الإمارات
The Emirates

Integrated Report 2021

شركة اسمنت الخليج ش.م.ع
Gulf Cement Company P.S.C

2020
عام الاستعداد للخمسين

تقرير مجلس الادارة
عن نشاط الشركة ومركزها المالي
للفترة المنتهية في 31 ديسمبر 2021

السادة مساهمي «شركة أسمنت الخليج» المحترمين

السلام عليكم ورحمة الله وبركاته ،،،

بإسمكم نرفع إلى مقام صاحب السمو الشيخ **خليفة بن زايد آل نهيان**
رئيس الدولة حفظه الله ،،
وإلى مقام صاحب السمو الشيخ **محمد بن راشد آل مكتوم**
نائب رئيس الدولة رعاه الله ،،
وإلى مقام صاحب السمو الشيخ **سعود بن صقر القاسمي**
عضو المجلس الأعلى حاكم إمارة رأس الخيمة رعاه الله،،

يطيب لي بالأصالة عن نفسي وبالنيابة عن أخواني أعضاء مجلس الإدارة أن أرحب بكم في اجتماع الجمعية العمومية (46) ، كما يسرنا أن نضع بين أيديكم تقرير عن نشاط الشركة ومركزها المالي للفترة المنتهية في 31 ديسمبر 2021.

إن صناعة الاسمنت ركيزه من ركائز الاقتصاد الوطني ، التي ساهمت في الطفره العمرانيه التي شهدتها دول المنطقة وكانت شركة أسمنت الخليج داعمة لهذا التطور بمنتجاتها المطابقة للمواصفات البيئية العالمية ومساهمتها في دعم الإقتصاد الوطني، وفي ظل بيئة متعددة المخاطر وسريعة التغير والتحديات المستمره على الصعيد الداخلي والخارجي .

لقد تبنى مجلس الإدارة نهج آمن في إدارة المخاطر لتجسيد ثقافة الإمتياز في كل ما تقوم به الشركة من أعمال، إيماناً بأهمية الاستمرار بأن تكون الشركة أحد أعمدة الصناعة المرموقة وترسيخ مكانتها العالمية من خلال علاقاتها بالشركات والأسواق المختلفة، والتمسك بجودة المنتج العالية المطابقة للمواصفات العالمية.

أدء الشركة خلال العام 2021

إن استمرار التحديات الكبيرة التي تمر بها صناعة الاسمنت متمثلة باستمرار انخفاض الطلب وأسعار الاسمنت والكلنكر في السوق المحلي والتأثير الكبير في الأسواق الخارجية بسبب الإغراق والمنافسة الدولية، واستمرار تداعيات جائحة كورونا التي يمر بها العالم، زاد من المسؤوليات الملقاه على عاتق المجلس والذي اعتمد حزمة من التوجهات الاستراتيجية بما يضمن الحد الأدنى من التأثيرات السلبية وتجاوز هذه المرحلة، كما كان لدعم الحكومة المحلية اللامحدود الأثر في دفع مسيرة الشركة ومواجهة التحديات الصعبة، حيث نجحت الشركة بتخفيض تكلفة الانتاج وذلك من خلال الاستقرار التشغيلي وتحقيق الحد الأقصى من السيطرة على الكلفة والتوازن بين الانتاج والتسويق حسب متطلبات الأسواق، وقد أدى التزام الإدارة التنفيذية والعاملين بالشركة بهذه التوجهات الي الحفاظ على علاقاتها الاستراتيجية مع جميع المتعاملين بكل شفافية ونزاهة.

الإستثمارات

تمتلك الشركة محفظة استثمارات داعمة لأعمال الشركة ومساندة للعمليات التشغيلية، حيث انعكست رؤية واستراتيجية المجلس في إدارة محفظة استثمارات الشركة إلى تحقيق نتائج ايجابية خلال العام 2021.

