and assessed the appropriateness of the ECL methodology against the requirements of IFRS 9. • Assessed management's expected credit losses model by reviewing management's analysis of historical credit losses of its receivables, testing the completeness and accuracy of data inputs in the model and evaluating the forward looking factors. • Tested key inputs of the model, such as those used to calculate the likelihood of default and the subsequent loss on default, by comparing to historical data. We also assessed the reasonableness of forward looking factors used by the Group. • Reviewed arrangements and/ or correspondences with external parties to assess the recoverability of significant overdue outstanding receivables.

Other Information

Management is responsible for the other information. The other information comprises the information included in the Directors' report.

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS Standards and their preparation in compliance with the applicable provisions of the UAE Federal Decree Law No. 32 of 2021 and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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

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

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

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

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

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

Report on Other Legal and Regulatory Requirements

Further, as required by the UAE Federal Decree Law No. 32 of 2021 we report that for the year ended 31 December 2022:

i) we have obtained all the information and explanations we considered necessary for the purposes of our audit;

ii) the consolidated financial statements have been prepared and comply, in all material respects, with the applicable provisions of the UAE Federal Decree Law No. 32 of 2021;

iii) the Group has maintained proper books of account;

iv) the financial information included in the Directors' report is consistent with the books of account of the Group;

v) as disclosed in note 38 to the consolidated financial statements, the Group has not purchased any shares during the year ended 31 December 2022;

vi) note 29 to the consolidated financial statements discloses material related party transactions and the terms under which they were conducted;

Report on Other Legal and Regulatory Requirements *(continued)*

vii) based on the information that has been made available to us, nothing has come to our attention which causes us to believe that the Group has contravened during the financial year ended 31 December 2022 any of the applicable provisions of the UAE Federal Decree Law No. 32 of 2021 or in respect of the Company, its Articles of Association, which would materially affect its activities or its consolidated financial position as at 31 December 2022.

viii) note 7 to the consolidated financial statements discloses the social contributions made during the year ended 31 December 2022.

KPMG Lower Gulf Limited

Fawzi AbuRass
Registration No.: 968
Fujairah, United Arab Emirates

Date: 23 FEB 2023

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 2022

	Note	2022 AED	2021 AED
Continuing operations			
Revenue	*5*	**171,428,926**	174,556,736
Cost of sales	*6*	**(110,538,581)**	(106,575,731)
Gross profit		**60,890,345**	67,981,005
Administrative and general expenses	*7*	**(20,069,896)**	(20,930,630)
Selling and distribution expenses	*8*	**(24,352,402)**	(21,741,765)
Impairment reversal / (loss) on trade receivables	*31(a)*	**470,264**	(227,226)
Other income	*9*	**1,835,546**	2,301,687
Operating profit		**18,773,857**	27,383,071
Finance costs	*10*	**(3,308,016)**	(3,760,640)
Finance income	*10*	**1,340,216**	1,333,576
Dividend income	*13(ii)*	**530,123**	675,817
Profit from continuing operations		**17,336,180**	25,631,824
Loss from discontinued operation	*32*	**(19,117)**	(15,373)
Profit for the year		**17,317,063**	25,616,451
Profit attributable to:			
Owners of the Company		**17,317,063**	25,616,451
Non-controlling interests		**-**	-
Profit for the year		**17,317,063**	25,616,451

The notes set out on pages 16 to 54 are an integral part of these consolidated financial statements.

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

Consolidated statement of profit or loss and other comprehensive income *(continued)*
for the year ended 31 December 2022

	Note	**2022 AED**	2021 AED
Profit for the year		**17,317,063**	25,616,451
Other comprehensive income:			
Items that will not be reclassified to profit or loss			
Net change in fair value of investments carried at FVOCI	*13*	**861,058**	5,243,307
Total comprehensive income for the year		**18,178,121**	30,859,758
Total comprehensive income attributable to:			
Owners of the Company		**18,178,121**	30,859,758
Non-controlling interests		**-**	-
Total comprehensive income for the year		**18,178,121**	30,859,758
Earnings per share			
Basic and diluted – *continuing operations*	*28*	**0.13**	0.19
Basic and diluted – *discontinued operation*	*28*	**(0.00)**	(0.00)

The notes set out on pages 16 to 54 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 2022

	Note	2022 AED	2021 AED
Assets			
Non-current assets			
Property, plant and equipment	*11*	**153,243,632**	169,683,202
Long term receivables	*12*	**772,237**	689,093
Investments carried at fair value through other comprehensive income (FVOCI)	*13*	**56,727,922**	62,925,182
Total non-current assets		**210,743,791**	233,297,477
Current assets			
Inventories	*14*	**44,048,516**	36,378,808
Trade receivables	*15*	**47,885,233**	46,074,515
Advances, deposits and other receivables	*16*	**6,458,659**	4,997,430
Contract assets	*17*	**2,288,827**	5,511,448
Fixed deposits	*18*	**89,500,000**	111,500,000
Cash in hand and at banks	*19*	**17,566,489**	22,535,128
Total current assets		**207,747,724**	226,997,329
Assets related to discontinued operation	*32*	**75,065**	372,627
Total assets		**418,566,580**	460,667,433
Equity			
Share capital	*20*	**135,987,500**	135,987,500
Statutory reserve	*21*	**50,094,210**	48,362,504
Fair value reserve of investments carried at FVOCI	*22*	**50,842,553**	52,609,964
Retained earnings	*23*	**94,980,383**	118,822,807
Total equity		**331,904,646**	355,782,775
Non-current liabilities			
Lease liabilities	*25*	**42,894,122**	53,041,867
Employees' end of service benefits	*26*	**9,826,876**	9,753,251
Total non-current liabilities		**52,720,998**	62,795,118
Current liabilities			
Bank borrowings	*24*	**-**	7,111,111
Lease liabilities	*25*	**3,168,155**	4,343,970
Trade and other payables	*27*	**30,767,357**	30,600,589
Total current liabilities		**33,935,512**	42,055,670
Liabilities related to discontinued operation	*32*	**5,424**	33,870
Total liabilities		**86,661,934**	104,884,658
Total equity and liabilities		**418,566,580**	460,667,433

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 2022.

The consolidated financial statements were authorized for issue on behalf of the Board of Directors on ___________

The notes set out on pages 16 to 54 are an integral part of these consolidated financial statements.

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

Chairman

Director

23 FEB 2023

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

Consolidated statement of cash flows

for the year ended 31 December 2022

	Note	**2022 AED**	2021 AED
Operating activities			
Profit for the year		**17,317,063**	25,616,451
Adjustments for:			
Reversal of excess advances, provisions and accruals	*9*	**-**	(829,080)
Interest expense on lease liabilities	*10*	**3,185,619**	3,433,499
Interest expense on bank borrowings	*10*	**122,397**	327,141
Interest income on fixed deposits	*10*	**(1,340,216)**	(1,333,576)
Depreciation (including right-of-use assets)	*11(iii)*	**25,821,912**	27,402,335
Dividend income	*13(ii)*	**(530,123)**	(675,817)
Reversal of allowance for slow moving inventories	*14*	**(1,102,988)**	(1,890,384)
Provision for employees' end of service benefits	*26*	**991,333**	976,559
Gain on disposal of property, plant and equipment	*9*	**(114,399)**	-
Impairment (reversal) / loss on trade receivables	*31(a)*	**(470,264)**	260,782
		43,880,334	53,287,910
Change in inventories		**(6,566,720)**	5,749,996
Change in trade receivables		**(1,340,454)**	(2,918,355)
Change in advances, deposits and other receivables (including long term receivables and contract assets)		**1,975,810**	(5,031,803)
Change in trade and other payables		**(44,963)**	5,301,650
Employees' end-of-service benefits paid	*26*	**(917,708)**	(1,196,614)
Board of Directors' remuneration paid	*23*	**(1,260,000)**	(1,260,000)
Net cash generated from operating activities		**35,726,299**	53,932,783
Investing activities			
Acquisition of property, plant and equipment	*11*	**(11,213,092)**	(9,948,314)
Interest received		**1,340,216**	1,825,300
Investment in fixed deposits		**(5,000,000)**	(131,500,000)
Proceeds from redemption of fixed deposits		**27,000,000**	128,523,000
Proceeds from sale of investments carried at FVOCI	*13*	**7,058,318**	14,024,134
Dividend received		**530,123**	675,817
Net cash generated from investing activities		**19,715,565**	3,599,937
Financing activities			
Bank borrowings repaid	*24*	**(7,111,111)**	(7,111,111)
Lease liabilities paid	*25*	**(12,678,427)**	(7,443,490)
Dividend paid	*23*	**(40,796,250)**	(40,796,250)
Interest paid		**(122,397)**	(365,323)
Net cash used in financing activities		**(60,708,185)**	(55,716,174)
Net (decrease) / increase in cash and cash equivalents		**(5,266,321)**	1,816,546
Cash and cash equivalents at the beginning of the year		**22,905,132**	21,088,586
Cash and cash equivalents at the end of the year		**17,638,811**	22,905,132
Cash and cash equivalents comprise:			
Cash in hand and banks – *continuing operations*	*19*	**17,566,489**	22,535,128
Cash in banks – *discontinued operation*	*32*	**72,322**	370,004
		17,638,811	22,905,132

The notes on pages 16 to 54 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 2022

	Share capital AED	Statutory reserve AED	Fair value reserve of investments carried at FVOCI AED	Retained earnings AED	Total AED
At 1 January 2021	135,987,500	45,800,859	49,866,997	135,323,911	366,979,267
Total comprehensive income for the year					
Profit for the year	-	-	-	25,616,451	25,616,451
Other comprehensive income for the year	-	-	5,243,307	-	5,243,307
Total comprehensive income for the year	-	-	5,243,307	25,616,451	30,859,758
Transactions with owners of the Company, recorded directly in equity					
Dividend declared (refer note 23)	-	-	-	(40,796,250)	(40,796,250)
Board of directors' remuneration (refer note 23)	-	-	-	(1,260,000)	(1,260,000)
Total transactions with owners of the Company, recorded directly in equity	-	-	-	(42,056,250)	(42,056,250)
Other movements					
Transfer to statutory reserve (refer note 21)	-	2,561,645	-	(2,561,645)	-
Transfer on sale of investments carried at FVOCI (refer note 22)	-	-	(2,500,340)	2,500,340	-
Total other movements	-	2,561,645	(2,500,340)	(61,305)	-
At 31 December 2021	135,987,500	48,362,504	52,609,964	118,822,807	355,782,775

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

Consolidated statement of changes in equity *(continued)*

for the year ended 31 December 2022

	Share capital AED	Statutory reserve AED	Fair value reserve of investments carried at FVOCI AED	Retained earnings AED	Total AED
At 1 January 2022	135,987,500	48,362,504	52,609,964	118,822,807	355,782,775
Total comprehensive income for the year					
Profit for the year	-	-	-	17,317,063	17,317,063
Other comprehensive income for the year	-	-	861,058	-	861,058
Total comprehensive income for the year	-	-	861,058	17,317,063	18,178,121
Transactions with owners of the Company, recorded directly in equity					
Dividend declared (refer note 23)	-	-	-	(40,796,250)	(40,796,250)
Board of directors' remuneration (refer note 23)	-	-	-	(1,260,000)	(1,260,000)
Total transactions with owners of the Company, recorded directly in equity	-	-	-	(42,056,250)	(42,056,250)
Other movements					
Transfer to statutory reserve (refer note 21)	-	1,731,706	-	(1,731,706)	-
Transfer on sale of investments carried at FVOCI (refer note 22)	-	-	(2,628,469)	2,628,469	-
Total other movements	-	1,731,706	(2,628,469)	896,763	-
At 31 December 2022	**135,987,500**	**50,094,210**	**50,842,553**	**94,980,383**	**331,904,646**

The notes on pages 16 to 54 are an integral part of these consolidated financial statements.

