Umm Al Qaiwain General Investments Company P.S.C.
A Public ShareHolding Company
Umm Al Qaiwain
United Arab Emirates

Financial Statements
And Independent Auditor's
Report For The Year Ended
December 31, 2018

UMM AL QAIWAIN GENERAL INVESTMENTS COMPANY P.S.C.
A PUBLIC SHAREHOLDING COMPANY
UMM AL QAIWAIN
UNITED ARAB EMIRATES

FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT
FOR THE YEAR ENDED DECEMBER 31, 2018

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Umm Al Qaiwain General Investments Company P.S.C
A Public Shareholding Company,
Umm Al Qaiwain - United Arab Emirates.

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of **Umm Al Qaiwain General Investments Company P.S.C. ("the Company") (Public Shareholding Company) – Umm Al Qaiwain, United Arab Emirates,** which comprise the statement of financial position as at December 31, 2018, and the statement of profit or loss and statement of other comprehensive income, statement of changes in shareholders' equity and statement of cash flows for the year then ended and notes to the financial statements and summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2018, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of matter

Without qualifying our opinion, referring to Note 5, the Lands amounting to AED 330,925,540 recorded in the financial statements are still registered in the name of Umm Al Qaiwain Cement Industries Company (formerly the company's name). As of the date of our auditor's report, the date of completion of the transfer procedures is unknown.

Key audit matters

- Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current year. These matters were addressed on the context of our audit of the financial statements as a whole and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matter described below to be the key audit matters to be communicated in our report.

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ص.ب : ٤٠٣ - رأس الخيمة - الإمارات العربية المتحدة

Land:

The Company owns land at its work place and in Al Meena area in Umm Al Qaiwain which is stated at fair value. Any increase in the value is recognized within the land valuation reserve in the statement of financial position and the Land is still registered in the name of Umm Al Qaiwain Cement Industries Company (the Company's name previously). As of the date of our auditor's report, the date of completion of the transfer procedures is unknown.

The land has been considered as an important audit matter for its materiality and the audit procedures are as follows:

1) The management was informed to register the land in the name of Umm Al Qaiwain General Investments Company and the procedures are still ongoing.
2) An evaluation was obtained from independent evaluators.
3) The difference between the carrying value and the value after the revaluation has been verified.
4) The difference is recognized in shareholders' equity under land valuation reserve.
5) We discussed with the management on the procedure of transfer of ownership of land in the name of the current company and present circumstances with the competent authorities with regard to the matter. It was found that the date of completion of the transfer procedures is unknown.

Investments in Securities

The Company possesses investments in securities comprised of quoted investments carried at fair value through other comprehensive income (FVTOCI). The valuation of these investments is arrived at by reference to the quoted bid prices in an active market.

Investments at fair value through other comprehensive income (FVTOCI) are measured at fair value with gains and losses arising from changes in fair value recognized in other comprehensive income and accumulated in the cumulative changes in fair value reserve.

We consider the above investments at fair value through other comprehensive income (FVTOCI) a key audit matter due to the materiality of investments and inconsistency and fluctuation in quoted bid prices in an active market and the following are the audit procedures that we performed:

- We obtained the list of all quoted investments carried at FVTOCI and tested it for accuracy.
- We verified the fair market values of all quoted investments with quoted active bid prices in the stock exchange in which they are listed.
- We verified changes in fair value reserve of investments carried at FVTOCI and accumulated in the cumulative changes in fair value reserve.
- We also assessed the adequacy of the Company's disclosures in the financial statements for the re-measurement of quoted investments carried at FVTOCI and its related changes in fair value.
- The fair value of unquoted investments has been verified and matched with prices derived from parallel market.

Other Information

Management is responsible for the other information. Other information consists of information included in the Company’s Report of 2018, other than the financial statements and our auditors’ report thereon. We obtained the report of the Board of Directors, prior to the date of our auditors’ report.

Other Information (continued…)

Our opinion on the 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 financial statements, our responsibility is to read and other information identified above and, in doing so, consider whether the other information is materially inconsistent with the 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 Financial Statements

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

In preparing the financial statements, management is responsible for assessing the Company'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 Company or to cease operations, or has no realistic alternative but to do so.

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 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 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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

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

- 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 Company'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 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 Company to cease to continue as a going concern.

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

- 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 to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the 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 should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

As required by UAE Federal Law No. (2) of 2015 we report that:

1. We have obtained all the information and explanation we considered necessary for our audit.
2. The financial statements comply, in all material respect with the applicable provisions of UAE Federal Law No. (2) of 2015 and the Articles of Association of the Company.
3. The Company has maintained proper books of accounts.
4. The financial information included in the Directors' report is consistent with the books of account of the Company.
5. Transactions and term with related parties disclosed in Note 20.
6. Investments and shares purchased by the Company during the current year disclosed in Note 6.
7. The Social Contribution made during the year disclosed in Note 25.
8. Based on the information and explanation that has been made available to us nothing came to our attention which causes us to believe that the Company has contravened during the financial year ended December 31, 2018 any of the applicable provisions of UAE Federal Law No. (2) of 2015 or the Articles of Association of the Company which would have a material effect on the Company's activities or on its financial position for the year.

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

TALAT ZABEN
LICENSED AUDITOR NO. 68
Ras Al Khaimah
February 9, 2019

UMM AL QAIWAIN GENERAL INVESTMENTS COMPANY P.S.C.
A PUBLIC SHAREHOLDING COMPANY
UMM AL QAIWAIN
UNITED ARAB EMIRATES

STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2018

EXHIBIT A

	Notes	2018 AED	2017 AED
ASSETS			
Non-current assets			
Land	5	**330,925,540**	330,925,540
Investments at fair value through other comprehensive income (FVTOCI)	6 (a)	**378,038,240**	374,436,666
Total non-current assets		**708,963,780**	705,362,206
Current assets			
Investments at fair value through profit or loss (FVTPL)	6 (b)	**35,056,239**	76,858,287
Accounts receivable and others	7	**266,663**	151,972
Cash and cash equivalents	8	**33,350,562**	20,997,149
Total current assets		**68,673,464**	98,007,408
TOTAL ASSETS		**777,637,244**	803,369,614
SHAREHOLDERS' EQUITY AND LIABILITIES			
Shareholders' equity			
Capital	9 (a)	**363,000,000**	363,000,000
Legal Reserve	9 (b)	**34,798,487**	33,223,018
Cumulative changes in fair value of investment at FVTOCI	9 (c)	**13,985,765**	36,342,998
Land revaluation reserve		**297,085,855**	297,085,855
Retained earnings		**24,727,241**	33,788,091
Total shareholders' equity – Exhibit C		**733,597,348**	763,439,962
Non-current liability			
End of service benefit obligation	10	**757,076**	716,174
Current liabilities			
Account payable and other payables		**42,533,902**	39,213,478
Bank overdraft	11	**748,918**	--
Total current liabilities		**43,282,820**	39,213,478
Total liabilities		**44,039,896**	39,929,652
SHAREHOLDERS' EQUITY AND LIABILITIES		**777,637,244**	803,369,614

