

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

FINANCIAL STATEMENTS
DECEMBER 31, 2019
TOGETHER WITH INDEPENDENT AUDITOR'S REPORT

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

FINANCIAL STATEMENTS
DECEMBER 31, 2019
TOGETHER WITH INDEPENDENT AUDITOR'S REPORT

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Independent Auditor's Report

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Independent Auditor's Report

The Shareholders
Umm Al Qaiwain General Investments Company
Public Shareholding Company
Umm Al Qaiwain - United Arab Emirates

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Umm Al Qaiwain General Investments Company (the "Company") which comprise the statement of financial position as at December 31, 2019, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory notes.

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2019, 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 Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in United Arab Emirates and we have fulfilled our other 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 audit opinion.

Emphasis of matter

Without qualifying our opinion, referring to Note 4, the lands 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.

Other matter

The opening balance of the statement of financial position as at 31 December 2018 and the related notes, amounts in the statements of profit or loss, other comprehensive income, changes in shareholder's equity and cash flows for the year then ended were audited by another auditor who issued an unqualified report on 9 February 2019.

Key audit matters

Key audit matters are those matters that, in our professional judgement, 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.

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 as follows:

- 1) An evaluation was obtained from independent evaluators.
- 2) The difference between the carrying value and the value after the revaluation has been verified.
- 3) The difference is recognized in shareholders' equity under land valuation reserve.
- 4) We discussed with the management on the procedures 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.

Investment in Securities

The company possesses investment in securities comprised of quoted investment 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 cumulative changes in fair value reserve.

We consider the above investments at fair value through other comprehensive income (FVTOCI) a key 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 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 2019, 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.

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 work we have performed, we conclude that there is a material statement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards as adopted in United Arab Emirates 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 management is responsible for overseeing the Company's financial reporting process.

Auditor's 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 auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and 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.
- 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 auditor's 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 auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

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

Report on 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 21.
6. Investments and shares purchased by the Company during the current year disclosed in Note 5.
7. The Social Contribution made during the year disclosed in Note 23.
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 31,2019 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.



Hikmat Mukhaimer FCCA
Registration No. 355
Rödl Middle East
Certified Public Accountants



Sharjah – U.A.E.
February 15, 2020

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

STATEMENT OF FINANCIAL POSITION AS OF DECEMBER 31, 2019

(All amounts are in U.A.E. Dirhams)

	Notes	December 31, 2019	December 31, 2018
ASSETS			
Non-current assets			
Land	4	330,925,540	330,925,540
Investments at fair value through other Comprehensive income (FVTOCI)	5 (A)	256,702,353	378,038,240
Total non-current assets		587,627,893	708,963,780
Current assets			
Investments at fair value through profit or loss (FVTPL)	5 (B)	86,359,614	35,056,239
Trade and other receivables	6	966,540	266,663
Cash and cash equivalent	7	16,620,007	33,350,562
Total current assets		103,946,161	68,673,464
Total assets		691,574,054	777,637,244
SHAREHOLDERS' EQUITY AND LIABILITIES			
Shareholders' equity			
Share capital	8(A)	363,000,000	363,000,000
Legal reserve	8(B)	37,058,424	34,798,487
Investments revaluation reserve-FVTOCI	8(C)	(81,277,388)	13,985,765
Land revaluation reserve		297,085,855	297,085,855
Retained earnings		28,164,837	24,727,241
Total shareholders' equity		644,031,728	733,597,348
Non-current liabilities			
Provision for indemnity	9	851,204	757,076
Total non-current liabilities		851,204	757,076
Current liabilities			
Trade and other payables		45,184,098	42,533,902
Bank overdraft	10	1,507,024	748,918
Total current liabilities		46,691,122	43,282,820
Total liabilities		47,542,326	44,039,896
Total shareholder's equity and liabilities		691,574,054	777,637,244

The accompanying notes are an integral part of these financial statements.


SALEM ABDULLA SALEM AL HOSANI
CHAIRMAN


AHMAD SULTAN ESSA AL JABER
DEPUTY CHAIRMAN


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


STATEMENT OF PROFIT OR LOSS FOR THE YEAR ENDED DECEMBER 31, 2019

(All amounts are in U.A.E. Dirhams)

	Notes	December 31, 2019	December 31, 2018
Revenues			
Profit from investment in shares	11	31,764,795	26,844,474
Changes in fair value of investment at FVTPL	5 (B)	(4,971,263)	(7,884,640)
(Loss) / gain on foreign exchange		(225)	14,954
Other income	12	247,302	152,010
Total revenues		27,040,609	19,126,798
Expenses and other charges			
Finance costs		393,459	4,405
General and administration expenses	13	4,047,778	3,367,699
Total expenses and other charges		4,441,237	3,372,104
Net profit for the year		22,599,372	15,754,694
Basic earnings per share	14	0.062	0.043

The accompanying notes are an integral part of these financial statements.