1. Reporting entity

Fujairah Building Industries P.J.S.C. ("the Company" or "the Holding 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 ("ADX"), UAE.

The consolidated financial statements as at and for the year ended 31 December 2022 comprise the Company and its subsidiaries (collectively referred to as "the Group" and individually as "the Group entities"). The Group's subsidiaries and the principal activities of the subsidiaries have been disclosed in note 33 to the consolidated financial statements.

The principal activities of the Group comprise production and sales 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 International Financial Reporting Standards ("IFRS") and the applicable requirements of UAE Federal Decree Law No. 32 of 2021.

On 20 September 2021, the UAE Federal Decree Law No. (32) of 2021 was issued and came into effect on 2 January 2022 which repealed the UAE Federal Law No. (2) of 2015. Companies have (1) one year from 2 January 2022 to comply with the provisions of the UAE Federal Decree Law No. (32) of 2021. The Company is in the process of amending its Articles of Association to be fully compliant with the UAE Federal Decree Law No. (32) of 2021. These amendments once finalized will be put before its general assembly for approval.

Details of the Group's accounting policies are included in note 3.

(b) Basis of measurement

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

(c) Functional and presentation currency

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

(d) Use of estimates and judgements

In preparing these consolidated financial statements, management has made judgments, estimates and assumptions that affect the application of the Group's significant accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed by the management on an ongoing basis. Revisions to estimates are recognized prospectively.

Information about judgments, assumptions and estimation uncertainties in applying accounting policies that have the most significant effect on the amounts recognized in the consolidated financial statements is included in note 35.

(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 liabilities. The Group has an established control framework with respect to the measurement of fair values.

2. Basis of preparation *(continued)*

(e) Measurement of fair values *(continued)*

When measuring the fair value of an asset or a liability, the Group uses market observable data as far as possible. Fair values are categorized 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 categorized 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 recognizes 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 note 13 – Investments carried at fair value through other comprehensive income (FVOCI).

3. Significant accounting policies

(a) Basis of consolidation

The consolidated financial statements comprise a consolidation of the financial statements of the Company and its subsidiaries.

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 Group measures goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquiree; plus
- if the business combination has been achieved in stages, the fair value of the existing equity interest in the acquire; less
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a bargain purchase gain is recognised immediately in the 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.

3. Significant accounting policies *(continued)*

(a) Basis of consolidation *(continued)*

Business combinations *(continued)*

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.

Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

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. The accounting policies of subsidiaries have been changed when necessary to align them with the policies adopted by the Group.

All subsidiaries have their reporting date as 31 December.

Non-controlling interests (NCI)

NCI are measured at their proportionate share of the identifiable net assets at the reporting date. Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. Losses applicable to non-controlling interests in a subsidiary are allocated to non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealized income and expenses arising from intra-group transactions, are eliminated.

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.

(b) Revenue from contracts with customers

Sale of goods

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. For contracts that permit the customer to return an item, revenue is recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. Therefore, the amount of revenue recognised is adjusted for expected returns, which are estimated based on the historical data. In these circumstances, a refund liability and a right to recover returned goods asset are recognised.

The right to recover returned goods asset is measured at the former carrying amount of the inventory less any expected costs to recover goods. The Group reviews its estimate of expected returns at each reporting date and updates the amounts of the asset and liability accordingly.

Contract revenue

The Group performs contracting related to supply and installation of marble and tiles. The project length depends on the complexity of the contract and is subject to site clearance. Payment is not due from the customer until the services are complete, invoiced and certified.

3. Significant accounting policies *(continued)*

(b) Revenue from contracts with customers *(continued)*

Contract revenue *(continued)*

Revenue is recognised over time based on the stage of completion of the contract which is assessed based on surveys of work performed. Contract asset is recognised over the period in which the services are performed representing the Group's right to consideration for the services performed to date.

(c) Property, plant and equipment

Recognition and measurement

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

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
- capitalized 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 recognized 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 capitalized 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.

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

	Life (years)
Leasehold land	13 – 15
Buildings and leasehold improvements	5 – 20
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.

(d) 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 capitalized borrowing costs are transferred to the respective class of asset. No depreciation is charged on capital-work-in-progress.

3. Significant accounting policies *(continued)*

(e) Inventories

Inventories are measured at the lower of cost and net realizable value. The cost of inventories is based on the monthly 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, cost includes an appropriate share of production overheads based on normal operating capacity.

Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

(f) Contract assets/ liabilities

Contracts-in-progress represent the gross amount expected to be collected from customers for contract work performed to date. They are measured at costs incurred plus profits recognized to date (refer revenue policy for contracts) less progress billings and recognized losses.

In the statement of financial position, contracts-in-progress for which costs incurred plus recognized profits exceed progress billings and recognized losses are presented as contracts assets. Contracts for which progress billings and recognized losses exceed costs incurred plus recognized profits are presented as contract liabilities. Advances received from customers are presented as billings in excess of valuation.

(g) Dividend income

Dividend income is recognized in profit or loss on the date that the Group's right to receive the payment is established.

(h) 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 recognized in profit or loss.

(i) 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.

3. Significant accounting policies *(continued)*

(j) Employee benefits

Short- term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognized for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Staff terminal and retirement benefits

Defined contribution plan

Under UAE Federal Law No. 7 of 1999 for Pension and Social Security, employers are required to contribute 12.5% of the 'contribution calculation salary' of those employees who are UAE nationals. These employees are also required to contribute 5% of the 'contribution calculation salary' to the scheme. The Group's contribution is recognised as an expense in profit or loss as incurred.

Defined benefit plan

Terminal and retirement benefits for all staff, other than those who are UAE nationals, 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;
b) discounting that benefit in order to determine the present value of the defined benefit obligation and the current service cost; and
c) any gains or losses are recognised in profit or loss in the period in which they arise.

(k) Financial Instruments

The Group classifies non-derivative financial assets and liabilities into financial assets at fair value through profit or loss ("FVTPL"), financial assets at fair value through other comprehensive income ("FVOCI"), financial assets at amortised cost and other financial liabilities category.

(i) Non-derivative financial assets and financial liabilities – recognition and derecognition

Trade and retention receivables 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.

A financial asset (unless it is a trade or retention 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 or retention receivable without a significant financing component is initially measured at the transaction price.

(ii) Non-derivative financial assets – classification and measurement

On initial recognition, a financial asset is classified as measured at amortised cost, FVOCI – debt instruments, at FVOCI – equity instruments or at FVTPL. The classification of financial assets under IFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. Of the aforementioned, only FVOCI – equity instruments and the 'amortised cost' categories are relevant to the Group.

3. Significant accounting policies *(continued)*

(k) Financial Instruments *(continued)*

(ii) Non-derivative financial assets – classification and measurement *(continued)*

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.

Financial assets *– Assessment whether contractual cash flows are solely payments of principal and interest*

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Group considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable-rate features;
- prepayment and extension features; and
- terms that limit the Group's claim to cash flows from specified assets (e.g. non-recourse features).

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for a financial asset acquired at a discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

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 classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminated or significantly reduces the accounting mismatch that would otherwise arise.

3. Significant accounting policies *(continued)*

(k) Financial Instruments *(continued)*

(ii) Non-derivative financial assets – classification and measurement *(continued)*

Financial assets *– Subsequent measurement and gains and losses*

Financial assets at FVTPL

These assets are subsequently measured at fair value. Net gains or losses, including any interest or dividend income, are recognized in profit or loss.

Equity investments 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 are never reclassified to profit or loss.

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 losses are recognized in profit or loss. Any gain or loss on derecognition is recognized 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) 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 into 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.

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

3. Significant accounting policies *(continued)*

(k) Financial Instruments *(continued)*

(iv) 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.

(l) Share capital

Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity.

(m) 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:
- 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 180 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.

3. Significant accounting policies *(continued)*

(m) Impairment *(continued)*

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

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 other 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.

Assets that are individually significant are tested individually whereas others are grouped together with financial assets of similar credit risk characteristics and assessed collectively.

Impairment loss is reversed if the reversal can be objectively related to an event that have occurred after the impairment loss was recognised. For financial assets that are measured at amortised cost, the reversal is recognised in statement of profit or loss.

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 and deferred tax assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

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.

3. Significant accounting policies *(continued)*

(m) Impairment *(continued)*

(ii) Non-financial assets *(continued)*

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.

(n) Provisions

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 recognized as finance cost.

(o) Finance income and costs

Finance income comprises interest income on fixed deposits. Interest income is recognised as it accrues in profit or loss, using the effective interest method.

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

All borrowing costs are recognised in the profit or loss except for those costs that are directly attributable to the acquisition, construction or production of qualifying assets that are capitalised as part of the cost of that asset when it is probable that they will result in future economic benefits to the Group and the costs can be measured reliably. The capitalisation of borrowing costs commences from the date of incurring the expenditure relating to the qualifying asset and ceases when all the activities necessary to prepare the qualifying asset for its intended use or sale are complete. Borrowing costs relating to the period after acquisition, construction or production are expensed.

(p) 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 recognizes 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.

3. Significant accounting policies *(continued)*

(p) Leases *(continued)*

As a lessee *(continued)*

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.

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.

(q) Earnings per share

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.

3. Significant accounting policies *(continued)*

(r) Segment reporting

An operating segment is a component of the Group which 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.

Segment results which are reported to the Company's CEO (chief operating decision maker) include items directly attributable to a segment as well as those which can be allocated on a reasonable basis.

(s) Fair value

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.

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 recognized 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.

(t) New standards and interpretations issued but not yet effective

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 January 2022 and early adoption is permitted; however, the Group has not early adopted the new or amended standards in 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 in the period of initial application

- Deferred Tax related to Assets and Liabilities arising from a Single Transaction (amendments to IAS 12);
- Disclosure of Accounting Polices (Amendments to IAS 1 and IFRS Practice Statement 2);

3. Significant accounting policies *(continued)*

(t) New standards and interpretations issued but not yet effective *(continued)*

- Definition of Accounting Estimates (Amendments to IAS 8);
- Classification of Liabilities as Current or Non-current (Amendments to IAS 1); and
- IFRS 17 Insurance Contracts and amendments to IFRS 17 Insurance Contracts.

4. Financial risk management

Overview

The Group has exposure to the following risks from its use of financial instruments:
- credit risk
- liquidity risk
- market risk

Risk management framework

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital.

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.

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.

The Group's non-derivative financial liabilities comprise bank borrowings, lease liabilities and trade and other payables (excluding advances to suppliers). The Group has various financial assets such as trade receivables, retention receivables, other receivables, fixed deposits and cash at banks.

4. Financial risk management *(continued)*

Risk management framework *(continued)*

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 primarily from the Group's trade receivables, retention receivables, other receivables and cash at banks.

Trade and retention receivables

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The demographics of Group's customer base, including the default risk of the industry in which customers operate, has less of an influence on credit risk. The Group establishes an allowance for impairment that represents its estimate of expected credit losses in respect of trade receivables and retention receivables. The main components of this allowance are a specific loss component that relates to individually significant exposures.

The Group limits its exposure to credit risk by only dealing with banks of repute and credit ratings.

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), bank borrowings 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 Group currently has sufficient cash on demand to meet expected operational expenses, including the servicing of financial obligations.

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.

Currency risk

Exposures to exchange rate fluctuations arise as the Group undertakes certain transactions denominated in foreign currencies. There are no significant currency risks, as substantially all financial assets and financial liabilities are denominated in either AED or United States Dollar (which is pegged to AED).

Interest rate risk

Interest rate risk arises from the possibility that changes in interest rates will affect the net interest expense of the Group, where the Group has borrowings with variable rates. The interest rate on the Group's financial liabilities which consists of mainly bank borrowings is based on market rates.