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL INFORMATION

SALEM ABDUALLAH SALEM AL HOSANI	**AHMED SULTAN ESSA AL JABER**
CHAIRMAN	**DEPUTY CHAIRMAN**

UMM AL QAIWAIN GENERAL INVESTMENTS COMPANY P.S.C.
A PUBLIC SHAREHOLDING COMPANY
UMM AL QAIWAIN
UNITED ARAB EMIRATES

STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED DECEMBER 31, 2018

EXHIBIT B-1

	Notes	2018 AED	2017 AED
Profit from investment in shares	14	**26,844,474**	20,562,325
Changes in fair value of investment at FVTPL	6 (b)	**(7,884,640)**	(1,539,840)
Administrative expenses	15	**(3,367,699)**	(3,655,108)
Profit / (Loss) on foreign exchange		**14,954**	(12,540)
Other income	16	**152,010**	70,823
Finance costs		**(4,405)**	(150,575)
Profit from continuing operations		**15,754,694**	15,275,085
Discontinued operations			
Loss from discontinued operations	17	--	(190,764)
Profit from assets held for sale (discontinued operations)	18	--	2,125,141
Net profit from discontinued operations		--	1,934,377
Profit for the year – Exhibit B - 2		**15,754,694**	17,209,462
Basic earnings per share	19	**0.043**	0.047
Basic earnings per share – Continuing operations	19	**0.043**	0.042

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL INFORMATION

SALEM ABDUALLAH SALEM AL HOSANI — **CHAIRMAN**

AHMED SULTAN ESSA AL JABER — **DEPUTY CHAIRMAN**

UMM AL QAIWAIN GENERAL INVESTMENTS COMPANY P.S.C.
A PUBLIC SHAREHOLDING COMPANY
UMM AL QAIWAIN
UNITED ARAB EMIRATES

STATEMENT OF OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 31, 2018

EXHIBIT B-2

	Notes	2018 AED	2017 AED
Profit for the year – Exhibit B – 1		**15,754,694**	17,209,462
Other comprehensive income			
Changes in fair value of investments at FVTOCI	**6 (a)**	**(19,739,026)**	(10,107,723)
Profit from sale of investments at FVTOCI		**951,718**	2,231,897
Land evaluation surplus		**--**	170,993,099
Total		**(18,787,308)**	163,117,273
Total comprehensive (loss)/income for the year – Exhibit C		**(3,032,614)**	180,326,735

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

Umm Al Qaiwain General Investments Company P.S.C.
A Public ShareHolding Company
Umm Al Qaiwain
United Arab Emirates

Statement Of Changes In Shareholders' Equity For The Year Ended December 31, 2018

EXHIBIT C

Description	Capital AED	Legal reserve AED	Cumulative changes in fair value of investment at FVTOCI AED	Land valuation reserve AED	Retained earnings AED	Total AED
Shareholders' equity at December 31, 2016	363,000,000	31,502,072	61,329,952	126,092,756	27,598,447	609,523,227
Profit for the year 2017 – Exhibit B – 1	--	--	--	--	17,209,462	17,209,462
Other comprehensive loss	--	--	(10,107,723)	--	2,231,897	(7,875,826)
Land revaluation surplus	--	--	--	170,993,099	--	170,993,099
Total comprehensive income for the year – Exhibit B – 2	--	--	(10,107,723)	170,993,099	19,441,359	180,326,735
Dividends	--	--	--	--	(25,410,000)	(25,410,000)
Director's remuneration	--	--	--	--	(1,000,000)	(1,000,000)
Transfer to retained earnings on sale of investment at FVTOCI	--	--	(14,879,231)	--	14,879,231	--
Transferred to legal reserve	--	1,720,946	--	--	(1,720,946)	--
Shareholders' equity at December 31, 2017 – Exhibit A	**363,000,000**	**33,223,018**	**36,342,998**	**297,085,855**	**33,788,091**	**763,439,962**
Profit for the year 2018 – Exhibit B – 1	--	**--**	**--**	**--**	**15,754,694**	**15,754,694**
Other comprehensive loss	--	**--**	**(19,739,026)**	**--**	**951,718**	**(18,787,308)**
Total comprehensive loss for the year – Exhibit B – 2	--	**--**	**(19,739,026)**	**--**	**16,706,412**	**(3,032,614)**
Dividends	**--**	**--**	**--**	**--**	**(25,410,000)**	**(25,410,000)**
Director's remuneration	**--**	**--**	**--**	**--**	**(1,400,000)**	**(1,400,000)**
Transfer to retained earnings on sale of investment at FVTOCI	**--**	**--**	**(2,618,207)**	**--**	**2,618,207**	**--**
Transferred to legal reserve	**--**	**1,575,469**	**--**	**--**	**(1,575,469)**	**--**
Shareholders' equity at December 31, 2018 – Exhibit A	**363,000,000**	**34,798,487**	**13,985,765**	**297,085,855**	**24,727,241**	**733,597,348**