SALEM ABDULLA SALEM AL HOSANI
CHAIRMAN


AHMED SULTAN ESSA AL JABER
DEPUTY CHAIRMAN

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

Exhibit – B-2

STATEMENT OF OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED DECEMBER 31, 2019
 (All amounts are in U.A.E. Dirhams)

	Notes	December 31, 2019	December 31, 2018
Net profit for the year		22,599,372	15,754,694
Other comprehensive income for the year			
Changes in fair value of investments at FVTOCI	5 (A)	(94,778,419)	(19,739,026)
Profit from sale of investments at FVTOCI		2,163,427	951,718
		-----	-----
Total other comprehensive (loss)		(92,614,992)	(18,787,308)
		-----	-----
Total comprehensive (loss) for the year		(70,015,620)	(3,032,614)
		=====	=====

The accompanying notes are an integral part of these financial statements.

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

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE YEAR ENDED DECEMBER 31, 2019
 (All amounts are in U.A.E. Dirhams)

	Share capital	Legal reserve	Investments revaluation reserve- FVTOCI	Land revaluation reserve	Retained earnings	Total
Balance at December 31, 2017	363,000,000	33,223,018	36,342,998	297,085,855	33,788,091	763,439,962
Net profit for the year	-	-	-	-	15,754,694	15,754,694
Other comprehensive (loss)	-	-	(19,739,026)	-	951,718	(18,787,308)
Total comprehensive (loss) for the year	-	-	(19,739,026)	-	16,706,412	(3,032,614)
Dividends distribution	-	-	-	-	(25,410,000)	(25,410,000)
Board of 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	-
	-	1,575,469	-	-	(1,575,469)	-
Balance at December 31, 2018	363,000,000	34,798,487	13,985,765	297,085,855	24,727,241	733,597,348
Net profit for the year	-	-	-	-	22,599,372	22,599,372
Other comprehensive (loss)	-	-	(94,778,419)	-	2,163,427	(92,614,992)
Total comprehensive (loss) for the year	-	-	(94,778,419)	-	24,762,799	(70,015,620)
Dividends distribution	-	-	-	-	(18,150,000)	(18,150,000)
Board of director's remuneration	-	-	-	-	(1,400,000)	(1,400,000)
Transfer to retained earnings on sale of investment at FVTOCI	-	-	(484,734)	-	484,734	-
	-	2,259,937	-	-	(2,259,937)	-
Balance at December 31, 2019	363,000,000	37,058,424	(81,277,388)	297,085,855	28,164,837	644,031,728

The accompanying notes are an integral part of these financial statements.

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

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED DECEMBER 31, 2019
 (All amounts are in U.A.E. Dirhams)

	December 31, 2019	December 31, 2018
Cash flows from operating activities		
Net profit for the year	22,599,372	15,754,694
Adjustment for: -		
Provision for staff indemnity	94,128	40,902
Profit from investment in shares	(31,764,795)	(26,844,474)
Changes in fair value of investments at FVTPL	4,971,263	7,884,640
(Loss) / Gain on foreign exchange	225	(14,954)
Finance cost	393,459	4,405
Bank interest	(97,302)	(94,156)
Operating (loss) before working capital changes	(3,803,650)	(3,268,943)
Trade and other receivables	(176,606)	(111,580)
Trade and other payables	268,453	(376,454)
Cash used in operating activities	(3,711,803)	(3,756,977)
Finance cost paid	(393,459)	(4,405)
Net movement in investment in shares	(29,717,170)	10,591,762
Proceed from investments sale and dividends received	33,404,725	27,793,081
Net cash flows (used in) / from operating activities	(417,707)	34,623,461
Cash flows from investing activities		
Bank interest received	97,302	94,156
Net cash flows from investing activities	97,302	94,156
Cash flows from financing activities		
Paid to shareholders	(15,768,256)	(21,713,122)
Board of Directors' remuneration paid	(1,400,000)	(1,400,000)
Bank overdraft	758,106	748,918
Net cash flows (used in) financing activities	(16,410,150)	(22,364,204)
Net (decrease) / increase in cash and cash equivalents	(16,730,555)	12,353,413
Cash and cash equivalents at the beginning of the year	33,350,562	20,997,149
Cash and cash equivalents at the end of the year	16,620,007	33,350,562

The accompanying notes are in integral part of these financial statements.