Equity risk

Equity price risk arises from marketable equity securities measured at FVOCI. 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.

4. Financial risk management *(continued)*

Risk management framework *(continued)*

Market risk *(continued)*

Equity risk (continued)

The Group's quoted and unquoted equity securities are susceptible to market price risk arising from uncertainties about future values of the investment securities. The Group manages the equity price risk through diversification and by placing limits on individual and total equity assets and liabilities.

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

Capital management

The Board'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.

The Board seeks to maintain a balance between the higher returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position.

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

5. Revenue

	2022	2021
	AED	AED
Sale of goods – *point in time*	**166,453,317**	165,792,189
Contract revenue – *over time*	**4,975,609**	8,764,547
	171,428,926	174,556,736

Disaggregation of revenue by segments and geographical markets

	2022	2021
	AED	AED
Segments		
Concrete Products	**73,506,344**	73,758,024
Rockwool Products	**71,099,865**	63,527,163
Quarry Products	**9,812,322**	15,260,595
Marbles and tiles	**17,010,395**	22,010,954
	171,428,926	174,556,736
Geographical markets		
Within UAE	**167,551,886**	171,441,117
Outside UAE	**3,877,040**	3,115,619
	171,428,926	174,556,736

6. Cost of sales

	2022	2021
	AED	AED
Raw materials at the beginning of the year	**6,961,502**	9,378,830
Purchases during the year	**48,845,037**	33,227,101
Raw materials at the end of the year (refer note 14)	**(5,891,969)**	(6,961,502)
Raw materials consumed	**49,914,570**	35,644,429
Labour costs	**16,259,070**	15,628,265
Depreciation on property, plant and equipment (including ROU assets) (refer note 11(iii))	**17,761,859**	18,598,797
Manufacturing overhead	**34,299,643**	36,972,114
Allowance for slow-moving inventories (refer note 14)	**(1,102,988)**	(1,890,384)
Cost of goods manufactured	**117,132,154**	104,953,221
Finished goods at the beginning of the year	**23,207,784**	24,830,294
Finished goods at the end of the year (refer note 14)	**(29,801,357)**	(23,207,784)
Cost of sales	**110,538,581**	106,575,731

7. Administrative and general expenses

	2022	2021
	AED	AED
Salaries and related benefits	**12,570,778**	12,290,568
Depreciation on property, plant and equipment (including ROU assets) (refer note 11(iii))	**3,811,545**	4,414,785
Legal, visa and professional expenses	**705,780**	1,165,955
Social contribution (refer (i) below)	**539,888**	914,860
Telephone and communication	**347,581**	613,828
Utilities	**198,542**	309,864
Insurance	**131,965**	163,930
Vehicle expenses	**209,960**	129,782
Others	**1,553,857**	927,058
	20,069,896	20,930,630

(i) 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 region.

8. Selling and distribution expenses

	2022 AED	2021 AED
Salaries and other related benefits	**8,475,241**	8,692,606
Vehicle expenses	**8,504,938**	4,428,329
Depreciation on property, plant and equipment (including ROU assets) (refer note 11(iii))	**4,248,508**	4,388,753
Government fees on crusher sales	**1,014,593**	1,668,169
Advertisement and business promotion	**496,461**	210,955
Telephone and communication	**465,865**	498,254
Legal, visa and professional expenses	**408,079**	469,816
Insurance	**221,634**	248,105
Bank charges	**196,340**	227,189
Rent	**246,364**	222,274
Others	**74,379**	687,315
	24,352,402	21,741,765

9. Other income

	2022 AED	2021 AED
Sale of scrap	**824,715**	1,204,174
Gain on disposal of property, plant and equipment	**114,399**	-
Others	**896,432**	268,433
Reversal of unclaimed advances and excess accruals (refer note 27(i))	**-**	829,080
	1,835,546	2,301,687

10. Finance costs and income

	2022 AED	2021 AED
Finance costs		
Interest on lease liabilities (refer note 25)	**3,185,619**	3,433,499
Interest on bank borrowings	**122,397**	327,141
	3,308,016	3,760,640
Finance income		
Interest on fixed deposits	**1,340,216**	1,333,576
Net finance costs recognised in profit or loss	**1,967,800**	2,427,064

11. 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 2021	61,523,549	127,194,257	330,808,274	61,376,511	15,174,508	4,612,091	600,689,190
Additions	-	26,995	293,587	-	542,926	9,084,806	9,948,314
Transfers from inventories (refer note (v) below)	-	-	1,282,467	-	-	593,404	1,875,871
Disposals	-	(402,970)	(6,821,930)	(1,872,911)	(109,520)	(60,170)	(9,267,501)
Transfers from CWIP	-	-	1,746,212	-	38,285	(1,784,497)	-
At 31 December 2021	61,523,549	126,818,282	327,308,610	59,503,600	15,646,199	12,445,634	603,245,874
At 1 January 2022	61,523,549	126,818,282	327,308,610	59,503,600	15,646,199	12,445,634	603,245,874
Additions	-	-	2,355,792	225,000	290,859	8,341,441	11,213,092
Transfer from CWIP	-	-	140,588	-	-	(140,588)	-
Disposals	-	(6,328,663)	(325,697)	(747,500)	(43,059)	-	(7,444,919)
At 31 December 2022	61,523,549	120,489,619	329,479,293	58,981,100	15,893,999	20,646,487	607,014,047

11. 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 and impairment							
At 1 January 2021	9,548,710	83,689,661	252,469,299	55,712,648	13,947,350	60,170	415,427,838
Depreciation for the year	5,349,761	7,018,998	13,193,686	1,341,961	497,929	-	27,402,335
On disposals	-	(402,970)	(6,821,930)	(1,872,911)	(109,520)	(60,170)	(9,267,501)
At 31 December 2021	14,898,471	90,305,689	258,841,055	55,181,698	14,335,759	-	433,562,672
At 1 January 2022	14,898,471	90,305,689	258,841,055	55,181,698	14,335,759	-	433,562,672
Depreciation for the year	4,215,455	6,808,506	13,063,809	1,228,204	505,938	-	25,821,912
On disposals	-	(4,497,911)	(325,699)	(747,500)	(43,059)	-	(5,614,169)
At 31 December 2022	19,113,926	92,616,284	271,579,165	55,662,402	14,798,638	-	453,770,415
Net book value							
At 31 December 2022	**42,409,623**	**27,873,335**	**57,900,128**	**3,318,698**	**1,095,361**	**20,646,487**	**153,243,632**
At 31 December 2021	46,625,078	36,512,593	68,467,555	4,321,902	1,310,440	12,445,634	169,683,202

(i) Buildings are constructed on plots of land obtained on lease from the Government of Fujairah and are renewable on an annual basis.

(ii) Capital-work-in-progress mainly comprises plant and machinery under installation and labour camp under construction (*2021: plant and machinery under installation)*

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

(iii) Depreciation

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

	2022	2021
	AED	AED
Cost of sales (refer note 6)	**17,761,859**	18,598,797
Selling and distribution expenses (refer note 8)	**4,248,508**	4,388,753
Administrative and general expenses (refer note 7)	**3,811,545**	4,414,785
	25,821,912	27,402,335

(iv) Right-of-use-assets

Right-of-use assets (ROU) are presented under 'leasehold land' and 'building and leasehold improvements' categories. Movement in these are as follows:

	2022	2021
	AED	AED
Cost		
At 1 January and 31 December	**68,082,395**	68,082,395
Termination of lease	**(4,249,319)**	-
	63,833,076	68,082,395
Accumulated depreciation		
At 1 January	**16,059,852**	10,714,177
Charge for the year	**5,363,601**	5,345,675
At 31 December	**21,423,453**	16,059,852
Carrying amount at 31 December	**42,409,623**	52,022,543

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:

	2022	2021
	AED	AED
Cost of sales	**2,414,389**	2,400,296
Selling and distribution expenses	**2,065,643**	2,080,989
Administrative and general expenses	**883,569**	864,390
	5,363,601	5,345,675

(v) Transfer from inventories

These pertain to capital spares which are consumed in the refurbishment of the machineries and are expected to be used for more than one accounting period. Thus, these have been reclassified from inventories to property, plant and equipment.

12. Long term receivables

	2022	2021
	AED	AED
Refundable deposits	**391,334**	386,015
Retention receivables	**380,903**	303,078
	772,237	689,093

(i) These represent non-current portion of deposits and retention receivables which have been reclassified from advances, deposits and other receivables (refer note 16).

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

	2022	2021
	AED	AED
Investment in equity securities:		
- Quoted	**55,141,922**	61,339,182
- Unquoted (refer (iv) below)	**1,586,000**	1,586,000
	56,727,922	62,925,182

Movement in investments carried at FVOCI is as follows:

	2022	2021
	AED	AED
At 1 January	**62,925,182**	71,706,009
Disposals during the year (refer (iii) below)	**(7,058,318)**	(14,024,134)
Change in fair value	**861,058**	5,243,307
At 31 December	**56,727,922**	62,925,182

(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 0.53 million *(2021: AED 0.68 million)* has been recognised in 'statement of profit or loss' from investments in equity securities carried at FVOCI.

(iii) Disposal of investments carried at FVOCI

During the current year, the Group sold certain quoted investments carried at FVOCI for a sales consideration of AED 7.05 million *(2021: AED 14.02 million)*. The fair value reserve of AED 2.63 million *(2021: AED 2.50 million)* pertaining to these investments has been transferred to retained earnings upon disposal (refer note 22).

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

(iv) Measurement of fair values – *Unquoted securities*

Unquoted securities held by the Group are listed below:

	2022 AED	2021 AED
Fujairah Fresh Water (refer (a) below)	**1,500,000**	1,500,000
ESCAN	**86,000**	86,000
	1,586,000	1,586,000

a. Valuation of Fujairah Fresh Water ("FFW")

Valuation technique

The fair value of FFW has been performed internally by management, based on comparable market price approach having regards to transactional sales evidence of the said equity security.

Significant unobservable input:

Estimated market price of the un-quoted equity security having regards to the sales evidence.

Inter-relationship between key unobservable inputs and fair value measurement

Fair valuation of the un-quoted equity security would increase or decrease if there is a change in the type and number of the sales transactions of similar securities.

14. Inventories

	2022 AED	2021 AED
Raw materials	**5,891,969**	6,961,502
Finished goods	**29,801,357**	23,207,784
Spare parts	**19,974,862**	19,045,758
Consumables	**2,412,181**	2,298,605
	58,080,369	51,513,649
Less: allowance for slow-moving inventories	**(14,031,853)**	(15,134,841)
	44,048,516	36,378,808

14. Inventories *(continued)*

Movement in provision for slow moving inventories is as follows:

	2022 AED	2021 AED
At 1 January	**15,134,841**	17,025,225
Reversal for the year	**(1,102,988)**	(1,890,384)
At 31 December	**14,031,853**	15,134,841

15. Trade receivables

	2022 AED	2021 AED
Trade receivables	**65,827,288**	64,486,834
Less: impairment loss on trade receivables	**(17,942,055)**	(18,412,319)
	47,885,233	46,074,515

16. Advances, deposits and other receivables

	2022 AED	2021 AED
Prepayments *	**2,165,581**	3,153,755
Advances *	**2,095,533**	830,186
Retention receivable	**1,589,015**	825,709
Deposits	**539,938**	533,120
Interest receivable	**795,609**	259,156
Other receivables	**45,220**	84,597
Total advances, deposits and other receivables **(a)**	**7,230,896**	5,686,523
Less: non-current portion (refer note 12)		
Deposits	**(391,334)**	(386,015)
Retention receivable	**(380,903)**	(303,078)
Non-current portion classified under long term receivables **(b)**	**(772,237)**	(689,093)
Current portion of advances, deposits and other receivables (a) – (b) *	**6,458,659**	4,997,430

* Represents non-financial assets.