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

UMM AL QAIWAIN GENERAL INVESTMENTS COMPANY P.S.C.
A PUBLIC SHAREHOLDING COMPANY
UMM AL QAIWAIN
UNITED ARAB EMIRATES

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2018

EXHIBIT D

	2018	2017
Cash Flows from Operating Activities	**AED**	AED
Profit for the year - **Exhibit B-1**	**15,754,694**	17,209,462
Adjustments for:		
End of service benefits obligation	**40,902**	(155,450)
Profit from investment in shares	**(26,844,474)**	(20,562,325)
Changes in fair value of investment at FVTPL	**7,884,640**	1,539,840
(Profit) /Loss on foreign exchange	**(14,954)**	12,540
Bank interest	**(94,156)**	(9,984)
Finance costs	**4,405**	150,575
Operating loss before working capital changes	**(3,268,943)**	(1,815,342)
Accounts receivable and others	**(111,580)**	209,774
Accounts payable and other payables	**(376,454)**	342,568
Cash used in operating activities	**(3,756,977)**	(1,263,000)
Assets held for sale (discontinued operation)	**--**	2,531,286
Finance costs paid	**(4,405)**	(150,575)
Advance payment received from sale of assets held-for-sale (discontinued operation)	**--**	(3,000,000)
Net movements of investment in shares	**10,591,762**	16,429,489
Profit received from investment in shares	**27,793,081**	25,206,367
Net cash provided by operating activities	**34,623,461**	39,753,567
Cash Flows from Investing Activities		
Bank interest received	**94,156**	9,984
Net cash provided by investing activities	**94,156**	9,984
Cash Flows from Financing Activities		
Paid to shareholders	**(21,713,122)**	(21,284,226)
Board of director's remuneration paid	**(1,400,000)**	(1,000,000)
Bank overdraft	**748,918**	--
Net cash used in financing activities	**(22,364,204)**	(22,284,226)
Net increase in cash and cash equivalents	**12,353,413**	17,479,325
Cash and cash equivalents at the beginning of the year	**20,997,149**	3,517,824
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR – Notes 8 & Exhibit A	**33,350,562**	20,997,149

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

1. GENERAL INFORMATION:

Umm Al Qaiwain General Investments Company (Formerly Umm Al Qaiwain Cement Industries Company), a Public Shareholding Company (hereinafter referred to as "the Company"), was incorporated in Umm Al Qaiwain by Amiri Decree number 2/82 on February 11, 1982.

The Company has registered with the competent governmental authorities in accordance with the law in the United Arab Emirates for the production and trade of cement and import of raw materials. During the year 2015, the Company had discontinued its operations for production and sale of cement as decided in Ordinary General Assembly Meeting on April 18, 2015. The Company has changed its name and commercial activities by making amendments in memorandum and articles of association and other legal formalities. The commercial activity includes investment in lands, buildings, education, health sector, general investments, etc.

The Company had obtained approval from the Securities and Commodities Authority to change the commercial activities and trade name to become Umm Al Qaiwain General Investments Company P.S.C. and obtained a commercial license number 4558 from the Department of Economic Development – Umm Al Qaiwain on April 24, 2016.

The Company is domiciled at Umm Al Qaiwain, United Arab Emirates.

The Company's lifetime period is one hundred years, and commenced from the registration date with concerned authorities.

2. ADOPTION OF NEW AND REVISED STANDARDS:

a) New and amended standards adopted by the Company that did not have material impact on the financial statements.

The new and revised IFRS effective for annual period's beginnings on or after January 1, 2018 have been applied in these statements. The adoption of the new revised IFRS did not have a material impact on the amounts reported in the current and prior years, which may affect the accounting processes of future transactions or arrangements.

The IFRS 9 (Financial Instruments) has been applied early from January 1, 2017.

<u>IFRS 9 Financial Instruments</u>

A finalized version of IFRS 9 ‹which contains accounting requirements for financial instruments, replacing IAS 39 Financial Instruments: Recognition and Measurement. The standard contains requirements in the following areas: i) Classification and measurement: Financial assets are classified by reference to the business model within which they are held and their contractual cash flow characteristics. The 2014 version of IFRS 9 introduces a 'fair value through other comprehensive income' category for certain debt instruments. Financial liabilities are classified in a similar manner to under IAS 39; ii) Impairment: The 2014 version of IFRS 9 introduces an 'expected credit loss' model for the measurement of the impairment of financial assets, so it is no longer necessary for a credit event to have occurred before a credit loss is recognized; iii) Hedge accounting: Introduces a new hedge accounting model that is designed to be more closely aligned with how entities undertake risk management activities when hedging financial and non-financial risk exposures; and iv) Derecognition: The requirements for the derecognition of financial assets and liabilities are carried forward from IAS 39. The Management expects no impact from the new classification, measurement and derecognition rules on the Company's financial assets and financial liabilities.

2. ADOPTION OF NEW AND REVISED STANDARDS: (continued…)

a) New and amended standards adopted by the Company that did not have material impact on the financial statements. (Continued…)

IFRS 15 Revenue from Contracts with Customers

IFRS 15 provides a single, principles based five-step model to be applied to all contracts with customers. The five steps in the model are as follows: i) Identify the contract with the customer; ii) Identify the performance obligations in the contract; iii) Determine the transaction price; iv) Allocate the transaction price to the performance obligations in the contracts; v) Recognize revenue when (or as) the entity satisfies a performance obligation. Guidance is provided on topics such as the point in which revenue is recognized, accounting for variable consideration, costs of fulfilling and obtaining a contract and various related matters. New disclosures about revenue are also introduced.

The Company is committed to performance and recognition of revenue if one of the following criteria is met:

1. The customer simultaneously receives and consumes the benefits of the performance of the company once the company has performed them.
2. The Company’s performance or improvement is controlled by the customer as soon as an asset is created or improved, or
3. The Company’s performance does not create an asset item with an alternative use of the Company and the entity has a binding right in the performance payments performed so far.

For the performance obligations that do not meet any of the above conditions, revenue is recognized when the obligation to perform is satisfied.

Amendments to IAS 40 Transfers of Investment Property

The amendments clarify that a transfer to, or from, investment property necessitates an assessment of whether a property meets, or has ceased to meet, the definition of investment property, supported by observable evidence that a change in use has occurred. The amendments further clarify that the situations listed in lAS 40 are not exhaustive and that a change in use is possible for properties under construction (a change in use is not limited to completed properties). Entities can apply the amendments either retrospectively (if this is possible without the use of hindsight) or prospectively. Specific transition provisions apply.

IFRS 22 Foreign Currency Transactions and Advance Consideration

IFRS 22 addresses how to determine the 'date of transaction' for the purpose of determining the exchange rate to use on initial recognition of an asset, expense or income, when consideration for that item has been paid or received in advance in a foreign currency which resulted in the recognition of a non-monetary asset or non-monetary liability (for example, on-refundable deposit or deferred revenue).

2. ADOPTION OF NEW AND REVISED STANDARDS: (continued…)

a) New and amended standards adopted by the Company that did not have material impact on the financial statements. (Continued…)

IFRS 22 Foreign Currency Transactions and Advance Consideration (continued…)

An interpretation determines that the transaction date is the date which the entity initially recognizes non-monetary assets or non-monetary liabilities arising from payment or receipt of prepayment. If there are multiple payments or receipts in advance, the interpretation requires the entity to determine the transaction date for each payment or receipt in advance. The interpretation is effective for annual periods begins on or after 1 January 2018 with early application permitted. An entity may apply the interpretation either retrospectively or prospectively. Specific transition provisions apply

Annual improvements to IFRSs 2014- 2016 Cycle

The Annual Improvements include amendments to a number of IFRSs are summarized below:

IFRS 1- First-time Adoption of International Financial Reporting Standards. The amendments delete certain short-term exemptions in IFRS 1 because the reporting period to which the exemptions applied have already passed. As such, these exemptions are no longer applicable.