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2019
(All amounts are in U.A.E. Dirhams)

1- LEGAL STATUS AND PRINCIPLE ACTIVITIES

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 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's business activity is development, establishment and management of real estate enterprises, funds and stocks investments (stocks and bonds), investment, establishment and institution in commercial enterprises, entertainment, agriculture, tourism, industrial, infrastructure, educational services, health, energy and ownership and investment of classes and units in the buildings of the investment areas.

The Company is domiciled at Umm Al Qaiwain, United Arab Emirates.
The registered address of the company is Umm Al Qaiwain – UAE.

2 Apply of new and revised accounting standards

2.1 Newly effective standard and amendments and improvements to standards

The new International Financial Reporting Standard ("IFRS" or "standard") No. 16 has become effective with effect from 1 January 2019. The nature and effect of the changes as a result of adoption of this new accounting standard is described below. Several other amendments and interpretations apply for the first time from 1 January 2019, but do not have an impact on the financial statements of the Company. The Company has not early adopted any standards, interpretations or amendments that have been issued but are not yet effective.

- **IFRS 16 Leases**

IFRS 16 was issued in January 2016 and it replaces IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases-Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease.

IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under IAS 17. The standard includes two recognition exemptions for lessees – leases of 'low-value' assets (e.g., personal computers) and short-term leases (i.e., leases with a lease term of 12 months or less). At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset. Lessees will be also required to remeasure the lease liability upon the occurrence of certain events (e.g., a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). The lessee will generally recognise the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset.

(2)

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2019

(All amounts are in U.A.E. Dirhams)

Lessor accounting under IFRS 16 is substantially unchanged from today's accounting under IAS 17. Lessors will continue to classify all leases using the same classification principle as in IAS 17 and distinguish between two types of leases: operating and finance leases.

The adoption of IFRS 16 does not have an impact on the Company's financial statements.

• **Other amendments to Standards**

The following interpretation and amendments to standards have also been applied by the Company in preparation of these financial statements.

- IFRIC Interpretation 23 Uncertainty over Income Tax Treatment
- Amendments to IFRS 9: Prepayment Features with Negative Compensation
- Amendments to IAS 19: Plan Amendment, Curtailment or Settlement
- Amendments to IAS 28: Long-term interests in associates and joint ventures
- Annual Improvements 2015-2017 Cycle (issued in December 2017)
 - Amendments to IFRS 3 Business Combinations
 - Amendments to IFRS 11 Joint Arrangements
 - Amendments to IAS 12 Income Taxes
 - Amendments to IAS 23 Borrowing Costs

The adoption of the above did not result in any changes to previously reported net profit or net assets of the Company.

2.2 New standards and interpretations not yet effective

Standards issued but not yet effective are listed below. The Company Intends to adopt those standards when they become effective:

Adoption not expected to impact the Company's financial statements

<u>Effective date</u>	<u>Description</u>
January 1, 2020	<ul style="list-style-type: none">• Amendments to IFRS 3 "Business Combinations"• Amendments to References to the Conceptual Framework in IFRS Standards
January 1, 2022	<ul style="list-style-type: none">• IFRS 17 "Insurance Contracts"
Effective date to be determined	<ul style="list-style-type: none">• Amendments to IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

3- SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies used in the financial statement are as follows:

3-1 Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standard Board (IASB), interpretations issued by the International Financial Reporting Interpretations committee (IFRIC).

3-2 Accounting convention

The financial statements are prepared in accordance with the historical cost convention modified for the revaluation of some assets at fair value as presented in the accounting policies and attached notes.

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2019

(All amounts are in U.A.E. Dirhams)

3-3 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.

3-4 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 (FVTOCI) 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".

In addition 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

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2019

(All amounts are in U.A.E. Dirhams)

- **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 the fair value are recognised in other comprehensive income and added as "cumulative changes in fair value of investment at fair value through other comprehensive income" under equity. The fair value of these financial assets is its market value.
When the financial asset is disposed, the related cumulative gain or loss previously accumulated in the cumulative changes in fair value of investment at fair value through other comprehensive income is not reclassified to profit or loss, but is reclassified to retained earnings.
Dividends from investments in securities are recognized in the statement of profits or losses when the company's right to receive the dividends is established.
- **Financial assets at fair value through profit or loss(FVTPL)**
Financial assets at fair value through profit or loss are stated at fair value, with recognition of any gain or loss arising from a re-measurement in the profits or losses and any dividends or interests acquired from the financial asset are included in the profits or losses. The fair value is determined using the income method according to which the discounted cash flow method is used to determine the present value of expected future economic benefits resulting from investment ownership unless the impact of the discount is not material.
- **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 in 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.