الرسالة المجتمعية

حرصت القيادة الرشيدة في دولة الإمارات العربية المتحدة على تعميق مظلة الأمان الاجتماعي وجعلتها ضمن أولوياتها الرئيسية بالعمل على تعميق التلاحم المجتمعي، وترسيخ التعاضد الاجتماعي بين مختلف شرائح المجتمع وفئاته، وأصبحت المسؤولية المجتمعية لشركة أسمنت الخليج ذات الأولوية الوطنية المرتبطة بأهداف التنمية المستدامة، بما يضمن تحفيز العطاء المؤسسي وتعزيز المساهمة في تنمية المجتمع.

الحفاظ على البيئة

تحرص الشركة بأن تكون رائدة في الحفاظ على البيئة واستدامتها من خلال تطبيق أفضل الممارسات ذات الصلة تحت شعار بيئة مستدامة ومنتج أخضر، حيث تولي الشركة جل اهتمامها وجهودها في مشاريع الاستدامة البيئية التي تسهم في الحفاظ على الموارد الطبيعية، كما تعمل الشركة على دعم توجهات الدولة نحو الإقتصاد الأخضر والتي تتناسب مع المكانة المرموقة لدولة الإمارات العربية المتحدة.

قواعد الحوكمة

تلتزم الشركة بمجموعة من الضوابط والقواعد والمواثيق التي تحقق الانضباط المؤسسي في إدارة الشركة وفقاً للمعايير والأساليب العالمية، ودعم ثقافة حوكمة الشركة وجميع العاملين بها من خلال المراجعة المستمرة لسياساتها وبرامجها بهدف تطويرها بشكل دائم ، وتؤمن الشركة بأهمية تطبيقها لإرساء قواعد الشفافية والعدالة والمسائلة وذلك استناداً إلى أفضل الممارسات والمعايير.

رؤية عام 2022

إن مؤشرات الأسواق تشير إلى استمرار التحديات وارتفاع أسعار الطاقة والذي سينعكس سلباً على الكلفة، بالإضافة إلى تداعيات جائحة كورونا التي لم يتم التعافي منها بشكل كامل، كذلك استمرار الإغراق والمنافسة الشديدة في الأسواق الخارجية، ولكن بالتخطيط ورسم الاستراتيجيات وتنفيذ رؤية المجلس دعماً لمسيرة الشركة بأفضل استقرار تشغيلي وأكبر طاقة إنتاجية ممكنة تتوافق مع إمكانية التسويق والحفاظ على أسواق الشركة الخارجية، وذلك سعياً لتحقيق النتائج المرجوة خلال العام 2022.

الخاتمة

في الختام أتقدم بالشكر الجزيل إلى مساهمي الشركة الكرام، والجهات والمؤسسات الحكومية والمحلية والمجتمعية والهيئات والأسواق المالية، وعملاؤنا والعاملين بالشركة.

والله ولي التوفيق

كايد بن عمر بن صقر القاسمي
رئيس مجلس الإدارة

Gulf Cement Company P.S.C.

FINANCIAL STATEMENTS

31 DECEMBER 2021

Building a better working world

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INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF GULF CEMENT COMPANY P.S.C.

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Gulf Cement Company P.S.C. (the "Company"), which comprise the statement of financial position as at 31 December 2021, and the statements of profit or loss and statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then then ended, and notes to the financial statements, including a 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 31 December 2021 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRS").

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 Code of Ethics for Professional Accountants (including International Independence Standards) (the "IESBA Code") together with the ethical requirements that are relevant to our audit of the financial statements in the United Arab Emirates, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

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

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the financial statements section* of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF GULF CEMENT COMPANY P.S.C. (continued)

Report on the audit of the financial statements (continued)

Key audit matters (continued)