IAS 28 Investments in Associates and joint Ventures

The amendments clarify that the option for a venture capital organization and other similar entities to measure investments in associates and joint ventures at FVTPL is available separately for each associate or joint venture, and that election should be made at initial recognition of the associate or joint venture.

In respect of the option for an entity that is not an investment entity (IE) to retain the fair value measurement applied by its associates and joint ventures that are IEs when applying the equity method, the amendments make a similar clarification that this choice is available for each IE associate or IE joint venture.

Amendments to IFRS 2 Classification and Measurement of Share-based Payment Transactions

The amendments clarify that in estimating the fair value of a cash-settled share-based payment, the accounting for the effects of vesting and non-vesting conditions should follow the same approach as for equity-settled share-based payments. They also clarify that where tax law or regulation requires that a share-based payment arrangement has a 'net settlement feature', it should be classified as equity-settled in its entirety, provided that the share-based payment would have been classified as equity-settled had it not included the net settlement feature. Further, the amendments describe the method of accounting for the modification of a share-based payment that changes the transaction from cash-settled to equity-settled.

2. ADOPTION OF NEW AND REVISED STANDARDS: (continued…)

b) New and revised IFRSs in issue but not yet effective

IFRS 16 Leases

Mandatory for annual periods beginning on or after 1 January 2019. IFRS 16 specifies how an IFRS reporter will recognize, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset have a low value. Lessors continue to classify leases as operating or finance, with IFRS 16's approach to lessor accounting substantially unchanged from its predecessor, IAS 17.

Amendments to IAS 28 and IFRS 10 Sale or contribution of assets between an investor and its associate or joint venture

The amendments clarify the accounting treatment for sales or contribution of assets between an investor and its associates or joint ventures. The application date of these amendments has been deferred indefinitely and its application is not expected to result in a material effect on the financial statements of the Company.
The management expects to apply these standards, new interpretations and amendments to the financial statement of the Company upon its date of initial application. These new standards, interpretations and amendments may have a significant impact on the Company's financial statements in the initial application stage. However, it is not possible to obtain a reasonable assessment of the impact of the application of these standards as the Company is in the process of conducting a detailed review.

IFRS 17 Insurance Contracts

On May 18, 2017, the IASB finished its long-term project to develop an accounting standard on insurance contracts and published IFRS 17, "Insurance Contracts". IFRS 17 replaces IFRS 4, which currently permits a wide variety of practices. IFRS 17 will fundamentally change the accounting for all entities that issue insurance contracts and investment contracts discretionary participation features.

The standard applies to annual periods beginning on or after January 1, 2021, with early application permitted if IFRS 15, "Revenue from contracts with customers" and IFRS 9,"Financial instruments" are also applied.

IFRS 17 requires a current measurement model, where estimates are remeasured in each reporting period. The measurement is based on the building blocks of discounted, probabilities-weighted cash flows, a risk adjustment and a contractual service margin representing the unearned profit of the contract. A simplified premium allocation approach is permitted for the liability for the remaining coverage if it provides a measurement that is not materially different from the general model or if the coverage period is one year or less. However, claims incurred will need to be measured based on the building blocks of discounted, risk-adjusted, probability weighted cash flows.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Basis of preparation:

This financial statement has been prepared in accordance with International Accounting Standards (IFRS) issued by the International Accounting Standards Board (IASB) in accordance with the requirements of the Companies' Laws applied in the United Arab Emirates.

These financial statements are presented in UAE Dirham (the functional currency). In preparing the financial statements, transactions in currencies other than the Company's functional currency (foreign currencies) are recorded at the rates of exchange prevailing in the dates of the transactions. At each statement of financial position date, monetary items denominated in foreign currencies are retranslated at the rates prevailing at the statement of financial position date (closing rate).

Non-monetary items that are measured at historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary items that are measured at fair value in foreign currency are translated using the exchange rates at the date when the fair value was determined.

Exchange differences arising on the settlement of monetary items or on the transfer of monetary items at rates different from those transferred at initial recognition during the period or in the initial financial statements are recognized in statement of profit or loss in the period in which they arise.

The financial statements are prepared under the historical cost convention, except for the lands and investments in financial instruments which are presented at 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, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

Land:

The land is stated at fair value on the basis of valuation performed by external independent evaluator. The increase or decrease in the carrying amount of the revaluation of the land is recognized in other comprehensive income and presented as a revaluation reserve in equity.

As at the date of the preparation of the financial statements, the land is still registered in the name of the Company's former name (Umm Al Quwain Cement Industries Company).

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

Impairment of non-financial assets

At each statement of financial position date, the Company reviews the carrying amounts of its assets to determine whether there is any indication that those assets have been impaired. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any, being the amount by which the carrying amount of the asset exceeds its recoverable amount. The recoverable amount is the higher of asset's fair value less costs to sell and the value in use. The asset's fair value is the amount for which that asset could be exchanged between knowledgeable, willing parties in arm's length transaction. The value in use is the present value of the future cash flows expected to be derived from the asset. An impairment loss is recognized immediately in the profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but the increased carrying amount due to reversal should not be more than what the depreciated historical cost would have been if the impairment had not been recognized in prior periods. A reversal of an impairment loss is recognized immediately in the statement of comprehensive income unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

Financial instruments

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the instruments. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

Financial assets

Financial assets are classified into the following specified categories: financial assets 'at fair value through profit or loss' (FVTPL), 'held-to-maturity' investments, financial assets at fair value through other comprehensive income (FVTOCT) and 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Financial assets are classified at fair value through profit or loss if it is obtained as "held -for-trading".

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

Financial instruments (continued…)

Financial assets (continued…)
In additional to financial reporting purposes, fair values measurements are categorized into three levels based on the possibility of noting the degree of importance of inputs to the fair value measurement process in relation to the entire measurement techniques which can be described as follows:

- *First Level inputs*
  First level inputs are quoted prices (unadjusted) in an active market for identical assets or liabilities that the entity can obtain on the measurement date.
- *Second level inputs*
  Second level inputs are all inputs other than quoted prices included in first level that are observable for assets or liabilities either directly or indirectly.
- *Third level inputs*
  Third level inputs are non-observable inputs for assets and liabilities

- **Financial assets at fair value through other comprehensive income (FVTOCI)**

Investments at fair value through other comprehensive income are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognized in other comprehensive income and accumulated as "Cumulative changes in fair value of investments at fair value through other comprehensive income" under equity. The fair value of these financial assets is its market value.