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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.

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.

3-5 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.

3-6 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.

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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.

3-7 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.

3-8 Dividend Distribution

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

3-9 Lands

The land is stated at fair value on the basis of valuation carried out by external independent evaluator. The increase or decrease in the carrying amount of the revaluation of the land is recognised in the other comprehensive income and is presented as a revaluation reserve in equity. As at the date of preparing the financial statements, the land is still registered in the name of the company's former name (Umm Al Quwain Cement Industries Company).

3-10 Critical accounting estimates and judgments

The preparation of financial statements in conformity with International Financial Reporting Standards requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the year. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances

4- LAND

Land amounting to AED 330,925,540 (AED 330,925,540 for 2018) is evaluated by independent evaluators at end of the financial year. The lands have an area of 10,671,317 square feet.

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.

5- INVESTMENTS IN SECURITIES

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

	December 31, 2019	December 31, 2018
Quoted	254,491,467	372,931,566
Unquoted	2,210,886	5,106,674
	-----	-----
	256,702,353	378,038,240
	=====	=====

(7)

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

Quoted

	December 31, 2019	December 31, 2018
In UAE	229,195,777	342,875,379
In GCC countries	25,295,690	30,056,187
	-----	-----
	254,491,467	372,931,566
	=====	=====

Unquoted

	December 31, 2019	December 31, 2018
In GCC countries	2,210,886	5,106,674
	-----	-----
	2,210,886	5,106,674
	=====	=====

The transactions during the year over these investments as follows:

	December 31, 2019	December 31, 2018
Balance at January 1	378,038,240	374,436,666
Net movement during the year	(26,557,468)	23,340,600
Changes in investment revaluation	(94,778,419)	(19,739,026)
	-----	-----
	256,702,353	378,038,240
	=====	=====

The investments above includes shares amounting of AED 83,723,000 as securities against bank facilities granted to the company

B- Investments at fair value through profit or loss (FVTPL)

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

	December 31, 2019	December 31, 2018
In UAE	77,368,937	29,696,879
In GCC countries	8,990,677	5,359,360
	-----	-----
	86,359,614	35,056,239
	=====	=====

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The transactions during the year over these investments as follows:

	December 31, 2019	December 31, 2018
Balance at January 1	35,056,239	76,858,287
Net movement during the year	56,274,638	(33,917,408)
Changes in investment revaluation	(4,971,263)	(7,884,640)
	-----	-----
	86,359,614	35,056,239
	=====	=====
6- TRADE AND OTHER RECEIVABLES		
	December 31, 2019	December 31, 2018
Receivables on investment in shares	618,118	94,847
Prepaid expense	180,000	-
Due from the staff	103,083	105,444
Bank guarantees	28,590	28,590
Interest receivable on term deposits	-	6,283
Others	36,749	31,499
	-----	-----
	966,540	266,663
	=====	=====
7- CASH AND CASH EQUIVALENTS		
	December 31, 2019	December 31, 2018
Cash on hand	83,352	20,543
Cash at banks- UAE	77,453	12,157,023
Cash at banks - Kuwait	16,202,323	6,504,291
Cash at banks - Oman	256,879	168,705
Term deposits with maturity year less than Six months	-	14,500,000
	-----	-----
	16,620,007	33,350,562
	=====	=====
8- 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 per value for each share.		

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b) Legal Reserve:

- 1) 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.
- 2) The movements over legal reserve during the year as follows:

	<u>December 31, 2019</u>	<u>December 31, 2018</u>
Balance at January 1	34,798,487	33,223,018
Transferred from profit	2,259,937	1,575,469
	-----	-----
Balance at end of the year – Exhibit A	37,058,424	34,798,487
	=====	=====

c) Cumulative changes in the fair value of investments at FVTOCI:

Cumulative changes in the 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.

9- END OF SERVICE BENEFITS OBLIGATION

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

	<u>December 31, 2019</u>	<u>December 31, 2018</u>
Balance at January 1	757,076	716,174
Current service cost	94,128	40,902
Payments during the year	-	-
	-----	-----
	851,204	757,076
	=====	=====

10- BANK OVERDRAFT

The bank overdraft as shown in Exhibit A amounting to AED 1,507,024 represents the withdrawn overdraft balances from bank facilities granted to the Company from local banks in UAE.