Key audit matter	How our audit addressed the key audit matter
Impairment of property, plant and equipment	
The Company has property, plant and equipment ("PPE") amounting to AED 659.2 million as of 31 December 2021. A history of recurrent gross and net losses and the fact that the value of shareholders' equity exceeds the market capitalisation of the Company have led to indicators of impairment. During 2021, management estimated the recoverable amount of its PPE being the higher of fair value less costs of disposal ("FVLCD") and value in use ("VIU"). FVLCD was assessed through the assistance of an external valuer while VIU was completed by the management. Management has concluded that both the FVLCD and the VIU are higher than the carrying amount of the PPE such that no impairment provision was required for the year ended 31 December 2021. Since significant judgement, assumptions and estimation uncertainty is involved in assessing the impairment, we have identified this as a key audit matter. Note 11 to the financial statements includes relevant disclosures and note 4 includes key source of estimation uncertainty.	Our procedures to test the impairment analysis performed by the Company included the following ▪ We examined the methodology used by management, including those used by the external valuer to assess the recoverable amount of the PPE in accordance with International Financial Reporting Standards (IFRS); ▪ We evaluated the appropriateness of the assumptions and judgments used by the management including input data used to estimate the cash flow forecasts and the input data provided by management to the external valuer such as asset information and historical performance; ▪ We evaluated the reasonableness of management's forecasts for (a) annual revenue growth rates, (b) Gross margins, (c) Terminal growth rate, (d) operating expenses, (e) Capital expenditures, and (f) working capital changes by comparing the forecasts to (1) the historical operating results of the PPE (2) internal communications to management and the Board of Directors; ▪ We evaluated the external valuer's competence, capabilities and objectivity including the scope of the engagement. ▪ We verified the appropriateness of the computation of Weighted Average Cost of Capital ("WACC") and terminal growth rate used in the determination of cash flow forecasts ▪ We have assessed the appropriateness of the disclosures in the financial statements.

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF GULF CEMENT COMPANY P.S.C. (continued)

Report on the audit of the financial statements (continued)

Key audit matters (continued)

Key audit matter	How our audit addressed the key audit matter
Allowance for slow moving and obsolete inventories	
The gross balance of inventories as at 31 December 2021 amounted to AED 99.8 million, against which provision for slow moving and obsolete inventories amounting to AED 21.0 million was made. Inventories include various types of inventory which are reported at the lower of cost or net realizable value. Assessing net realizable value of inventories is an area of significant judgement, in particular with regard to the estimation of allowance for slow-moving and obsolete inventories and a history of negative gross margin on sales. Management has relied upon their experience, physical verification, operational condition and understanding of the nature and use of inventory items and has accordingly made estimations for allowance for slow moving and obsolete inventories. Since significant judgement is involved in assessing the required allowance, we have identified this as a key audit matter. Note 15 to the financial statements includes disclosure of allowance for slow moving and obsolete inventories and note 4 includes significant judgments in applying accounting policies.	As part of our audit, the procedures to test the management estimate of allowance for slow-moving and obsolete inventories included the following: ▪ We inquired of management to understand the procedures undertaken as part of the inventory review and assessment of allowance for slow moving and obsolete items. ▪ We evaluated the analysis and assessments made by the management with respect to the carrying value and slow and obsolete inventories considering the expected demand and market value related to finished products. ▪ We observed the inventory count performed by management's expert and assessed the physical existence and condition of selected samples of the inventories. ▪ We tested the valuation of year end inventory for a sample of selected inventory items, including review of judgements considered regarding obsolescence and net realizable value. ▪ We also assessed the adequacy of the Company's disclosures in note 15 to the financial statements.

Report on the audit of the financial statements (continued)

Key audit matters (continued)