17. Contract assets

	2022 AED	2021 AED
Costs plus attributable profit less foreseeable losses	**4,149,054**	10,093,438
Less: progress billings received and receivable	**(1,860,227)**	(4,581,990)
	2,288,827	5,511,448

18. Fixed deposits

	2022	2021
	AED	AED
Fixed deposits with a bank	**89,500,000**	111,500,000
	=========	========

Fixed deposits carry markup at fixed commercial rates, have a maturity period of 12 months and have been excluded from the cash and cash equivalents for the purpose of presentation in the statements of cash flows.

19. Cash in hand and at banks

	2022	2021
	AED	AED
Cash in hand	**280,319**	246,294
Cash at banks	**17,286,170**	22,288,834
	------------	------------
Cash in hand and at banks	**17,566,489**	22,535,128
	========	========

20. Share capital

	2022	2021
	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 Law No. (2) of 2015 (as amended), a minimum of 10% of the net profit of the Group is allocated every year to a non-distributable statutory reserve. Such allocations may be ceased when the statutory reserve equals half of the paid-up share capital of the Company. This reserve is not available for distribution except in circumstances stipulated by the above-mentioned law. During the current year, transfer of AED 1.73 million *(2021: AED 2.56 million)* has been made to the statutory reserve, which represents 10% of net profit for the year.

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.

Upon disposal of certain investments during the year, reserve amounting to AED 2.63 million *(2021: AED 2.50 million)* pertaining to these investments has been transferred to retained earnings (refer note 13(iii)).

23. Retained earnings

Dividend

At the annual general meeting held on 31 March 2022, the shareholders approved a 30% cash dividend *(2021: 30%)* of AED 40.8 million *(2021: AED 40.8 million),* which has been paid during the year.

Board of directors' remuneration

At the Annual General Meeting held on 31 March 2022, the shareholders also approved the directors' remuneration amounting to AED 1.26 million for the year ended 31 December 2022 *(2021: AED 1.26 million)*, which has been fully settled during the year.

24. Bank borrowings

	2022	2021
	AED	AED
Term loan (refer (i) below)	**-**	7,111,111
	=======	=======

Movement in bank borrowings is set-out below:

	2022	2021
	AED	AED
At 1 January	**7,111,111**	14,222,222
Repayments during the year	**(7,111,111)**	(7,111,111)
	------------	------------
At 31 December	**-**	7,111,111
Less: current portion classified under current liabilities	**-**	(7,111,111)
	-----------	------------
Non-current portion of bank borrowings	**-**	-
	=======	========

(i) This represents draw down of AED 35 million from a medium-term loan facility of up to AED 89 million, which carries interest at a 3-month EIBOR plus a spread of 2.75%. The borrowing facility was obtained by the Group to finance the installation of plant and machinery and construction of labour camp for a subsidiary, Fujairah Rockwool Factory. The loan has been repaid in October 2022.

(ii) Bank borrowings are secured by:
- corporate guarantee by the Company in favour of the bank; and
- assignment of certain insurance policies covering buildings, plant and machinery and inventories of a subsidiary.

25. Lease liabilities

Leases as lessee

The Group leases a number of land and staff accommodations under operating leases. Lease terms and rental calculations vary significantly between different lease agreements. The leases typically run for a period of 1 to 25 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 statement of financial position

	2022	2021
	AED	AED
At 1 January	**57,385,837**	61,395,828
Interest on lease liabilities (refer note 10)	**3,185,619**	3,433,499
Less: Termination of lease	**(1,830,752)**	-
Less: payments made against lease liabilities	**(12,678,427)**	(7,443,490)
	-------------	-------------
At 31 December	**46,062,277**	57,385,837
Less: current portion of lease liabilities	**(3,168,155)**	(4,343,970)
	--------------	--------------
Non-current portion of lease liabilities	**42,894,122**	53,041,867
	========	========

25. Lease liabilities *(continued)*

Leases as lessee *(continued)*

Amounts recognised in profit or loss

	2022 AED	2021 AED
Interest on lease liabilities (refer note 10)	**3,185,619**	3,433,499
Depreciation expense (refer note 11(iv))	**5,363,601**	5,345,675
	8,549,220	8,779,174

Amounts recognised in statement of cash flows

	2022 AED	2021 AED
Total cash outflows for leases	**12,678,427**	7,443,490

Maturity analysis

The following table sets out a maturity analysis of lease payables showing the undiscounted lease payments to be payable after the reporting date:

	2022 AED	2021 AED
Less than one year	**6,822,103**	7,529,589
Between one and five years	**25,026,598**	32,955,639
More than five years	**37,256,207**	37,294,900
Total undiscounted lease liabilities at 31 December	**69,104,908**	77,780,128

26. Employees' end of service benefits

	2022 AED	2021 AED
At 1 January	**9,753,251**	9,973,306
Charge for the year	**991,333**	976,559
Payments made during the year	**(917,708)**	(1,196,614)
At 31 December	**9,826,876**	9,753,251

27. Trade and other payables

	2022 AED	2021 AED
Trade payables	**25,683,666**	22,018,231
Accruals	**3,092,607**	3,784,551
Advances from customers *	**874,384**	2,947,357
Staff provisions (refer (i) below)	**852,746**	1,255,531
VAT payable*	**228,093**	521,554
Interest payable	**-**	37,504
Dividends payable	**35,861**	35,861
	30,767,357	30,600,589

* Represents non-financial liabilities.

(i) During the current year, the Group has reversed certain excess provisions toward staff benefits amounting to AED Nil *(2021: AED 0.8 million)*.

28. Earnings per share

	2022	2021
Profit for the year (AED)	**17,317,063**	25,616,451
Weighted average number of shares	**135,987,500**	135,987,500
Earnings per share (AED) – basic and diluted	**0.13**	0.19
Continuing operations		
Profit for the year (AED)	**17,336,180**	25,631,824
Earnings per share (AED) – basic and diluted	**0.13**	0.19
Discontinued operation		
Loss for the year (AED)	**(19,117)**	(15,373)
Loss per share (AED) – basic and diluted	**(0.00)**	(0.00)

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.

29. Related party transactions and balances

The Group, in the ordinary course of business, enters into transactions with other business enterprises which fall within the definition of related parties as contained in IAS 24 *Related Party Disclosures*. Related parties comprise entities under common ownership and/or common management and control; their partners and key management personnel.

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

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

Significant related party transactions during the year were as follows:

	2022	2021
	AED	AED
Sales to related parties	**11,334,358**	9,504,486
Purchases from related parties	**77,563**	912,061
Compensation to key management personnel		
Short term benefits	**4,773,707**	5,099,111
Provision towards staff terminal benefits	**203,340**	142,545
Board of directors' remuneration	**1,260,000**	1,260,000
Related party balances		
Balances due from related parties (included in trade receivables)	**4,206,522**	6,663,829
Balances due to related parties (included in trade and other payables)	**22,957**	-

30. Contingent liabilities and commitments

	2022	2021
	AED	AED
Capital commitments	**2,097,240**	11,263,808
Letter of credit	**2,995,125**	1,177,930

31. Financial instruments

Accounting classifications and fair values

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

The tables below shows 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 categorized. 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	**Level 2**	**Level 3**	**Total**
	AED	**AED**	**AED**	**AED**
31 December 2022				
Investments in equity securities carried at FVOCI	**55,141,922**	**-**	**1,586,000**	**56,727,922**
31 December 2021				
Investments in equity securities carried at FVOCI	61,339,182	-	1,586,000	62,925,182

A reconciliation from the beginning balances to the ending balances for fair value measurement of investments at FVOCI is stated in note 13.

31. Financial instruments *(continued)*

Financial risk management

Financial assets of the Group comprise of cash at banks, fixed deposits, trade receivables, contract assets and other receivables (including advances, deposits and long term receivables). Financial liabilities of the Group comprise of trade and other payables, lease liabilities and bank borrowings. Accounting policies for financial assets and financial liabilities are set out in note 3.

a) Credit risk

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

	2022 AED	2021 AED
Fixed deposits	**89,500,000**	111,500,000
Trade and retention receivables (including non-current portion)	**49,474,248**	46,900,224
Cash at banks (including discontinued operation)	**17,358,492**	22,658,838
Contract assets	**2,288,827**	5,511,448
Deposits and other receivables (including non-current portion)	**1,380,767**	876,873
	160,002,334	187,447,383

Trade and retention receivables

The details and extent of the Group's exposure to credit risk and management estimates related to credit losses are listed in notes 3 and 4, respectively.

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the demographics of the Group's customer base, including the default risk of the industry and country in which the customers operate, as these factors may have an influence on credit risk. Credit period normally agreed with the customers is 90 to 120 days *(2021: 90 to 120 days)*. No interest is charged on trade receivables balances in the normal course of business.

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

	2022 AED	2021 AED
UAE	**49,080,379**	46,614,265
GCC region (excluding UAE)	**393,869**	285,959
	49,474,248	46,900,224

The Group's management has established a credit policy under which each new customer is analyzed individually for credit worthiness 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.

31. Financial instruments *(continued)*

Financial risk management *(continued)*

a) Credit risk *(continued)*

Trade and retention receivables *(continued)*

Expected credit loss assessment

The Group uses an allowance matrix to measure the ECLs of trade and retention receivables. 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 and retention receivables:

31 December 2022	**Weighted average loss rate**	**Gross AED**	**Impairment AED**	**Credit Impaired**
0 to 180 days past due	**1%**	**42,963,065**	**120,840**	**No**
181 to 365 days past due	**5%**	**6,003,909**	**960,901**	**Yes**
More than 365 days past due	**94%**	**16,860,314**	**16,860,314**	**Yes**
		65,827,288	**17,942,055**	

31 December 2021	Weighted average loss rate	Gross AED	Impairment AED	Credit Impaired
0 to 180 days past due	0.25%	39,430,713	99,403	No
181 to 365 days past due	1.68%	4,818,234	81,026	No
More than 365 days past due	90.09%	20,237,887	18,231,890	Yes
		64,486,834	18,412,319	

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 and retention receivables during the year was as follows:

	2022 AED	2021 AED
At 1 January	**18,412,319**	18,185,093
Charge for the year	**16,268**	260,782
Write-offs	**(486,532)**	(33,556)
At 31 December	**17,942,055**	18,412,319

Balances with banks

Impairment on cash and cash equivalents 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.

31. Financial instruments *(continued)*

b) Liquidity risk

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

At 31 December 2022	**Carrying amount AED**	**Contractual cash flows AED**	**Less than 1 year AED**	**1 to 5 years AED**	**5 years and above AED**
Non-derivative financial liabilities					
Trade and other payables*	**29,664,880**	**29,664,880**	**29,664,880**	**-**	**-**
Lease liabilities	**46,062,277**	**69,104,908**	**6,822,103**	**25,026,598**	**37,256,207**
	75,727,157	**98,769,788**	**36,486,983**	**25,026,598**	**37,256,207**

At 31 December 2021	Carrying amount AED	Contractual cash flows AED	Less than 1 year AED	1 to 5 years AED	5 years and above AED
Non-derivative financial liabilities					
Trade and other payables*	27,131,678	27,131,678	27,131,678	-	-
Bank borrowings	7,111,111	7,330,844	7,330,844	-	-
Lease liabilities	57,385,837	77,780,128	7,529,589	32,955,639	37,294,900
	91,628,626	112,242,650	41,992,111	32,955,639	37,294,900

* Excludes advances from customers and VAT payables.

c) Market risk

Currency risk

Management closely monitors the risks arising out of exchange rate fluctuations. The Group does not have significant transactions in currencies other than the Group's functional currency or currencies pegged to USD.

Interest rate risk

The Group's exposure to interest rate risk is primarily on bank borrowings and fixed deposits with banks. The interest rate on the Group's financial instruments is based on prevailing market rates.