Where the asset is disposed, the related cumulative gain or loss previously accumulated in the Cumulative changes in fair value of investments at fair value through other comprehensive income is not reclassified to statement of profit or loss, but is reclassified to retained earnings.

Dividends from investment in securities are recognized in statement of profit or loss when the Company's right to receive the dividends is established.

- **Financial assets at fair value through profit or loss (FVTPL)**

A financial asset is classified as held for trading if:
- It has been acquired principally for the purpose of selling it in the near term; or on initial recognition it is part of a portfolio of identified financial instruments that the Company manages together and has a recent actual pattern of short-term profit-taking;
- Or it is a derivative that is not designated and effective as a hedging instrument.

Financial assets at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognized in profit or loss. The net gain or loss recognized in profit or loss incorporates any dividend or interest earned on the financial asset and is included in the 'other gains and losses' line item. Fair value is determined using the income approach, under which, the discounted cash flow method is used to capture the present value of the expected future economic benefits to be derived from the ownership of the investment unless the effect of discounting is immaterial.

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

Financial instruments (continued…)

- **Debt instruments carried at amortized cost or at FVTOCI**

  The Company assesses the classification and measurement of a financial asset based on the contractual cash flow characteristics of the asset and the Company's business model for managing the asset. For an asset to be classified and measured at amortized cost or at FVTOCI, its contractual terms should give rise to cash flows that are solely payments of principal and interest on the principal outstanding (SPPI). At initial recognition of a financial asset, the Company determines whether newly recognized financial assets are part of an existing business model or whether they reflect the commencement of a new business model. The Company reassess its business models each reporting period to determine whether the business models have changed since the preceding period. For the current and prior reporting period, the Company has not identified a change in its business models.

  When a debt instrument measured at FVTOCI is derecognized, the cumulative gain or loss previously recognized in OCI is reclassified from equity to profit or loss. In contrast, for an equity investment designated as measured at FVTOCI the cumulative gain/loss previously recognized in OCI is not subsequently to profit or loss but transferred within equity.
  Debt instruments that are subsequently measured at amortized cost or at FVTOCI are subject to impairment.

Reclassification

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

Effective interest method

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

Cash and cash equivalents

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

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

Financial instruments (continued…)

Other receivables
The Company's financial assets fall within the category of "Other receivables". Other receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Receivables (including trade and other receivables, cash and bank balances, and balances due from related parties) are measured at amortized cost using the effective interest method, less any impairment.
Interest income is recognized by applying the effective interest rate, except for short-term receivables when the effect of discounting is immaterial.

Derecognition of financial assets
The Company derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognizes its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognize the financial asset and also recognizes a collateralized borrowing for the proceeds received.

Financial liabilities
Financial liabilities are classified as either financial liabilities ‘at FVTPL’ or ‘other financial liabilities’

Other financial liabilities (including borrowings, trade and other payables and balances due to related parties) are subsequently measured at amortized cost using the effective interest method unless when the effect of discounting their future cash flows to their carrying amounts using the effective interest method is immaterial.

Employees’ end of service benefits

Provision for employees' end-of-service benefits is calculated in accordance with the Federal Labour Laws of United Arab Emirates. The company measures its obligations under employees' benefits as described in IAS 19 using actuarial valuation method unless the differences between actuarial valuation and actual liability and service cost is immaterial.

Derecognition of financial liabilities
The Company derecognizes financial liabilities when, and only when, the Company’s obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognized in profit or loss.

Impairment of financial assets
Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the recognition of the financial asset, the estimated future cash flows of the investment have been affected.

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

Provisions

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

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

Contingent liabilities

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

Dividend Distribution

The Company recognizes dividends as a liability in the financial statements in the period in which the shareholders approve the dividend distribution.

Effect of changes in accounting policies as a result of implementing the new standards.

The Company has adopted the IFRS 15 (Revenue from contracts with customers) for the first time effective January 1, 2018 and there is no material impact on the financial statement as a result of application. Other interpretations have been applied for the first time in 2018 but have no impact on the financial statements of the Company.

Critical accounting judgements and key sources of estimation of uncertainty.

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing these financial statements, the significant judgements made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the financial statements for the year ended 31 December 2017.

Critical judgements in applying the Company's accounting policies in respect of IFRS 9:

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

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

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

Critical judgements in applying the Company's accounting policies in respect of IFRS 9 (continued…)

- Significant increases of credit risk: ECL are measured as an allowance equal to 12-month ECL for stage 1assets, or lifetime ECL assets for stage 2 or stage 3 assets. An asset moves to stage 2 when its credit risk has increased significantly since initial recognition. IFRS 9 does not define what constitutes a significant increase in credit risk. In assessing whether the credit risk of an asset has significantly increased the Company takes into account qualitative and quantitative reasonable and supportable forward looking information.

- Establishing a group of assets with similar credit risk characteristics: when ECLs are measured on a collective basis, the financial instruments are grouped on the basis of shared risk characteristics (e.g. instrument type, credit risk grade, collateral type, data of initial recognition, remaining term to maturity, industry, geographic location of the borrower, etc). The Company monitors the appropriateness of the credit risk characteristics on an ongoing basis to assess whether they continue to be similar. This is required in order to ensure that should credit risk characteristics change there is appropriate re-segmentation of the assets. This may result in new portfolios being created or assets moving to an existing portfolio that better reflects the similar credit risk characteristics of that group of assets. Re-segmentation of portfolios and movement between portfolios is more common when there is a significant increase in credit risk (or when that significant increase reverses) and so assets move from 12-month to lifetime ECLs, or vice versa, but it can also occur within portfolios that continue to be measured on the same basis of 12-month or lifetime ECLs but the amount of ECL changes because the credit risk of the portfolios differ.

- Models and assumptions used: the Company uses various models and assumptions in measuring fair value of financial assets as well as in estimating ECL. Judgement is applied in identifying the most appropriate model for each type of asset, as well as for determining the assumptions used in these models, including assumptions that relate to key drivers of credit risk.

4. OTHER INFORMATION:

The Company has no investments and does not own shares in the Abraaj Group Company.