Key audit matter	How our audit addressed the key audit matter
<u>Going concern assumption</u> As explained in note 1.1 to the financial statements, the Company incurred a loss of AED 53.0 million during the year, and as at 31 December 2021 accumulated losses of the Company amounted to AED 78.2 million. As at 31 December 2021, the current liabilities exceeded its current assets by AED 55.0 million. As disclosed in the assessment of liquidity risk in note 28 to the financial statements, the Company has financial liabilities of AED 231.0 million to be settled within one year from 31 December 2021. The Company has cash and cash equivalents of AED 7.2 million, other current assets of AED 170.2 million, other non-current liquid investments of AED 31.1 million and unutilized borrowing facilities of AED 58.1 million. The financial statements have been prepared on a going concern basis. The availability of sufficient funding, meeting its budgets including revenue targets and management's assessment of whether the Company will be able to continue meeting its obligations under its financing covenants were important for the going concern assumption and, as such, were significant aspects of our audit. This assessment was largely based on the expectations of, and the estimates made by management. The expectations and estimates can be influenced by subjective elements such as estimated future cash flows, forecasted results and margins from operations, and are sensitive, in particular, to expected raw material prices, sales prices of the Company's products in the foreseeable future and availability of sufficient borrowing facilities.	Our procedures in relation to the management's assessment of going concern assumption included: ▪ We obtained an understanding of the process over the liquidity assessment, compliance with the debt covenants and preparation of the cash flow forecast for the next 12 months after the reporting date. ▪ We analysed management's future cash flow forecasts, and the process by which they were prepared, and reviewed the reasonableness of underlying key assumptions such as expected cash inflow from product sales, external funding and cash outflow from operating and other activities. ▪ Regarding revenue expectations, we reviewed the reasonableness of the estimates made by management by assessing whether the estimates regarding sales forecasts and sales prices are in line with historical revenues to date, approved purchase orders to date and budget approved by the Board of Directors. We also inquired about an alternative scenario analysis of management using the low end of revenue forecasts and accompanying key assumptions to ascertain the extent of change in those assumptions that either individually or collectively would lead to alternative conclusions. ▪ We read the minutes of the meeting of the Board of Directors in order to understand future plans and to identify potential contradictory information.

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF GULF CEMENT COMPANY P.S.C. (continued)

Report on the audit of the financial statements (continued)

Key audit matters (continued)

Key audit matter	How our audit addressed the key audit matter
Going concern assumption (continued)	▪ Obtained an understanding of the financing plan, and the progress made on executing against the plan up to the date of this report. We reviewed the financing options being considered by the Company and made our own assessment of the likelihood and feasibility of each option. ▪ We agreed the details of the Company's used and unused available credit facilities (including the amendment and extension of credit facilities) to the supporting documentation. ▪ We assessed the adequacy of the disclosures with respect to the going concern assessment.

Other information

Other information consists of Management's Report other than the financial statements and our auditor's report thereon. Management is responsible for the other information.

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 the other information 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 board of directors for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs, and in compliance with the applicable provisions of the Company's Articles of Association and the UAE Federal Law No. (2) of 2015 (as amended), and for such internal control as management determines is necessary to enable the preparation of the 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 are responsible for overseeing the Company's financial reporting process.

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF GULF CEMENT COMPANY P.S.C. (continued)

Report on the audit of the financial statements (continued)

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 judgement 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 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 the board of directors 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 the audit of the financial statements (continued)

Auditors' responsibilities for the audit of the financial statements (continued)

We also provide the board of directors 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, actions taken to eliminate threats or safeguards applied.

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

Report on other legal and regulatory requirements

Further, as required by the UAE Federal Law No. (2) of 2015 (as amended), we report that for the year ended 31 December 2021:

i) the Company has maintained proper books of account;

ii) we have obtained all the information we considered necessary for the purposes of our audit;

iii) the financial statements have been prepared and comply, in all material respects, with the applicable provisions of the Company's Articles of Association and UAE Federal Law No. (2) of 2015 (as amended);

iv) the financial information included in the Management's report is consistent with the books of account of the Company;

v) investments in shares and stocks during the year ended 31 December 2021, are disclosed in note 13 to the financial statements;

vi) note 24 reflects material related party transactions and the terms under which they were conducted;

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF GULF CEMENT COMPANY P.S.C. (continued)

Report on other legal and regulatory requirements (continued)

vii) based on the information that has been made available to us, nothing has come to our attention which causes us to believe that the Company has contravened during the financial year ended 31 December 2021, any of the applicable provisions of the UAE Federal Law No. (2) of 2015 (as amended) or of its Article of Association which would materially affect its activities or its financial position as at 31 December 2021; and

viii) note 8(a) reflects the social contributions made during the year.