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

	2022 AED	2021 AED
Fixed rate instruments		
Financial assets	**89,500,000**	111,500,000
Financial liabilities	**(46,062,277)**	(57,385,837)
Net exposure	**43,437,723**	54,114,163
Variable rate instruments		
Financial liabilities	**-**	(7,111,111)

31. Financial instrument *(continued)*

c) Market risk *(continued)*

Fair value sensitivity analysis for fixed rate instruments

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, a change in interest rates at the reporting date would not affect profit or loss. The investment in fixed rate instruments is limited up to a maturity period of one month to a maximum of twelve months.

Cash flow sensitivity analysis for variable rate instruments

The Group's variable rate financial liabilities are exposed to a risk of change in cash flows due to changes in interest rates. An increase of 100 basis points in interest rates at the reporting date would have resulted in a decrease in profit for the year by AED Nil *(2021: AED 0.07 million).* A decrease of 100 basis points in interest rates at the reporting date would have an equal and opposite effect on profits. The analysis assumes that all other variables remain constant.

Equity risk – Sensitivity analysis

All of the Group's listed equity investments are listed on either the Abu Dhabi Stock Exchange ("ADX") or the Dubai Financial Markets ("DFM"). For such listed investments classified at FVOCI, a 10% decrease in the fair value of these investments in ADX and DFM at the reporting date would have resulted in a decrease in equity by AED 5.5 million *(2021: AED 6.13 million)* and an equal change in the opposite direction would have resulted in an increase in equity by the same amount.

The Group's unquoted equity securities have been valued using comparable sales method and are exposed to a risk of change in value due to changes in price of comparable equity securities. For such unquoted investments classified at FVOCI, a 10% decrease in the comparable sale price would have resulted in a decrease in equity by AED 0.16 million *(2021: AED 0.16 million)* and an equal change in the opposite direction would have resulted in an increase in equity by the same amount.

Fair value

The fair value of the Group 's financial assets and liabilities which are not recorded at fair value approximates their carrying value as at the reporting date.

32. 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

	2022	2021
	AED	AED
Revenue	**-**	1,071,330
Cost of sales (refer (ii) below)	**-**	(1,053,139)
Gross profit	**-**	18,191
Administrative expenses	**(13,791)**	(28,214)
Selling and distribution expenses	**(5,326)**	(5,350)
Loss for the year from discontinued operation	**(19,117)**	(15,373)

32. Discontinued operation *(continued)*

Summary of financial position

	2022 **AED**	2021 AED
Inventories (refer (i) below)	**-**	-
Advances	**-**	2,623
Prepayments	**2,743**	-
Cash at banks	**72,322**	370,004
Assets related to discontinued operation	**75,065**	372,627
Liabilities related to discontinued operation (other payables)	**(5,424)**	(33,870)
Net assets related to discontinued operation	**69,641**	338,757

(i) *Breakup of inventories is as set out below:*

	2022 **AED**	2021 AED
Finished goods	**108,907**	108,907
Spare parts	**2,487,054**	2,487,054
	2,595,961	2,595,961
Less: provision for slow-moving inventories	**(2,595,961)**	(2,595,961)
Inventories relating to discontinued operation	**-**	-

(ii) This includes reversal of allowance for slow moving inventories amounting to AED Nil million *(2021: AED 0.37 million)*, which has been recorded in the statement of profit or loss for the year.

33. 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 (%) 2022	2021	Principal activities and products
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 marble.
Fujairah Rockwool Factory	UAE	**100%**	100%	Manufacturing and selling of rockwool products.
Emirates Ceramics Factory (refer note 32)	UAE	**100%**	100%	Manufacturing and selling of ceramic tiles.

34. Segment reporting

Basis for segmentation

The Group has the following three 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:

Quarrying	Includes mining and sale of quarry products.
Manufacturing	Includes 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.
Others	Other operations include treasury and investment management functions.
Discontinued operation	Comprise of discontinued operation, 'Emirates Ceramics Factory', which has been discontinued since 2015 to curtail losses. Refer note 32.

For the purpose of segment reporting, discontinued operation has been presented separately from the Group's continuing operations.

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

Notes *(continued)*

34. Segment reporting *(continued)*

Information regarding the operations of each separate segment is included below:

	Continuing operations						Discontinued Operation	
	Quarrying AED	**Manufacturing AED**	**Other AED**	**Total AED**	**Eliminations AED**	**Total AED**	**Discontinued Operation AED**	**Total AED**
31 December 2022								
External revenue	**9,812,322**	**161,616,604**	**-**	**171,428,926**		**171,428,926**	**-**	**171,428,926**
Inter segment revenue	**8,386,103**	**500**	**-**	**8,386,603**	**(8,386,603)**	**-**	**-**	**-**
Segment revenue	**18,198,425**	**161,617,104**	**-**	**179,815,529**	**(8,386,603)**	**171,428,926**	**-**	**171,428,926**
Segment profit/(Loss)	**(101,291)**	**16,531,173**	**906,298**	**17,336,180**	**-**	**17,336,180**	**-**	**17,336,180**
Finance income	**-**	**977,543**	**362,673**	**1,340,216**	**-**	**1,340,216**	**-**	**1,340,216**
Finance costs	**-**	**(3,308,016)**	**-**	**(3,308,016)**	**-**	**(3,308,016)**	**-**	**(3,308,016)**
Impairment(loss) / reversal on trade receivables	**(11,118)**	**481,382**	**-**	**470,264**	**-**	**470,264**	**-**	**470,264**
Depreciation expense	**793,003**	**25,028,909**	**-**	**25,821,912**	**-**	**25,821,912**	**-**	**25,821,912**
Segment assets	**18,498,781**	**312,437,622**	**317,825,386**	**648,761,789**	**(273,167,152)**	**375,594,637**	**42,971,943**	**418,566,580**
Segment liabilities	**13,600,073**	**222,311,558**	**1,907,032**	**237,818,663**	**(151,167,152)**	**86,651,511**	**10,423**	**86,661,934**
Segment net assets	**4,898,708**	**90,126,064**	**315,918,354**	**410,943,126**	**-**	**288,943,126**	**42,961,520**	**331,904,646**
31 December 2021								
External revenue	15,261,346	159,295,390	-	174,556,736	-	174,556,736	1,071,330	175,628,066
Inter segment revenue	8,307,920	750	-	8,308,670	(8,308,670)	-	-	-
Segment revenue	23,569,266	159,296,140	-	182,865,406	(8,308,670)	174,556,736	1,071,330	175,628,066
Segment profit	509,900	23,628,029	1,493,895	25,631,824	-	25,631,824	(15,373)	25,616,451
Finance income	-	590,120	743,456	1,333,576	-	1,333,576	-	1,333,576
Finance costs	-	(3,760,640)	-	(3,760,640)	-	(3,760,640)	-	(3,760,640)
Impairment loss on trade receivables	(10,501)	(250,281)	-	(260,782)	-	(260,782)	-	(260,782)
Depreciation expense	(1,007,536)	(26,074,396)	(320,403)	(27,402,335)	-	(27,402,335)	-	(27,402,335)
Segment assets	15,369,169	322,181,035	333,794,514*	671,344,718	(211,049,912)	460,294,806	372,627	460,667,433
Segment liabilities	(10,035,747)	(224,357,162)	(1,957,720)	(236,350,629)	131,499,841	(104,850,788)	(33,870)	(104,884,658)
Segment net assets	5,333,422	97,823,873	331,836,794	434,994,089	(79,550,071)	355,444,018	338,757	355,782,775

* Segment assets in 'others' category mainly comprises of the Group's treasury function which mainly includes investment in equity securities carried at FVOCI of AED 56.72 million *(2021: AED 62.93 million)*, fixed deposits of AED 28 million *(2021: AED 54 million)* and cash and bank balances of AED 1 million *(2021: AED 4.39 million)*.

35. 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.

Provision for slow moving and obsolete inventories

The Group reviews its inventory to assess loss on account of obsolescence and any write down for net realizable 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 of the product and the net realizable value for such product. Provision for net realizable value write down is made where the net realizable value is less than cost based on best estimates by management. The provision for obsolescence of inventory is based on its ageing and the past trend of consumption.

Impairment losses on receivables

The Group reviews its receivables to assess impairment at least on an annual basis. The Group's credit risk is primarily attributable to its trade and retention receivables. In determining whether impairment losses should be reported in profit or loss, the Group makes judgments as to whether there is any observable data indicating that there is a measurable decrease in the estimated future cash flows. Accordingly, an allowance for impairment is made where there is an identified loss event or condition which, based on previous experience, is evidence of a reduction in the recoverability of the cash flows. The Group's estimation process for the determination of provision for impairment loss on trade receivables based on the ECL model is disclosed in note 3(m)(i).

Estimated useful life and residual value of property, plant and equipment

The Group estimates the useful lives of property, plant and equipment and investment property based on the period over which the assets are expected to be available for use. The estimated useful lives are reviewed periodically and are updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the assets. In addition, estimation of the useful lives of property and equipment is based on collective assessment of industry practice, internal technical evaluation and on the historical experience with similar assets. It is possible, however, that future results of operations could be materially affected by changes in estimates brought about by changes in factors mentioned above. The amounts and timing of recorded expenses for any period would be affected by changes in these factors and circumstances.

Impairment of property, plant and equipment

Property, plant and equipment is tested for impairment when there is an indication of impairment. Testing for impairment of property, plant and equipment requires management to estimate the recoverable amount of the cash generating unit.

Lease term

In determining the lease term, the Group applies the definition of a lease contract to determine the period for which the contract is enforceable. The lease term is the non-cancellable period of the lease, together with:

- Optional renewable periods, if the lessee is reasonably certain to extend; and
- Periods after an optional termination date, if the lessee is reasonably certain not to terminate early.

A lease is no longer enforceable when the lessee and the lessor each has the right to terminate the lease without permission from the other party, with no more than an insignificant penalty.

35. Accounting estimates and judgements *(continued)*

Lease term (continued)

The management considers various facts and circumstances that create an economic incentive to exercise the renewal option. Extension/renewal options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated). The following factors are most relevant:

- If there are significant penalties (contractual) to terminate (or not extend), the Group is typically reasonably certain to extend (or not terminate);
- If the lease improvements are expected to have a significant remaining value, the Group is typically reasonably certain to extend (or not terminate); and
- The Group also considers other factors including current market conditions, historical impairments on related CGUs, business strategy etc.

In determining the lease term where the enforceability of the option solely rests with the Group, the management considers all aforementioned facts and circumstances that create an economic incentive to exercise the option. Extension/renewal options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

Investment in securities

Investments are classified as investments carried at FVOCI. In judging whether investments are carried at FVTOCI, the management has considered the detailed criteria for determination of such classification as detailed in accounting policies. The management is satisfied that its investments in securities are appropriately classified as investments carried at FVOCI.

Valuation of unquoted equity investments is normally based on one of the following:

– Recent arm's length market transactions;
– Current fair value of another instrument that is substantially the same;
– The expected cash flows discounted at current rates applicable for the items and with similar terms and risk characteristics; or
– Other valuation models.

Estimate of fair value of unquoted financial instruments

The management uses valuation techniques that include inputs that are not based on observable market data to estimate the fair value of certain types of financial instruments. Note 13 provides detailed information about the key assumptions used in the determination of the fair value of financial instruments, as well as the detailed sensitivity analysis for these assumptions.

36. Corporate tax - UAE

On 9 December 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 will become effective for accounting periods beginning on or after 1 June 2023 (i.e. for the Group would be effective from 1 January 2024).