5. LAND:

1) Land amounting to **AED 330,925,540** (AED 330,925,540 for 2017) as shown in **Exhibit A** includes land on which assets held-for-sale (discontinued) are situated, in addition to the port land. The lands were evaluated by independent evaluators. The lands have an area of 10,671,317 square feet, the movement over land were as follows:

	2018 AED	2017 AED
Balance at 1 January	**330,925,540**	159,932,441
Land revaluation reserve – Exhibit C	**--**	170,993,099
Fair value as of December 31	**330,925,540**	330,925,540

2) Land registration procedures have not yet been completed on behalf of Umm Al Qaiwain General Investments Company P.S.C as these are still in the former name (Umm Al Qaiwain Cement Industries Co.) As on the date of approval of financial statements, the date of completion of the transfer procedures is unknown.

6. INVESTMENTS IN SECURITIES:

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

	2018 AED	2017 AED
Quoted	**372,931,566**	369,049,428
Unquoted	**5,106,674**	5,387,238
Fair value as of December 31 – Exhibit A	**378,038,240**	374,436,666

1) The investments distributed according to the geographical location are as follows:

Quoted	2018 AED	2017 AED
In U.A.E	**342,875,379**	345,759,217
In GCC countries	**30,056,187**	23,290,211
Total – Note 6 (a) above	**372,931,566**	369,049,428

Unquoted	2018 AED	2017 AED
In U.A.E	**--**	--
In GCC countries	**5,106,674**	5,387,238
Total – Note 6 (a) above	**5,106,674**	5,387,238

6. INVESTMENTS IN SECURITIES (continued…):

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

2) The transactions during the year over these investments as follows :

	2018 AED	2017 AED
Fair value at January 1	**374,436,666**	391,322,031
Net movement during the year	**23,340,600**	(6,777,642)
Changes in investment revaluation – **Exhibit B - 2**	**(19,739,026)**	(10,107,723)
Total	**378,038,240**	374,436,666

3) The cumulative changes in fair value of investments at fair value through other comprehensive income (FVTOCI) amounted to AED 13,985,765 as at December 2018 (AED 36,342,998 for 2017) as shown in Shareholders' Equity.

4) These investments as showing above includes shares amounting to AED 102,644,000 as securities against bank facilities granted to the Company.

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

1) All investments through profit and loss are quoted and distributed according to the geographical location as follows:

	2018 AED	2017 AED
In U.A.E	**29,696,879**	75,644,705
In GCC countries	**5,359,360**	1,213,582
Fair value as of December 31 – Exhibit A	**35,056,239**	76,858,287

2) The transactions over these investments during the year as follows :

	2018 AED	2017 AED
Fair value at January 1	**76,858,287**	88,062,514
Net movement during the year	**(33,917,408)**	(9,664,387)
Changes in investment revaluation – **Exhibit B - 1**	**(7,884,640)**	(1,539,840)
Total	**35,056,239**	76,858,287
	=========	=========

7. ACCOUNTS RECEIVABLE AND OTHERS:

This item consists of the following:

	2018 AED	2017 AED
Receivables on investment in shares	**94,847**	91,736
Due from the staff	**105,444**	--
Bank guarantees	**28,590**	28,590
Interest receivable on term deposits	**6,283**	--
Others	**31,499**	31,646
Total – Exhibit A	**266,663**	151,972

8. CASH AND CASH EQUIVALENTS:

This item consists of the following:

	2018 AED	2017 AED
Petty cash	**20,543**	25,339
Cash at banks – UAE	**12,157,023**	19,323,091
Cash at banks – Kuwait	**6,504,291**	1,534,056
Cash at bank – Oman	**168,705**	114,663
Term deposits with maturity period less than three months	**14,500,000**	--
Total – Exhibits A & D	**33,350,562**	20,997,149

9. SHAREHOLDERS' EQUITY:

a) Capital:

The Company's Capital as shown in **Exhibit A** amounting to **AED 363,000,000** consists of fully paid-up 363,000,000 shares of one Dirham par value for each share.

b) Legal Reserve:

i) In accordance with the Company's Articles of Association, 10% of the profit for the year is to be deducted and retained in legal reserve account and such appropriation shall be suspended when the reserve balance reaches an amount equal to 50% of the Company's paid-up capital. Such appropriation will be resumed whenever the reserve balance becomes less than 50% of the Company's paid-up capital.

9. SHAREHOLDERS' EQUITY (continued…):

b) Legal Reserve (continued…):

ii) The movements over legal reserve during the year are as follows:

	2018 AED	2017 AED
Balance at January 1	**33,223,018**	31,502,072
Transferred from profit	**1,575,469**	1,720,946
Balance at end of the year – Exhibit A	**34,798,487**	33,223,018

c) Cumulative changes in fair value of investment at FVTOCI :

Cumulative changes in fair value of investments at fair value through other comprehensive income represent accumulated gains and losses arising from the revaluation of financial assets at fair value through other comprehensive income.

d) Proposed Dividends :

Board of Directors proposed to the general Assembly Meeting to approve the following distribution of profit:

1) Proposed dividends to shareholders 5% of the paid-up capital amounting to AED 18,150,000 (7% for 2017).

2) Proposed Board of Director remuneration is AED 1,400,000 (AED 1,400,000 for 2017).

The above-mentioned dividend is subject to shareholder approval at the Annual General Assembly Meeting and is not recorded as a liability in these financial statements.

10. END OF SERVICE BENEFITS OBLIGATION:

The movements over this item during the year are as follows:

	2018 AED	2017 AED
Balance at January 1	**716,174**	871,624
Current service cost	**40,902**	55,447
Payments during the year	**--**	(210,897)
Balance at end of the year – Exhibit A	**757,076**	716,174

11. BANK OVERDRAFT:

The bank overdraft as shown in **Exhibit A** amounting to **AED 748,918** represents the withdrawn overdraft balances from bank facilities granted to the Company from local banks in United Arab Emirates.

12. CREDIT FACILITIES:

a) As of the attached financial statements date, the credit facilities extended to the Company by the banks are as follows:

	AED
Overdraft (outstanding - AED 748,918 only)	**235,000,000**
Bank guarantee (Labour)	**28,590**

- The overdraft facility has been obtained from local banks in the United Arab Emirates for the purpose of financing investments and working capital requirements. The interest rate is calculated on basis of one year EIBOR plus a margin.