For Ernst & Young

Signed by:
Ashraf Abu Sharkh
Partner
Registration No. 690

14 February 2022

Sharjah, United Arab Emirates

STATEMENT OF PROFIT OR LOSS
For the year ended 31 December 2021

	Notes	*2021* *AED*	*2020* *AED*
Revenue from contracts with customers	5	**340,637,382**	345,878,760
Cost of sales	6	**(377,108,360)**	(402,728,248)
GROSS LOSS		**(36,470,978)**	(56,849,488)
Other operating income	7	**3,933,367**	7,175,548
Selling, general and administrative expenses	8	**(39,619,560)**	(46,336,016)
Impairment of property, plant and equipment	11	**-**	(172,392,819)
Investment income/ (loss) - net	9	**11,208,335**	(3,111,379)
Finance cost		**(2,229,301)**	(2,953,938)
Other income	10	**10,189,812**	1,004,517
LOSS FOR THE YEAR		**(52,988,325)**	(273,463,575)
Earnings per share (EPS):			
Basic loss per share	22	**(0.13)**	(0.67)

The attached notes 1 to 29 form part of these financial statements.

STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 December 2021

	Notes	***2021*** ***AED***	*2020* *AED*
LOSS FOR THE YEAR		**(52,988,325)**	(273,463,575)
OTHER COMPREHENSIVE INCOME:			
Other comprehensive income that will not be reclassified to profit or loss in subsequent years			
Profit on disposal of investments carried at fair value through other comprehensive income (FVTOCI)	13(a)	**103,744**	9,980,000
Net change in fair value of investments carried at FVTOCI	13(b)	**1,563,307**	(4,697,087)
Total other comprehensive income		**1,667,051**	5,282,913
TOTAL COMPREHENSIVE LOSS FOR THE YEAR		**(51,321,274)**	(268,180,662)

The attached notes 1 to 29 form part of these financial statements.

Gulf Cement Company P.S.C.

STATEMENT OF FINANCIAL POSITION

As at 31 December 2021

	Notes	***2021 AED***	*2020 AED*
ASSETS			
Non-current assets			
Property, plant and equipment	11	**659,158,116**	668,385,081
Investment property	12	**12,630,000**	10,700,000
Investment carried at fair value through other comprehensive income (FVTOCI)	13(a)	**31,137,293**	28,210,176
Trade and other receivables	14	**2,067,283**	2,167,283
Total non-current assets		**704,992,692**	709,462,540
Current assets			
Inventories	15	**78,794,325**	70,951,927
Trade and other receivables	14	**54,400,828**	91,605,898
Investment carried at fair value through profit or loss (FVTPL)	13(b)	**37,024,967**	39,703,643
Bank balances and cash	16	**7,182,161**	6,267,930
Total current assets		**177,402,281**	208,529,398
TOTAL ASSETS		**882,394,973**	917,991,938
EQUITY AND LIABILITIES			
Equity			
Share capital	17	**410,548,410**	410,548,410
Reserves	18	**348,663,041**	369,190,461
Fair value reserves	13(a)	**(39,675,070)**	(58,537,574)
Accumulated losses		**(78,189,194)**	(8,005,416)
Total equity		**641,347,187**	713,195,881
Non-current liabilities			
Provision for employees' end of service indemnity	19	**8,480,783**	8,815,240
Term loans	20	**122,949**	322,978
Total non-current liabilities		**8,603,732**	9,138,218
Current liabilities			
Bank borrowings	20	**28,996,574**	55,498,001
Term loans	20	**200,469**	189,424
Trade and other payables	21	**203,247,011**	139,970,414
Total current liabilities		**232,444,054**	195,657,839
Total liabilities		**241,047,786**	204,796,057
TOTAL EQUITY AND LIABILITIES		**882,394,973**	917,991,938

Kayed Omar Saqr Mohamed Al Qassimi
Chairman of the Board of Directors

The attached notes 1 to 29 form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2021

	Share capital AED	*Reserves AED*	*Fair value reserve AED*	*Accumulated losses AED*	*Total AED*
Balance at 1 January 2021	410,548,410	369,190,461	(58,537,574)	(8,005,416)	713,195,881
Loss for the year	-	-	-	(52,988,325)	(52,988,325)
Other comprehensive income for the year	-	-	1,563,307	103,744	1,667,051
Total comprehensive loss for the year	-	-	1,563,307	(52,884,581)	(51,321,274)
Transfer of fair value reserve of equity instruments designated at FVTOCI (note 13(a))	-	-	17,299,197	(17,299,197)	-
Dividend distribution (note 23)	-	(20,527,420)	-	-	(20,527,420)
Balance at 31 December 2021	**410,548,410**	**348,663,041**	**(39,675,070)**	**(78,189,194)**	**641,347,187**