There are several decisions that are yet to be finalized by way of a Cabinet Decision that are significant in order for entities to determine their tax status, applicable tax rates and taxable income. Therefore, pending such important decisions, the Group has considered that the Law, as it currently stands, is not substantively enacted as at 31 December 2022 from the perspective of IAS 12 – *Income Taxes*. The Group shall continue to monitor the timing of the issuance of these critical Cabinet Decisions to determine their tax status and the application of IAS 12 – *Income Taxes.* The Group is currently in the process of assessing the potential impacts, both from current and deferred tax perspective, once the Law becomes substantively enacted.

37. Comparative amounts

Certain comparative figures have been regrouped/reclassified, where necessary, to conform to the presentation adopted in these consolidated financial statements. However, such reclassification has no material impact on the previously reported consolidated financial result or equity.

38. Purchase of shares

The Company has not purchased quoted equity securities during the year ended 31 December 2022 *(2021:Nil)*. Also refer note 13.

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Governance Report For The Year 2022

Governance Implementation:

FBI adopted and applied corporate governance principles and standards in accordance with the federal law no 32 of 2021 concerning commercial companies and the authority's chairman' resolution n 3/R/M of 2020 regarding standards and implementation of corporate governance. This is showing the commitment of FBI and its BOD with the principles of corporate governance which contributes to more transparency and protection of shareholders rights.

In this regard, the company clarifies the following points:

- All members of the BOD are non-executive.
- Most of the members of the BOD are independent.
- All independent members have pledged to disclose any changes that may affect their independency.
- The BOD of the Company made a commitment to implement the corporate governance system in accordance with the authority's chairman' resolution n 3/R/M of 2020.

Transactions of the members of the BOD and their relatives in company's shares during 2022:

The Board of Directors of Fujairah Building Industries has adopted several policies and procedures for the management of the company in light with the governance guide. The most important of which is the system governing the transactions of the BOD members and all insiders in the company's shares in accordance with the authority's chairman' resolution n 3/R/M of 2020, circulation No. 5 of 2009 issued by the ADX, which indicated that the market will suspend the trading of insiders in company's shares during the periods specified by SCA.

The objective of this policy is to maintain the company's reputation and to establish transparency as well as to enhance confidence among investors that members of the BOD and company's employees do not exploit any material information that has not been disclosed by applying all the legal requirements stipulated in the relevant regulations concerning insiders' trading in company's shares in order to avoid irregularities or violations in this regard.

Therefore, it has been decided that the members of the BOD of the Company and all insiders are not allowed to deal in person or through any other person in the Company's shares during the following periods:

- Ten working days before the announcement of any material information that may affect the price of the stock up or down unless the information is the result of sudden events.

➢ Fifteen days prior to the end of the quarterly, semi-annual or annual financial period until the disclosure of the financial statements.

And as per the above policy adopted by the BOD, all the members confirmed their commitment to the embargoes period.

As per the company's record and ADX emails, FBI' BOD member's and their families transaction and their ownership during 2022 was as follows:

Name	Total Selling as of 31.12.2022	Total Buying as of 31.12.2022	Total shares as of 31.12.2022
Khalil Ibraheim Hassan	0	**0**	**1,000,000**
Jumah Salem Jassem Al Awani	0	**7,288**	**7,288**

Board of Directors composition

a- statement of the current BOD:

As per the Article (19) of the Fujairah Building Industries' MOA, which specified the number of members of the Board of Directors by seven members, the current Board consists of seven members, most of them are independent and non-executive. The current members of the Board of Directors were elected at the Company's AGM held on March 17, 2021 for a period of three years.

Name	Designation	Category		D.O.J	Experience, Qualifications, positions
Mr. Ahmed Saeed Alraqbani	Chairman	Non-Independent	Non executive	2007	MBA, bachelor's degree in civil engineering, Chairman of Fujairah Rock & Aggregate, NBF BOD member
Mr. Khalil Ibraheim hassan	Vice chairman	Independent	Non executive	2015	Master's degree in finance, DGM of Fujairah port, BOD member of Fujairah Rock and Aggregate company
Mr. Mohammed Ahmed Al Moathen	member	Independent	Non executive	2016	University Degree, Director of the Fujairah National Group, BOD member of Fujairah Rock and Aggregate company
Mr.Abdelqader Mohamed Abdulla	member	Non-Independent	Non executive	1997	University Degree, Businessman
Mr. Jumaa Salem Al Awaani	member	Non-Independent	Non executive	1986	University Degree, Fujairah Fresh water BOD member, Admin and Finance Manager of Fujairah DIE – Government of Fujairah
Mr. Rashed Hamdan Al Yammahi	member	Independent	Non executive	2015	Bachelor's Degree in civil engineering, ex Fujairah municipality Manager, Businessman
Mr. Abdulaziz Al Afkham	member	Independent	Non executive	2015	MBA, Director of AFNIC – Main branch.

b- Female representation in the BOD in 2022:

There is no female representation in the current board of directors.

c- Reasons of non-female representation in the BOD in 2022:

There was no female nomination for BOD membership in the last election.

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d- Remuneration of BOD members:

As per the article N (171) of the federal law N 32 of 2021 concerning commercial companies and the article N (21) of the authority's chairman' resolution N (3/R/M), the remuneration of the members of the BOD is made up of a percentage of the net profit not exceeding 10% of the fiscal year profits. The Company may also pay expenses, fees, additional bonuses as monthly salary as decided by the Board of Directors to any of its members if this member works in any committee, makes special efforts, or additional work to serve the Company in addition to his regular duties as a member of the Board of Directors.

d- 1- Total remuneration of the BOD for the year 2021:

Total BOD remuneration for the year 2020 was AED 1.260 million.

d- 2- Total proposed remuneration of the BOD for the year 2022:

During the meeting, held on 23 FEB 2022, the BOD proposed to pay a total of AED 1.260 million as remuneration for the members for the year 2022. This proposal shall be presented to the company's AGM for its consideration.

d- 3- Detail of allowances of attending the committees for the year 2022:

The BOD decided not to pay any allowances for attending the committees' meetings.

e- Statement of BOD's meeting during 2022:

Meeting	First	Second	Third	Fourth
Name	24 Feb. 2022	12 May 2022	11 August 2022	14 November 2022
Ahmed Saeed Alraqbqni	✔	✔	✔	✔
Khalil Ebraheim Hassan	✔	✔	×	✔
Mohamad Ahmad Almoathen	✔	✔	✔	✔
Abdelqader M. Abdulla	✔	×	✔	✔
Jumaa Salem Alawani	✔	×	✔	✔
Rashed Hamdan Al yamahi	✔	✔	✔	✔
Abdulaziz Saif Alafkham	✔	✔	✔	✔

f- BOD's tasks and function which were performed by executive management:

BOD didn't authorize executive management to perform any of its functions or tasks during 2020.

The CEO performs in accordance with the responsibilities and authorities specified by the BOD.
He is responsible for the Company's management and the core matters related to business activities within the framework of the Company's operational plan.

- CEO maintains a coherent management of the company.
- CEO provides recommendations to the BOD on strategy development, business management and operations performance.

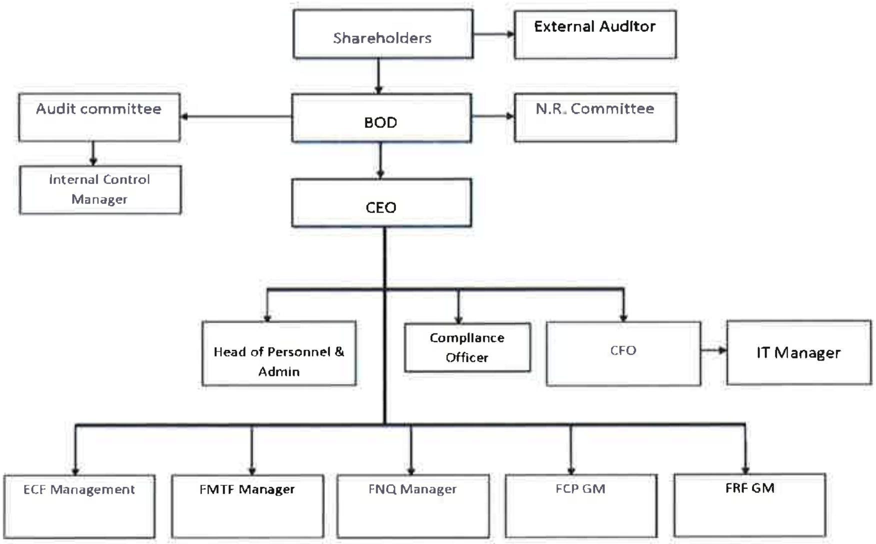
- CEO manages the company in line with the strategy, business plans and policies adopted by the BODs.
- CEO supervises operations and daily affairs, taking in consideration the matters in which the BOD reserves the right to make final decision.
- CEO ensures the consistency and integrity of the corporate culture and code of ethics.
- CEO periodically reviews the organizational structure of the company and propose the necessary amendments.
- CEO leads the management team in the day-to-day activities of the Company and reviews its performance.

g- Details of the transaction made with the related parties (stakeholders):

The Company deals with related parties either by selling or buying in a neutral manner at competitive prices like other unrelated parties. The terms of such transactions are consistent with normal trading processes where the parties operate independently, and each party looks after its self-interest with no pressure or preferential conditions by one party to the other. Related parties are those entities owned or managed by a member of the BOD.

During 2021, total sales to related parties reached an amount of AED 11.5 million and total purchases from related parties reached AED 77.5 thousand.

h- Organizational structure of the company:



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i- Details of senior executives:

Designation	Date of joining	Total salaries & allowances paid in 2022	Total bonuses paid in 2021 for the year 2022	proposed bonus for 2022
CEO	22-Feb-16	1,053,685	100,000	Not yet proposed
CFO	23-Jul-19	468,037	30,000	
IT Manager	17-Dec-07	256,008	11,000	
Head Of Personnel	June - 2020	106,042	3,420	
Internal Control Manager	Dec- 2022	8,333	Nil	
FCP General Manager	1-Jan-11	486,750	50,000	
FNQ Manager	21-May-18	394,200	15,000	
FRF General Manager	Oct- 2020	714,000	Nil	
FMTF Manager	Jul- 2022	133,784	Nil	

External Auditor:

a -External Auditor details:

KPMG is a management consulting and auditing firm established in the United Arab Emirates in 1979. It has offices in most emirates and has been operating in the Middle East & GCC for more than 40 years and has a qualified staff with extensive experience in auditing and management consulting.

Partner auditor: Rohit Ravjanshi

b- External auditor fees:

During the company AGM Held on 31 March 2022, KPMG was appointed as FBI's external auditor for the year 2021 with total fees of AED 335,000.

External Auditor	KPMG
Number of years as the company's external auditor	4 years since 2019
Total audit Fees for 2021 (AED)	335,000
Fees for other services paid during 2021	NIL
Details of the other services provided during 2021	NIL
Services provided by another external auditor	NIL

الفجيرة لصناعات البناء (ش.م.ع) ص.ب: ٣٨٣ الفجيرة - ع.م P.O.Box: 383 Fujairah U.A.E. Fujairah Building Industries (P.S.C.)

Audit Committee

a- Names and functions of Audit Committee

Mr. Khalil Ebraheim Hassan	chairman
Mr. Mohamed Ahmed AL Moathen	Member
Mr. Jumaa Salem Al Awaani	Member

As mentioned in the article 61 of the authority's Chairman' s Resolution number 3 / R.M of 2020 the functions of Audit Committee are as follows:

- Review the Company's financial and accounting policies and procedures.
- Monitoring the integrity of the Company's financial statements and reports (annual, semi- annual, and quarterly) and review thereof as part of its normal work during the year.