- In case of exceeding the agreed upon granted bank facilities or any arrears in the payment of the obligations, interest shall be imposed on such excess/overdue liability in addition to the interest agreed upon above.

b) The above facilities are extended against guaranteed shares.

13. RISK MANAGEMENT:

The Company monitors and manages the financial risks relating to its business and operations. These risks include: capital risk, foreign currency risk, market risk, and credit risk.

The Company seeks to minimize the effects of these risks by diversifying the sources of its capital. The Company maintains reports related to functions of risk management and manages treats and observes risks and policies implemented to eliminate risk exposures.

(a) Capital risk:

Regularly, the Company reviews its capital structure, which includes debt and equity securities and considers the cost of capital and the risks associated with each class of the capital. The Company manages its capital to ensure that it will be able to continue as a going concern while maximizing the return to shareholders though the optimization of the debt and equity balance.

13. RISK MANAGEMENT (continued…):

(b) Foreign currency risk:

Foreign currency risk is defined as a risk resulting from the fluctuation in the value of financial instruments as a result of changes in the foreign currency exchange rate. On the date of the financial statements, the Company maintained recognized financial instruments, which are exposed to the foreign currency risk that may cause a change in the related cash flow amounts as a result of the fluctuation of foreign currency exchange rates.

The details of the recognized financial instruments in foreign currencies stated in the attached statement of financial position as of December 31, 2018 are as follows:

Description	Type of foreign currency	Carrying value in UAE Dirham
Financial assets – Kuwait	KD	39,393,969
Cash at bank – Kuwait	KD	6,504,291
Financial assets – Oman	OMR	1,128,252
Cash at bank – Oman	OMR	168,705

(c) Market risk:

Market risk is defined as the risk which causes fluctuation in financial instruments value as a result of change in market prices. International Financial Reporting Standards require disclosure of the financial instruments that are exposed to fluctuation in its value as a result of change in its market prices. The financial instruments that expose the Company to market price fluctuation risk as at December 31, 2018 comprise of investment in financial assets amounting to AED 413,094,479.

(d) Liquidity risk:

The Company's Board of Directors adopted an appropriate liquidity risk management framework as the responsibility of liquidity risk management rests with the Board of Directors. The Company manages liquidity risk by maintaining adequate reserves by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

13. RISK MANAGEMENT: (continued…)

(d) Liquidity risk (continued…):

The following table shows the maturity dates of the Company's financial liabilities as of December 31, 2018 & 2017. The contractual maturity of financial instruments was determined upon the remaining maturity period of financial instrument from the statement of financial position date as follows:

As at December 31, 2018	On demand AED	Less than three months AED	From three months to one year AED	More than one year AED
End of service benefits obligation	--	--	--	757,078
Accounts payable and other payables	--	42,533,902	--	--
Bank overdraft	748,918	--	--	--
Total	**748,918**	**42,533,902**	**--**	**757,078**

As at December 31, 2017	On demand AED	Less than three months AED	From three months to one year AED	More than one year AED
End of service benefits obligation	--	--	--	716,174
Accounts payable and other payables	--	39,213,478	--	--
Total	**--**	**39,213,478**	**--**	**716,174**

(e) Credit risk:

International Financial Reporting Standards require disclosure of information about the Company's exposure to credit risk.

The financial instruments that potentially subject the Company to concentrations of credit risk consist principally of receivables on investments.

14. PROFIT FROM INVESTMENT IN SHARES:

a) This item consists of the following:

	2018 AED	2017 AED
Profit from sale of investment in shares	**8,057,948**	1,814,540
Dividend received	**18,786,526**	18,747,785
Total – Exhibit B -1	**26,844,474**	20,562,325

14. PROFIT FROM INVESTMENT IN SHARES: (continued….)

b) The profit from Investment in shares according to the geographical location are as follows:

	2018 AED	2017 AED
In U.A.E	**25,468,407**	19,059,104
In GCC countries	**1,376,067**	1,503,221
Total	**26,844,474**	20,562,325

15. ADMINISTRATIVE EXPENSE:

This item consists of the following:

	2018 AED	2017 AED
Salaries & wages	**1,992,361**	1,831,507
Employees' bonus	**100,000**	100,000
End of service benefits	**40,902**	43,220
Short-term employees' benefits	**120,683**	189,703
Rent	**--**	77,083
Electricity & water	**174,819**	261,888
Professional fees	**164,478**	213,495
Air tickets	**50,355**	61,330
Sundry expenses	**724,101**	876,882
Total – Exhibit B -1	**3,367,699**	3,655,108

16. OTHER INCOME:

This item consists of the following:

	2018 AED	2017 AED
Bank interest	**94,156**	9,984
Sundry income	**57,854**	60,839
Total – Exhibit B -1	**152,010**	70,823

17. LOSS FROM DISCONTINUED OPERATIONS:

This item consists of the following:

	2018 AED	2017 AED
Salaries	**--**	176,878
Electricity & water	**--**	11,192
Sundry expenses	**--**	2,694
Loss from discontinued operations – Exhibit B-1	**--**	190,764

18. PROFIT FROM ASSETS HELD FOR SALE (DISCONTINUED OPERATIONS):

This item consists of the following:

	2018 AED	2017 AED
Payments received from sale of assets held for sale	--	5,000,000
Sales of sundry assets (discontinued operations)	--	166,427
Assets held for sale (discontinued operations)	--	(2,531,286)
Provisions from disposal assets held for sale	--	(510,000)
Net profit from assets held for sale (discontinued operations) – Exhibit B-1	--	2,125,141

19. BASIC EARNINGS PER SHARE:

Basic earnings per share are determined by dividing the profit for the year over the average number of shares outstanding of ordinary stock.

Particulars	Profit from continuing operations	Profit from discontinued operations	Total
2018:	**AED**	**AED**	**AED**
Profit for the year	15,754,694	--	15,754,694
Average number of the ordinary shares	363,000,000	--	363,000,000
Basic earnings per share – **Exhibit B-1**	**0.043**	**--**	**0.043**
2017:			
Profit for the period	15,275,085	1,934,377	17,209,462
Average number of the ordinary shares	363,000,000	363,000,000	363,000,000
Basic earnings per share – **Exhibit B-1**	**0.042**	**0.005**	**0.047**

20. RELATED PARTY TRANSACTIONS:

There are no transactions with related parties during the year end December 31, 2018.