11- PROFIT FROM INVESTMENT IN SHARES

	<u>December 31, 2019</u>	<u>December 31, 2018</u>
Dividend received	21,442,973	18,786,526
Profit from sale of investment in shares	10,321,822	8,057,948
	-----	-----
	31,764,795	26,844,474
	=====	=====

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12- OTHER INCOME

	December 31, 2019	December 31, 2018
Bnak interest	97,302	94,156
Sundry income	150,000	57,854
	-----	-----
	247,302	152,010
	=====	=====

13- GENERAL AND ADMINISTRATION EXPENSES

	December 31, 2019	December 31, 2018
Salaries and wages	1,997,798	1,992,361
Employees' bonus	100,000	100,000
Air ticket	49,190	50,355
Rent	90,000	-
End of services benefits	94,128	40,902
Short term employees' benefit	149,847	120,683
Water and electricity	66,058	174,819
Profissional fees	184,719	164,478
Sundry expenses	1,316,038	724,101
	-----	-----
	4,047,778	3,367,699
	=====	=====

14- BASIC EARNINGS PER SHARE

	December 31, 2019	December 31, 2018
Profit for the year	22,599,372	15,754,694
	=====	=====
Average number of ordinary share	363,000,000	363,000,000
	-----	-----
Basic earnings per share	0.062	0.043
	=====	=====

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15- CREDIT FACILITIES:

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

Overdraft (outstanding – AED 1,507,024 only)	AED 250,000,000
Bank guarantee (Labour)	AED 28,590

- The overdraft facility has been obtained from local banks in the UAE for the purpose financing investments and working capital requirements. The interest rate is calculated on the 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.

16- 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 (5 % for 2018)
- 2) Proposed Board of Director remuneration is AED 1,400,000 (AED 1,400,000 for 2018)

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

17- 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:

	<u>December 31, 2019</u>	<u>December 31, 2018</u>
In UAE	638,525,864	730,350,291
In GCC countries	53,048,190	47,286,953
	-----	-----
	691,574,054	777,637,244
	=====	=====

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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:

	<u>December 31, 2019</u>			<u>December 31, 2018</u>			<u>Total</u>
	UAE	GCC	UAE	GCC	GCC	December 31, 2019	December 31, 2018
1- Investments at FVTOCI							
Banking sector	184,135,732	593,906	289,155,486	3,152,783		184,729,638	292,308,269
Finance and investment sector	7,893,700	10,288,329	7,651,273	11,625,544		18,182,029	19,276,817
Real estate sector	17,643,460	7,803,400	22,758,183	6,114,309		25,446,860	28,872,492
Industrial sector	2,303,899	2,270,242	2,501,113	5,113,620		4,574,141	7,614,733
Service sector	11,320,000	-	16,727,021	8,814,477		11,320,000	25,541,498
Technology sector	-	-	-	342,128		-	342,128
Energy sector	4,304,359	-	1,920,000	-		4,304,359	1,920,000
Telecommunication sector	299,995	6,534,000	2,162,303	-		6,833,995	2,162,303
Insurance sector	1,294,632	-	-	-		1,294,632	-
Basic material sector	-	16,699	-	-		16,699	-
	<u>229,195,777</u>	<u>27,506,576</u>	<u>342,875,379</u>	<u>35,162,861</u>		<u>256,702,353</u>	<u>378,038,240</u>
2- Investments at FVTPL							
Banking sector	758,144	2,555,413	667,548	1,128,252		3,313,557	1,795,800
Finance and investment sector	3,255,000	4,392,590	1,323,000	4,231,108		7,647,590	5,554,108
Real estate sector	29,750,437	1,725,824	7,505,809	-		31,476,261	7,505,809
Industrial sector	13,226,605	316,850	15,180,522	-		13,543,455	15,180,522
Service sector	-	-	5,020,000	-		-	5,020,000
Energy sector	14,495,641	-	-	-		14,495,641	-
Insurance sector	15,883,110	-	-	-		15,883,110	-
	<u>77,368,937</u>	<u>8,990,677</u>	<u>29,696,879</u>	<u>5,359,360</u>		<u>86,359,614</u>	<u>35,056,239</u>
Total	<u>306,564,714</u>	<u>36,497,253</u>	<u>372,572,258</u>	<u>40,522,221</u>		<u>343,061,967</u>	<u>413,094,479</u>

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18- FAIR VALUE MEASUREMENT

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. 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.