- Coordinating with the Company's Board of Directors, Senior Executive Management, and the financial manager or the manager doing such role in the Company, for the purpose of performing its duties.
- Considering important and unusual clauses that are or shall be mentioned in such reports and accounts, the committee shall also pay the required attention to any issues brought up by the financial manager, the manager doing such role, compliance officer, or the auditor.
- Submitting a recommendation to the Board of Directors respecting selection, resignation, or discharge of the auditor, and in case the Board of Directors rejects the recommendation of the Audit Committee in this regard, the Board of Directors shall include in the Governance Report a statement clarifying the Audit Committee recommendations and the reasons for the Board of Directors' rejection thereof.
- Setting and implementing the policy of contracting with the auditor, submitting a report to the Board of Directors, specifying the issues the committee deems necessary to take procedures in relation to, and submitting the committee's recommendations concerning the steps required to be taken;

- Ensuring the auditor's fulfillment of the terms stipulated in the applicable laws, regulations, and resolutions and the Company's Articles of Association, and following up and monitoring his/her independence.

- Meeting with the Company's auditor without attendance of any of the personnel of the Senior Executive Management or representative thereof, at least once annually, and discussing with the auditor the nature and scope of the auditing process and its effectiveness according to the approved auditing standards.

- Studying all that is related to the auditor's job, work plan, correspondence with the Company, comments, proposals, concerns, and any substantial inquiries posed by the auditor to the Senior Executive Management concerning accounting books, financial accounts, or control systems, and following up the Company's board of Directors response thereto and provision of the facilities required for performing the auditor's job.

- Ensuring timely response of the Board of Directors to inquiries for illustration and substantial matters mentioned in the auditor's letter.

- Review and assessment of internal control and risk management systems in the Company.

- Discussing the internal control system with the Board of Directors and ensuring the latter's establishment of an effective system for internal control.

- Considering the results of primary investigations in internal control issues as assigned to the committee by the Board of Directors or based on an initiative on the part of the committee and the Board of director's approval of such initiative.

- Review of the auditor's assessment of internal control procedures and ensuring coordination between the internal and external auditors.

- Ensuring availability of the resources required for the internal control department and reviewing and monitoring the effectiveness of such department.

- Studying internal control reports and following up the implementation of corrective measures for the comments arising from such reports.

- Setting the rules that enable the Company's staff to confidentially report any potential violations in financial reports, internal control, or any other issues and the procedures sufficient for conducting independent and fair investigations concerning such violations.

- Monitoring the extent to which the Company complies with the code of conduct.

- Review of Related Party transactions with the Company, managing conflict of interests, and submitting recommendations concerning such transactions to the Board of Directors before concluding the contracts.

- Ensuring implementation of code of conduct related to the committee's duties and powers assigned to it by the Board of Directors.

- Submitting reports and recommendations to the Board of Directors concerning the above-mentioned issues as stipulated in this article.

- Considering any other issues determined by the Board of Directors.

b- Audit Committee Meetings:

	First 24 Feb 2022	Second 12 May 2022	Third 11 August 2022	Fourth 14 Nov 2022
Khalil Ibraheim Hassan	✔	✔	×	✔
Mohamad Ahmad Al Moathen	✔	✔	✔	✔
Jumaa Salem Al Awaani	✔	×	✔	✔

<u>Nomination & Remuneration Committee:</u>

a- Names and functions of Nomination and Remuneration Committee:

Mr. Rashed Hamdan al Yammahi	**chairman**
Mr. Abdelqader M. Abdulla	**Member**
Mr. Abdulazeiz Saif Al Afkham	**Member**

As per the article 59 of the Chairman Resolution number 3 / R.M of 2020 the duties of the Nomination and Remuneration Committee consist in the following:

- Setting a policy for nomination of the Board and executive management membership with the aim of varying between the two genders in the Board and encouraging female nominees through offering privileges and training and motivational programs and submitting a copy of such policy to the Authority and any amendments thereof.

- Regulating and following up the procedures of nomination for Board membership in accordance with the applicable laws and regulations, as well as the provisions of this Decision.
- Constantly verifying independence of independent Board members.
- Setting the policy for granting bonuses, privileges, incentives, and salaries to the Company's Board members and staff, reviewing such policy annually, and ensuring that the bonuses and privileges offered to the Senior Executive Management are reasonable and in line with the Company's performance.

- Annual review of the skills required for Board membership and preparation of the required capabilities and qualifications for Board membership including the time a member shall need to allocate to do his/her duties as a Board member.
- Review the Board of Directors structure and submitting recommendations regarding the changes that may be made.
- Determining the Company's needs of qualifications at the Senior Executive Management and the staff levels and the criteria for selection thereof.
- Setting the Company's human resources and training policy, monitoring implementation of such policy, and reviewing thereof on annual basis.

b- Nomination and Remuneration Committee Meetings:

	First 24 Feb 2022
Rashed Hamdan al Yammahi	✔
Abdelqader M. Abdulla	✔
Abdulazeiz Saif Al Afkham	✔

Insiders' Trading Follow-up Committee:

The insiders' trading committee was formed during the BOD meeting held on 12 March 2017 and its members are as follows:

Dr. Ahmad Naim Al Kayyat	**CEO**
Mr. kaushik Das	**CFO**

The main functions of the Committee are as follows:
- Supervising the update of list of insiders.
- Follow-up transactions of insiders and their ownership in the company's shares.
- Keep notifying insiders about all rules and regulations related to corporate governance.
- Inform insiders about embargo periods of their trading in company's shares.

Any other committees approved by the Board of Directors:

There are no other committees approved by the BOD.

Internal Control System:

a- BOD acknowledgment:

The Board of Directors of the Company acknowledged its responsibility for the Company's internal control system and for verifying its effectiveness.

The Internal Control Department of the Company exercises its functions in accordance with the authority's chairman's Resolution No. (3 R/M) of 2020 and has sufficient independence to perform its function and directly reporting to the BOD.

b- Name of Internal control Manager:

Mr. Mohamed Zaheer: Was appointed by the Board of Directors since DEC 2022. He is a Chartered Accountant (UK), a Chartered Financial Analyst (US) and has a bachelor's degree (HONS) in Accounting and Finance from London South Bank University (LSBU) and has over 17 years of experience.

c- Name of Compliance Officer:

Mr. Malek Aloui: Was appointed by the Board of Directors since January 2016. He has a bachelor's degree in finance (University of Tunis Al Manar, Tunisia) and has over 16 years of experience.

c- How the Internal Control Department handle any significant issues in the company:

The internal control department makes sure that all the policies and decisions of the BOD are implemented in the company and submits its reports to the Audit Committee and BOD after obtaining the necessary clarifications and explanations from the Executive Management.

4 Reports were submitted to the BOD during 2022

Statement of Violation and Fines:

Fujairah Building Industries PJSC complies with all laws and regulations applied in the United Arab Emirates. During the fiscal year 2022, the Company has not been subjected to any penalties or restrictions either by the SCA or any other regulatory body.

The company's contribution in the development of society and the preservation of the environment:

Environmental Policy:

The company considers great importance to the preservation of the environment in all of its subsidiaries according to local standards under the supervision of Fujairah Municipality and the Ministry of Climate Change and Environment. The company has installed carbon emissions monitoring systems and industrial waste recycling line at Fujairah Rock Wool Factory, achieving an advanced level of compliance with environmental standards.

The company also worked on the treatment of dust emissions in Fujairah National Quarries by covering production lines, conveyor belts, dust suppression system, high-pressure water spraying, planting trees, installation of a CCTV system. And the company didn't make any direct cash contributions in this regard.

Social Policy: The company contributes to the development of the community through participation in sponsoring several events in the Emirate of Fujairah, as well as continuing cooperation with Fujairah Foundation for Region Development – FFRD which belongs to Government of Fujairah,

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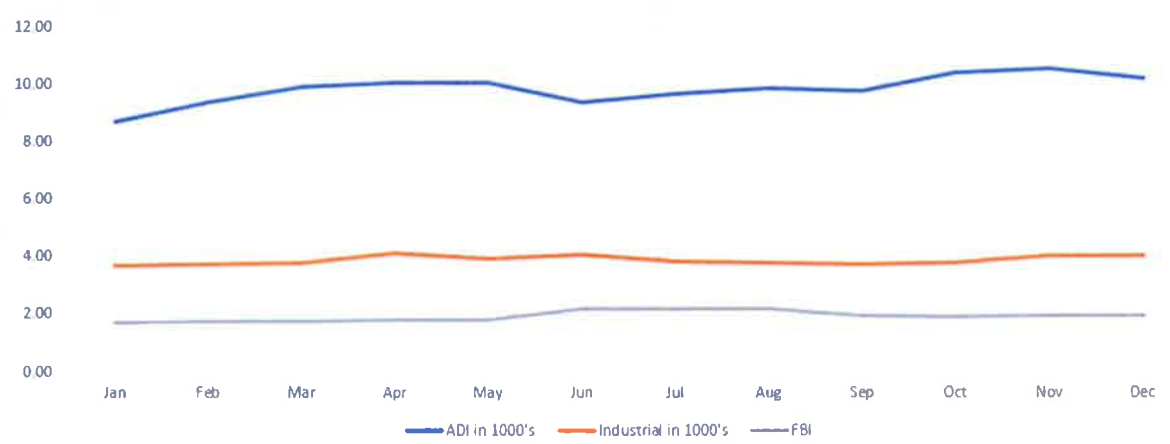
where the company provides some products such as cement Block and pavers for repair and maintenance of houses of low-income UAE nationals in the Emirate of Fujairah. Fujairah Building Industries has made a training program for national graduates by providing them a training in various administrative and technical fields in order to gain practical experience.

General information:

a- the company share price in the market:

Month	Highest price	Lowest price	closing price
January	1.72	1.72	1.72
February	1.77	1.55	1.77
March	1.77	1.77	1.77
April	1.78	1.77	1.78
May	1.78	1.78	1.78
June	2.18	1.84	2.18
July	2.18	2.18	2.18
August	2.18	2.18	2.18
September	1.97	1.95	1.95
October	1.90	1.90	1.90
November	1.96	1.71	1.96
December	1.96	1.96	1.96

b- Performance of the company's Shares:



c- Shareholding Distribution as of 31 December 2022:

Category	Nationality	Percentage
Government	LOCAL	55.91%
companies	LOCAL	27.29%
Individuals	LOCAL	16.8%

d- Shareholders who has more than 5% as 31 December 2022:

Name	Number of shares	percentage
Department of industry & economy - Fujairah	76,028,833	55.91%
Fujairah National Group	14,919,564	10.97%
Al Saoud Limited Company	7,001,303	5.15%

e- Shareholders distribution by size of equity as 31 December 2022:

Share(s) Owned	Number of Shareholders	Number of Share	Percentage
Less than 50,000	108	1,330,525	0.98 %
From 50,000 to less than 500,000	60	7,777,112	5.72 %
From 500,000 to less than 5,000,000	12	16,579,895	12.19 %
More than 5,000,000	5	110,299,968	81.11%

f- Procedures taken for the control of investor's relations:

The company's management has appointed an investor and shareholder relations responsible and has also added an investor relations section on the company's website at:
http://www.fujfbi.ae/investor_ca.html

Contact Details of the shareholders relations responsible:
Name: Malek Aloui
Telephone: 00971 9 2056 900 Fax: 00971 9 2227314
Email: malek@fujfbi.ae

g- Special resolution approved in the last AGM:

the Board of Directors suggestion to provide voluntary contributions for the purpose of community service and authorize the Board of Directors to determine the concerned parties which will receive these contributions provided that the voluntary contributions shall not exceed (2%) of net profit average of both fiscal years (2020/2021) subject to provisions of the commercial company's law no 32 of 2021.

Procedure taken with respect to the Special resolutions approved in the last AGM:

The company has contributed to the development of the community through participation in sponsoring several events in the Emirate of Fujairah, as well as continuing cooperation with Fujairah Foundation for Region Development – FFRD which belongs to Government of Fujairah.