The attached notes 1 to 29 form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY (continued)
For the year ended 31 December 2021

	Share capital AED	*Reserves AED*	*Fair value reserve AED*	*Accumulated losses AED*	*Total AED*
Balance at 1 January 2020	821,096,820	369,190,461	(165,820,487)	(43,090,251)	981,376,543
Loss for the year	-	-	-	(273,463,575)	(273,463,575)
Other comprehensive (loss) / income for the year	-	-	(4,697,087)	9,980,000	5,282,913
Total comprehensive loss for the year	-	-	(4,697,087)	(263,483,575)	(268,180,662)
Transfer of fair value reserve of equity instruments designated at FVTOCI (note 13(a))	-	-	111,980,000	(111,980,000)	-
Share capital reduction through offsetting of accumulated losses (note 17)	(410,548,410)	-	-	410,548,410	-
Balance at 31 December 2020	410,548,410	369,190,461	(58,537,574)	(8,005,416)	713,195,881

STATEMENT OF CASH FLOWS
For the year ended 31 December 2021

	Notes	*2021* *AED*	*2020* *AED*
OPERATING ACTIVITIES			
Loss for the year		**(52,988,325)**	(273,463,575)
Adjustments to reconcile loss to cash flows:			
Depreciation of property, plant and equipment	11	**44,948,120**	60,760,200
Impairment of property, plant and equipment	11	**-**	172,392,819
Finance cost		**2,229,301**	2,953,938
Provision for employees' end of service indemnity	19	**548,037**	210,000
(Reversal)/ provision for expected credit losses	14	**(217,686)**	2,467,900
Fair value (gain)/ loss on investment properties	12	**(1,930,000)**	1,311,300
Unrealized (gain)/ loss on investments carried at FVTPL	13(b)	**(5,080,931)**	4,890,962
Gain on sale of investments in securities	9	**(887,532)**	-
Interest and dividend income	9	**(3,309,872)**	(3,090,883)
Unwinding of receivable from sale of an associate	10	**(400,000)**	-
		(17,088,888)	(31,567,339)
Working capital adjustments			
Trade and other receivables		**37,922,756**	45,937,559
Inventories		**(7,842,398)**	40,491,495
Trade and other payables		**62,588,828**	(40,796,402)
		75,580,298	14,065,313
Employees' end of service indemnity paid	19	**(882,494)**	(1,936,760)
Finance cost paid		**(2,229,301)**	(2,953,938)
Net cash flows from operating activities		**72,468,503**	9,174,615
INVESTING ACTIVITIES			
Purchase of property, plant and equipment	11	**(35,721,155)**	(25,920,526)
Purchase of investments carried at FVTOCI	13	**(19,933,938)**	-
Proceeds on disposal of investments in securities		**27,321,011**	10,000,000
Dividends received		**3,303,432**	3,077,339
Interest income		**6,440**	13,544
Net cash flows used in investing activities		**(25,024,210)**	(12,829,643)
FINANCING ACTIVITIES			
Net movement in bank borrowings and term loans		**(26,690,411)**	3,497,103
Dividends paid		**(19,839,651)**	(133,090)
Net cash flows (used in)/ from financing activities		**(46,530,062)**	3,364,013
NET INCREASE/ (DECREASE) IN BANK BALANCES AND CASH DURING THE YEAR		**914,231**	(291,015)
Bank balances and cash at the beginning of the year		**6,267,930**	6,558,945
BANK BALANCES AND CASH AT THE END OF THE YEAR	16	**7,182,161**	6,267,930

The attached notes 1 to 29 form part of these financial statements.

1. ACTIVITIES

Gulf Cement Company P.S.C. (Public Shareholding Company) - Ras Al Khaimah (the "Company") is incorporated as a public shareholding company by Emiri decree number 24/77 issued by His Highness, The Ruler of Ras Al Khaimah, U.A.E., in 1977. The address of the Company's registered office is P. O. Box 5295, Ras Al Khaimah, United Arab Emirates. The Company's shares are listed on Abu Dhabi Securities Exchange (ADX). In the General Assembly Meeting held on 2 April 2020, the shareholders approved the delisting of the Company's shares from Kuwait Stock Exchange (Boursa Kuwait). The last day of trading of the Company's shares in Boursa Kuwait was on 14 December 2020.