21. BENEFITS OF THE KEY MANAGEMENT AND MANAGERS:

The benefits of the key management members and managers are as follows:

	2018 AED	2017 AED
Short-term benefits	**1,403,402**	1,339,924
Directors' remuneration	**--**	1,400,000

22. SEGMENT INFORMATION:

The primary segment reporting format is determined to be business segment as the Company's risks and rate of return are affected predominantly by activity lines. The operating business are organized and managed separately according to the nature of activities, with each segment representing a strategic business unit that offer different business strategies.

Business segments

The following table demonstrates profit information and certain assets and liabilities regarding business segments:

	2018		2017		Total	
Particulars	**Manufacturing (Discontinued Operation) AED**	**Investment AED**	Manufacturing (Discontinued Operation) AED	Investment AED	**2018 AED**	2017 AED
Profit from investment	--	19,062,661	--	19,019,929	19,062,661	19,019,929
Allocated expenses (Net)	--	--	(190,764)	--	--	(190,764)
Net segments results	--	**19,062,661**	**(190,764)**	**19,019,929**	**19,062,661**	**18,829,165**
Profit from assets held for sale (discontinued operations)					--	2,125,141
Unallocated expenses					(3,307,967)	(3,744,844)
Profit for the year					**15,754,694**	**17,209,462**
Segment assets	--	**777,637,244**	--	803,369,614	**777,637,244**	803,369,614
Segment liabilities	--	**44,039,896**	--	39,929,652	**44,039,896**	39,929,652
Other segment information						
Land valuation reserve	--	**297,085,855**	--	297,085,855	**297,085,855**	297,085,855
Loss from investments at FVTOCI	--	**(19,739,026)**	--	(10,107,723)	**(19,739,026)**	(10,107,723)

22. SEGMENT INFORMATION: (continued…)

Geographical segments:

The Company's geographical segments are based on the location of the Company's assets. The two geographical segments in which the Company operates comprise of UAE and GCC.

a) Assets distribution:

The following table shows the distribution of the Company's segment assets by geographical market:

	2018 AED	2017 AED
In U.A.E	**730,350,291**	771,738,127
In GCC countries	**47,286,953**	31,631,487
Total	**777,637,244**	803,369,614

b) Financial assets at fair value distribution:

The following table demonstrates financial assets information, the geographical allocation and the nature of activities in which invested:

	2018		2017		Total	
	UAE AED	GCC AED	UAE AED	GCC AED	2018 AED	2017 AED
1) **Investments at FVTOCI**						
Banking sector	289,155,485	3,152,784	296,716,621	672,784	292,308,269	297,389,405
Finance and investment sector	7,651,273	11,625,544	5,027,000	7,690,727	19,276,817	12,717,727
Real estate sector	22,758,183	6,114,309	23,583,841	6,367,905	28,872,492	29,951,746
Industrial sector	2,501,113	5,113,620	3,554,905	5,684,337	7,614,733	9,239,242
Services sector	16,727,021	8,814,477	16,876,850	7,953,110	25,541,498	24,829,960
Technoogy sector	--	342,128	--	308,586	342,128	308,586
Energy sector	1,920,000	--	--	--	1,920,000	--
Telecommunications sector	2,162,303	--	--	--	2,162,303	--
Total	**342,875,378**	**35,162,862**	**345,759,217**	**28,677,449**	**378,038,240**	**374,436,666**
2) **Investments at FVTPL**						
Banking sector	667,548	1,128,252	38,854,725	1,213,582	1,795,800	40,068,307
Finance and investment sector	1,323,000	4,231,108	2,530,500	--	5,554,108	2,530,500
Real estate sector	7,505,809	--	13,743,041	--	7,505,809	13,743,041
Industrial sector	15,180,522	--	15,536,439	--	15,180,522	15,536,439
Services sector	5,020,000	--	4,980,000	--	5,020,000	4,980,000
Total	**29,696,879**	**5,359,360**	**75,644,705**	**1,213,582**	**35,056,239**	**76,858,287**
Total financial assets	**372,572,257**	**40,522,222**	**421,403,922**	**29,891,031**	**413,094,479**	**451,294,953**

23. FAIR VALUE MEASURMENT :

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

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

The Company's financial assets are measured at fair value at the end of the reporting year.

The following table gives information about how the fair values of these financial assets are determined:

	Fair value as at					
Financial assets	**December 31, 2018 AED**	**December 31, 2017 AED**	**Fair value hierarchy**	**Valuation techniques and Key inputs**	**Significant Unobservable Input**	**Relationship of Unobservable inputs to fair value**
Quoted equity investments - FVTOCI	372,931,566	369,049,428	Level 1	Quoted bid prices in an active market	None	NA
Unquoted equity investments - FVTOCI	5,106,674	5,387,238	Level 2	Unpublished prices in the active market (parallel market)	None	NA
Quoted equity investments - FVTPL	35,056,239	76,858,287	Level 1	Quoted bid prices in an active market	None	NA

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

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

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

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

23. FAIR VALUE MEASUREMENT: (continued…)

As at December 31, 2018	Level One AED	Level Two AED	Level Three AED	Total AED
Investments carried at fair value through profit or loss (FVTPL)	35,056,239	--	--	**35,056,239**
Investments carried at fair value through other comprehensive income (FVTOCI) - (Quoted equities)	372,931,566	--	--	**372,931,566**
Investments carried at fair value through other comprehensive income (FVTOCI) - (Unquoted equities)	--	5,106,674	--	**5,106,674**
Total Assets	**407,987,805**	**5,106,674**	--	**413,094,479**

As at December 31, 2017	Level One AED	Level Two AED	Level Three AED	Total AED
Investments carried at fair value through profit or loss (FVTPL)	76,858,287	--	--	**76,858,287**
Investments carried at fair value through other comprehensive income (FVTOCI) - (Quoted equities)	369,049,428	--	--	**369,049,428**
Investments carried at fair value through other comprehensive income (FVTOCI) - (Unquoted equities)	--	5,387,238	--	**5,387,238**
Total Assets	**445,907,715**	**5,387,238**	--	**451,294,953**

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

24. CONTINGENT LIABILITIES:

Contingent liabilities as of the financial statements' date comprises of bank guarantees amounting to AED 28,590.

25. APPROVAL OF THE FINANCIAL STATEMENTS:

These financial statements have been approved by the Company's Board of Directors for issue on February 9, 2019.

26. SOCIAL CONTRIBUTION:

There are no social contribution during the year ended December 31, 2018.

27. GENERAL:

a) These financial statements have been translated from issued Arabic financial statements to English.
b) Prior year's figures have been reclassified wherever necessary for the purpose of comparison.
c) The figures in the financial statements are rounded to the nearest Dirham of United Arab Emirates.