

Report of the Board of Directors for the year ended 31 December 2023

Dear Shareholders,

It is our pleasure to present the Annual Report along with the Audited Consolidated Financial Statements for the fiscal year ended 31 December 2023 on behalf of the Board of Directors.

Principal activities of the Group:

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

Financial review:

The Group has achieved revenue of AED 179.38 million from continuing operations for the year ended 2023 compared with AED 171.43 million from continuing operations for the previous year ended 2022.

The Group has achieved a net profit of AED 17.97 million in 2023 compared to a net profit of AED 17.32 million in 2022. This increase in net profit is mainly attributed to the increase in revenue, decrease in raw material input cost as well as fuel expenses. The management continues the process of reviewing the technical aspects of the production process as well as associated costs which have a significant impact on improving efficiency, increasing productivity, reducing costs and thus being able to maintain a healthy bottom line despite market circumstances.

The total assets of the Group amounted to AED 397.73 million as of 31 December 2023 compared to AED 418.57 million as of 31 December 2022, while the total shareholders' equity is AED 312.50 million as of 31 December 2023 compared to AED 331.90 million as of 31 December 2022.

Despite local and regional market volatility and challenges and the tough competition in the field of building materials industry during last few years, the Group has managed to contribute positively to the development and prosperity of the national economy and continued to strengthen its competitive position within the local and regional markets through maintaining high quality of its products and providing excellent customer service to clients. These factors have supported the company's activities providing sustainability to its operations.

Going concern basis:

The Board of Directors has reasonable expectation that the Group has adequate resources and support to continue its operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the consolidated financial statements for the year ended 31 December 2023.

Events after the period end:

In the opinion of the Board of Directors, no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the reporting period and the date of this report, which is likely to affect, substantially the result of the operations of the Group for the year ended 31 December 2023.

Transactions with related parties:

The consolidated financial statements disclose related party transactions and balances in note 27. All transactions are carried out as part of our normal course of business and in compliance with applicable laws and regulations.

Independent auditors:

M/s. KPMG Lower Gulf Limited, Auditors, United Arab Emirates, were appointed vide Annual General Meeting held on 30 March 2023 for conducting the independent audit for the fiscal year 2023. In the next Annual General Meeting, the shareholders will decide to appoint the independent auditors for the fiscal year 2024.

Acknowledgements:

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

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

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



Ahmed Saeed Mohammed Alraqbani
Chairman

06 February 2024