The principal activities of the Company are production and marketing of all types of cement.

1.1 ASSESSMENT OF GOING CONCERN ASSUMPTION

During the year ended 31 December 2021, the Company incurred a loss of AED 52.98 million compared to a net loss of AED 273.5 million in the previous year. Despite the slowdown in the overall economic situation due to the consequences of the COVID-19 outspread, tough price business conditions and a continuous excess supply pressure, the Company's performance has been improved during the year ended 31 December 2021.

The major challenges during the year were the supply chain disruption post Covid-19, recovery, which impacted rising global fuel and energy prices which constitute prominent portion of the total cost of production, controlling fixed cost and scheduled maintenance considering world-wide Covid-19 restrictions on movement and trade. The Company has shown resilience in all respect and adopt all tangible measures to improvise the situation in Company favour. The cost control measures, and various strategies adopted by management in 2020 in all areas with a specific focus to reduce fixed costs have started reaping fruit during the year 2021, with a significant reduction in fixed cost by AED 22 million.

In significance, the Company has been successful to an extent in shifting the burden of higher input cost by increasing the selling prices, substituting high fuel cost with other burning materials and sources, utilizing best possible mix of power sources, and carrying out the successful maintenance of the plant. However, these all efforts were substantially materialized by the end of the year 2021. Hence, the Company expect significant improvement in performance in next year.

On liquidity side, even during this challenging time, the Company was able to manage its liquidity position without going for any significant external finance. The Company reduced the external borrowing by AED 26.5 million during the year 2021. Further, the Company has sufficient internal and external sources of finance until the time the performance metrics are improved which is expected to happen in the near future. The Company is currently low-leveraged and consequently management believe that it is better placed to face off the headwinds as compared to its competitors. At 31 December 2021 the Company had available of AED 46.9 million (2020: AED 102.3 million) of undrawn committed borrowing facilities.

Management shall continue the following strategies:

- Developing strategies to concentrate and expand the Cement sales volumes which is under significant pressure
- Deferment of all non-essential and discretionary expenditure for the conceivable future;
- Restricting capital expenditure to essential maintenance levels;
- Strict working capital management and reducing working capital in line with lower activity levels;
- energy conservative measures and right mix of power sources and effective and efficient use of available resources to be lowest cost-producer in the country through

Management is cognizant of the challenges that lie ahead and will continue proactively adapt in order to ensure optimum performance of the Company.

Management believes that as the economic activities gain further momentum, stability in commodity prices and the effects of pandemic decline, the market is projected to make a broad based recovery to keep the cement demand going in addition to the above actions, combined with other strategic and operational measures taken by the Board of Directors will effectively transform the profitability of the Company in the foreseeable future.

The Company will continue to closely monitor the impact of COVID-19 as the situation progresses to manage the potential business disruption COVID-19 outbreak may have on its operations and financial performance in 2022.

2. BASIS OF PREPARATION AND CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

Basis of preparation
The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and in compliance with the applicable provisions of the Company's Articles of Association and the UAE Federal Law No. (2) of 2015 (as amended).

The financial statements are prepared on a historical cost basis except for investments carried at fair value through profit or loss, investments carried at fair value through other comprehensive income and investment property that have been measured at fair value.

The financial statements have been presented in United Arab Emirates Dirhams ("AED"), which is also the functional currency of the Company, and all values are rounded to the nearest AED except where otherwise indicated.

Changes in accounting policies and disclosures
The accounting policies adopted in the preparation of the financial statements are consistent with those used in the previous year, except as follows:

New and amended standards and interpretations
New and amended standards effective for annual period beginning on or after 1 January 2021

- Interest Rate Benchmark Reform – Phase 2: Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16

The amendments and interpretations apply for the first time in 2021, but do not have any material impact on the financial statements of the Company.