Fujairah Building Industries (P.S.C.)
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h- Name of the BOD secretary:

Mr. Malek Aloui: Was appointed by the Board of Directors since 10 January 2016.

i- Significant events during 2022:

There were no significant events during the year 2022.

j- Emiratization percentage in the company during 2022:

The number of employees in the company by the end of 2020 was 145 employees (excluding worker category) with a total of 6 local employees with a percentage of 4.14 % of the company's total employees.

j- Innovative project implemented by the company during 2022:

There was no innovative project implemented by the company during 2022.

Chairman	**Audit Committee Chairman**	**N.R Committee Chairman**	**ICM**

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Fujairah Building Industries (P.S.C)

Fujairah Building Industries PJSC

Environment, Social, Governance (ESG) Report 2022

Date: **June 28, 2021**

Index

Introduction

Introduction

Company Profile

Fujairah Building Industries PJSC ("FBI") was established in 1979. Over the last several decades and since its IPO and listing on the Abu Dhabi Securities Market 'ADX' in January 2007, the company has grown in leaps and bounds and caters to the dynamic markets in UAE and the Middle East. FBI is one of the leading technology driven organizations in the construction sector, reputed for its quality products and services.

Currently, the following companies fall under the Fujairah Building Industries umbrella:

- Fujairah Rockwool Factory (FRF)
- Fujairah Concrete Products (FCP)
- Fujairah Marble and Tiles Factory (FMTF)
- Fujairah National Quarry (FNQ)
- Emirates Ceramics Factory

Since its Foundation FBI has been committed to providing excellent quality of products and services to our clients while maintaining sustainability and ensure its integration and application with at all levels of the company business.

Following the guidelines of ADX & SCA and as continuation to their efforts and initiative of promoting sustainability in PSC companies, FBI is issuing its ESG Report for the year 2022 in accordance with the resolution (No 3/RM) of 2020 regarding the governance guidelines for PSC companies.

FBI’s Mission, Vision & Values

FBI’s Mission, Vision & Values

Mission

Our mission is to provide our clients with excellent quality products and cultivating successful and long-term partnerships with them. We also will continue to encourage research and development among our subsidiary companies to ensure that the best quality products are manufactured.

Vision

Our vision is to be the leading provider of various industrial and building products across the Middle East and continue to provide our clients and the society we serve with premium service and products.

Values

Our core values are:

Providing excellent quality of products and services to our clients
Ensuring there is teamwork, respect and mutual encouragement among our subsidiaries and employees
Reliability and honesty when dealing with everyone
Protecting the environment and our employees
Ensuring we create a sustainable environment for our employees, society and the environment
Corporate Social Responsibility

FBI’s Commitment

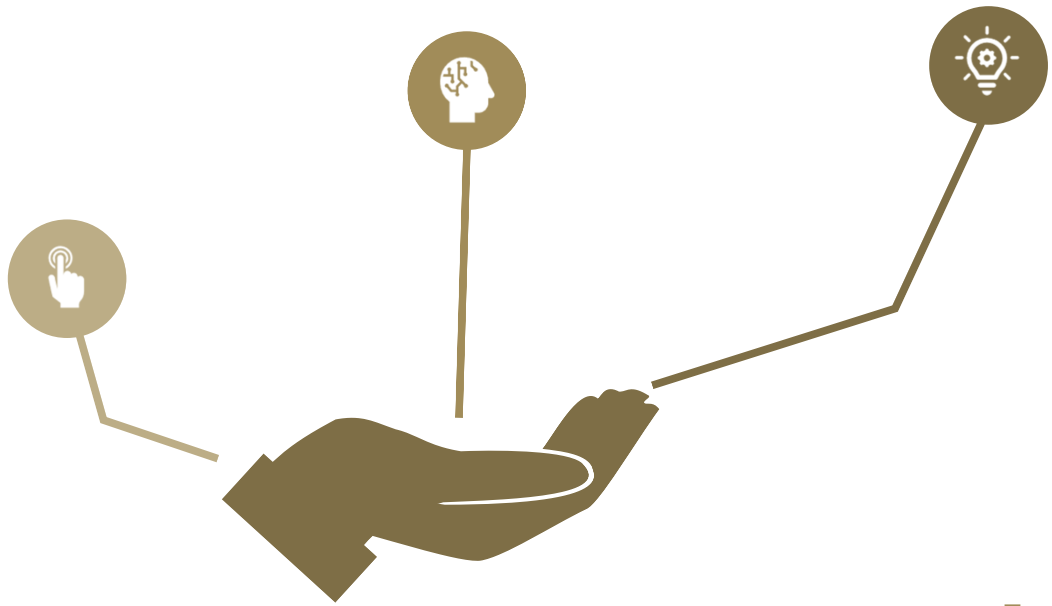
FBI's Commitment

Enabling our Employees

FBI is investing in its employees by enhancing their knowledge and practical experiences which is the way to implement a sustainable environment in the company.

Research & Development

As the market is continuously evolving, FBI Group is consistently investing in research & development to maintain international standards of quality, to stay updated with the evolving market trends, and innovate products according to customers requirements.



Innovation

FBI's approach is to promote the innovation and the development of its product and services by creating a whole bunch of sustainable and environment friendly products.

Stakeholder Engagement

Stakeholder Engagement

- Sustainability, consistency with continuous improvement and innovation are underlying objectives in everything we do. We endeavor to act, operate efficiently, transparently and deliver our objectives. We remain committed to having a positive impact on our customers, employees, suppliers, society and environment, while at the same time maintaining sustainable success.

- Our strategy for sustainability is largely driven with continuous engagement with stakeholders, which enables us to understand their priorities and expectations from us and align with our business practices and corporate priorities. We regularly engage with our key stakeholder groups to help shape and drive our sustainability strategy.

Key Stakeholders

Govt. & Local Authorities

Community

Shareholders

Customers

Suppliers

Employees

Material ESG Goals that matter to FBI

Material ESG Goals that matter to FBI

Environment	E1. GHG Emissions
	E2. Emissions Intensity
	E3. Energy Usage
	E4. Energy Intensity
	E6. Water Usage
	E7. Environmental Operations
	E8. Environmental Oversight
	E9. Environmental Oversight
	E10. Climate Risk Mitigation
Social	S1. - CEO Pay Ratio
	S2. - Gender Pay ratio
	S3. - Employee Turnover
	S4. - Gender Diversity
	S6. - Non- Discrimination
	S7. - Injury Rate
	S8. - Global Health & Safety
	S9. - Child & Forced Labour
	S10. - Human Rights
	S11. - Nationalization
Governance	G.1 - Board Diversity
	G.2 - Board Independence
	G.4 - Supplier Code of Conduct
	G.5 - Ethics & Prevention of corruption
	G.6 - Data Privacy
	G.8 Disclosure Practices

ESG Report

Environment

ESG Report - Environment

- FBI Group understands that it is has a responsibility to care for the environment, and as a result of this responsibility the company and its units invested in research & development to reach a very sustainable approach for the environment.

- FBI subsidiaries are certified as follows: Fujairah Rockwool Factory (FRF) is certified by ISO 9001 for Quality Assurance, ISO 14001 for Environmental Management, OHSAS 18001 for Occupational Health and Safety, while Fujairah Concrete Products (FCP) is certified with ICV, ISO 45001:2018, ISO 14001: 2015, and ISO 9001: 2015. These entities are also Members of Emirates Green Building Council.

- The projects that FBI has invested in to protect the environment are as follows:
  - Group has established Emission Controls and Heat Reduction facility in FRF to eliminate emission of harmful gases in the environment making the complete process environment friendly. Further, an Emission Monitoring Systems in place that track all emissions in the factory to maintain FRF's emission levels lower than industrial standards.
  - Significant investment was made in FRF to recycle the manufacturing waste by converting them into briquettes which are used in production of rockwool. As a result, we are proud to say that we have zero landfill.
  - We are investing in building Grey Water Recycle System in FCP to ensures zero water wastage. This will help to reduce freshwater consumption to a great extent.

- FRF products are sustainable as they are produced from natural igneous rocks, non-combustible, eco-friendly and biodegradable. These products helps in energy conversation, heat reduction and temperature control which reduce the consumption of energy. Our FRF products has obtained various certificates such as ICV, ADQCC, Certificate from Dubai Municipality, Warrington Certification etc.

- FRF Continuously investing in innovation and developed new product firesafe products for Construction industry and Hydroponic products Agriculture sector.

Social

ESG Report - Social

- FBI group has been committed to its social responsibility by making the balance between the needs of the society, stakeholders, employees and the main business.
- The group has approached many initiatives including attribution to the many social events in the emirate of Fujairah and contributing to the government efforts of Emiratization.
- FBI contributes to the efforts of Government of Fujairah and Fujairah Foundation for Regional Development (FFRD) to help the citizens of Fujairah with the construction and renovation of their homes.
- The young Emirati workforce has been placed within our units for further training to equip them with industry-ready skills. This has been an ongoing activity for many years now.

ESG Report – Social (Cont'd)

Matric	Parameters	Outcome/Response
S1. CEO Pay Ratio	S1.1) Ratio: CEO total compensation to median Full Time Equivalent (FTE) total compensation	10.76
S2. Gender Pay ratio	Ratio: Median male compensation to median female compensation	17.60
S3. Employee Turnover	S3.1) Percentage: Year-over-year change for full-time employees	4%
S4. Gender Diversity	S4.1) Percentage: Total enterprise headcount held by men and women	90% Men, 10% Women
S6. Non- Discrimination	Does company follow non-discrimination policy? Yes/No	We follow UAE Laws & Regulations
S7. Injury Rate	Percentage: Frequency of injury events relative to total workforce time	0%
S8. Global Health & Safety	Does company follow an occupational health and/or global health & safety policy? Yes/No	Yes
S9. Child & Forced Labour	S9.1) Does company follow a child and/or forced labor policy? Yes/No	We follow UAE Laws & Regulations
S10. Human Rights	S10.1) Does company follow a human rights policy? Yes/No	We follow UAE Laws & Regulations
S11. Nationalization	Percentage of national employees	4.14%

Governance

ESG Report - Governance

- The Group follows and complies with the governance rule mention in the chairman resolution No 3/Rm of 2020.

Matric	Parameters	Outcome/Response
G.1 Board Diversity	G1.1) Percentage: Total board seats occupied by men and women G1.2) Percentage: Committee chairs occupied by men and women	100% men. BOD has no women member since no nomination was received in the last BOD election held in March 2018 and March 2021.
G.2 Board Independence	G2.1) Does company prohibit CEO from serving as board chair? Yes/No G2.2) Percentage: Total board seats occupied by independent board members	The Board of Directors is comprised of seven members most of them independent and nonexecutives.
G.4 Supplier Code of Conduct	S3.1) Percentage: Year-over-year change for full- G4.1) Are vendors or suppliers required to follow a Code of Conduct? Yes/ No	We have established detailed terms and conditions which are applied to all our external procurements. These standard terms and conditions includes supplier code of conduct to ensure ethical and fair business practices.
G.5 Ethics & Prevention of corruption		- There are two committee established by the Board: 1. Audit committee and 2. Nomination and remuneration committee. Board, Board Committees and Group Management collectively drive the culture of Ethics and integrity across the Group and while dealing with external parties. - Board has established two functions independent from the Group Management (1. Group Internal Audit and 2. Group Compliance) to ensure that Group is compliance with regulatory requirements and Group complies with established policies and procedures.
G.6 Data Privacy	G6.1) Does company follow a Data Privacy policy? Yes/No	FBI has established set of policies to ensure data privacy: - Information Security Policy - User Access Control Policy - Internet Security Policy - Physical and Environment Security Policy - Network Security Policy. Collectively these policy drives the culture and ensure data privacy across the Group
G.8 Disclosure Practices		The company discloses its outcome of its general assembly meetings, BOD meeting and Financial Results to the shareholders on company website and ADX website.