Assets and liabilities measured at fair value in the statement of financial position are grouped at three levels of the fair value hierarchy. This Company is determined at the lowest level of significant inputs used in the measurement of fair value, as follows:

Level one: Prices offered (unadjusted) in active markets for identical assets or liabilities.

Level two: Inputs other than quoted prices within Level one that can be observable for assets or liabilities either directly (ie as prices) or indirectly (ie derived from prices).

Level three: Inputs of assets or liabilities that are not based on observable market data (unobservable inputs).

As at December 31, 2019

	<u>Level one</u>	<u>Level two</u>	<u>Total</u>
Quoted equity investments – FVTPL	86,359,614	-	86,359,614
Quoted equity investments – FVTOCI	254,491,467	-	254,491,467
Unquoted equity investments- FVTOCI	-	2,210,886	2,210,886
	<u>340,851,081</u>	<u>2,210,886</u>	<u>343,061,967</u>

As at December 31, 2018

	<u>Level one</u>	<u>Level two</u>	<u>Total</u>
Quoted equity investments – FVTPL	35,056,239	-	35,056,239
Quoted equity investments – FVTOCI	372,931,566	-	372,931,566
Unquoted equity investments- FVTOCI	-	5,106,674	5,106,674
	<u>407,987,805</u>	<u>5,106,674</u>	<u>413,094,479</u>

19- CAPITAL RISKS MANAGEMENT

The Company use of financial instruments exposes it to financial risks such as credit risk, Liquidity risks, market risk, foreign currency risk and capital risk.

The Company continuously reviews its risk exposures and takes the necessary procedures to limit these risks at acceptable levels.

The significant risks that the Company is exposed to are as follows:

a) Credit risk

Credit risk is the risk that one party to a financial instrument will fail to pay an obligation causing the other party to incur a financial loss.

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

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b) **Liquidity risks**

Liquidity risk is the risk that the company will be unable to meet its cash obligations. The management of liquidity risks consist of keeping sufficient cash, and arranging financing sources through enough facilities, managing highly liquid assets, and monitoring liquidity on a yearically basis by method of future cash flow.

The maturity of liabilities stated below based on the year from the financial position date to the contractual maturity date. In the case of financial instruments that do not have a contractual maturity date, the maturity is based on management's estimate of time year in which the asset will be collected or disposed and the liability settled.

The following is maturity table for the financial liabilities as of December 31, 2019:

	On demand	Within 3 months	From 3 months to 1 year	From 1 to 5 years	Total
Liabilities					
Provision for staff indemnity	-	-	-	851,204	851,204
Trade and other payables	-	45,184,098	-	-	45,184,098
Bank overdraft	1,507,024	-	-	-	1,507,024
Total liabilities	1,507,024	45,184,098	-	851,204	47,542,326

The following is maturity table for the financial liabilities as of December 31, 2018:

	On demand	Within 3 months	From 3 months to 1 year	From 1 to 5 years	Total
Liabilities					
Provision for staff indemnity	-	-	-	757,076	757,076
Trade and other payables	-	42,533,902	-	-	42,533,902
Bank overdraft	748,918	-	-	-	748,918
Total liabilities	748,918	42,533,902	-	757,076	44,039,896

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, 2019 comprise of investment in financial assets amounting to AED 343,061,967.

d) **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.

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The details of the recognized financial instruments in foreign currencies stated in the attached statement of financial position as of December 31, 2019 are as follows: -

	<u>Type of foreign currency</u>	<u>Carrying value in UAE Dirham</u>
Financial assets - Kuwait	KD	35,350,038
Cash at banks - Kuwait	KD	16,202,323
Financial assets - Oman	OMR	1,147,215
Cash at banks - Oman	OMR	256,879

e) 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 through the optimization of the debt and equity balance.

20- BENEFITS OF THE KEY MANAGEMENT AND MANAGERS

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

	<u>December 31, 2019</u>	<u>December 31, 2018</u>
Short-term benefits	1,589,304	1,403,402
Directors' remuneration	-	1,400,000
	<u>1,589,304</u>	<u>2,803,402</u>
	=====	=====

21- RELATED PARTY TRANSACTIONS

There are no transactions with related parties during the year ended December 31, 2019.

22- CONTINGENT LIABILITIES

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

23- SOCIAL CONTRIBUTION

There are no social contributions during the year ended December 31, 2019.

24- APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved by the Board of Directors on February 15, 2020.