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Company's financial statements are disclosed below. The management is currently assessing the impact of adopting the below standards, amendments and interpretations on the Company's financial statements in the period of their initial application and intends to adopt these new and amended standards and interpretations, if applicable, when they become effective.

The amendments and interpretations apply for the first time in 2021, but do not have any material impact on the financial statements of the Company.

Standards issued but not yet effective
The new and amended standards and interpretations that are issued as listed below, but not yet effective, up to the date of issuance of the Company's financial statements are disclosed below.

- Covid -19-Related Rent Concessions beyond 30 June 2021 – Amendments to IFRS 16 effective for annual periods beginning on or after 1 April 2021)

- IFRS 17 Insurance Contracts (effective for reporting periods beginning on or after 1 January 2023, with comparative figures required. Early application is permitted, provided the entity also applies IFRS 9 and IFRS 15 on or before the date it first applies IFRS 17)

- Classification of Liabilities as Current or Non-current - Amendments to IAS 1(effective from annual periods beginning on or after 1 January 2023 and must be applied retrospectively)

- Reference to the Conceptual Framework – Amendments to IFRS 3 (effective from annual periods beginning on or after 1 January 2022 and apply prospectively)

- Property, Plant and Equipment: Proceeds before Intended Use – Amendments to IAS 16 (effective from annual periods beginning on or after 1 January 2022 and must be applied retrospectively to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented when the entity first applies the amendment)

2. BASIS OF PREPARATION AND CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (continued)

Changes in accounting policies and disclosures (continued)

Standards issued but not yet effective (continued)

- Onerous Contracts – Costs of Fulfilling a Contract – Amendments to IAS 37 (effective from annual periods beginning on or after 1 January 2022. The amendments must be applied prospectively to contracts for which an entity has not yet fulfilled all of its obligations at the beginning of the annual reporting period in which it first applies the amendments (the date of initial application). Earlier application is permitted and must be disclosed.)
- Definition of Accounting Estimates - Amendments to IAS 8 (effective from annual periods beginning on or after 1 January 2023 and apply to changes in accounting policies and changes in accounting estimates that occur on or after the start of that period. Earlier application is permitted as long as this fact is disclosed.)
- Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2 (effective from annual periods beginning on or after 1 January 2023with earlier application permitted. Since the amendments to the Practice Statement 2 provide non-mandatory guidance on the application of the definition of material to accounting policy information, an effective date for these amendments is not necessary.
- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture – Amendments to IFRS 10 and IAS 28 (In December 2015, the IASB decided to defer the effective date of the amendments until such time as it has finalised any amendments that result from its research project on the equity method. The amendments must be applied prospectively. Early application is permitted and must be disclosed).
- Deferred Tax related to Assets and Liabilities arising from a Single Transaction - Amendments to IAS 12 (effective for annual periods beginning on or after 1 January 2023)

Annual Improvements 2018-2020 cycle (issued in May 2020)

- IFRS 1 First-time Adoption of International Financial Reporting Standards – Subsidiary as a first-time adopter (effective from annual periods beginning on or after 1 January 2022 with earlier application permitted)
- IFRS 9 Financial Instruments – Fees in the ’10 per cent’ test for derecognition of financial liabilities (effective from annual periods beginning on or after 1 January 2022 with earlier application permitted)
- IAS 41 Agriculture – Taxation in fair value measurements (effective from annual periods beginning on or after 1 January 2022 with earlier application permitted)

Management is currently assessing the impact of adopting the above standards, amendments and interpretations on the Company's financial statements in the year of their initial application, and intends to adopt these new and amended standards and interpretations, if applicable, when they become effective.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies used in the preparation of these financial statements are set out below.

Revenue recognition

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services. The Company has concluded that it is the principal in its revenue arrangements because it typically controls the goods or services before transferring them to the customer.

Sale of goods

Revenue from sale of goods is recognised at the point in time when control of the goods is transferred to the customer, generally on delivery of the goods at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods.

Dividend and interest revenue

Dividend revenue from investments is recognised when the shareholder’s right to receive payment has been established.

Interest revenue is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the asset’s net carrying amount.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue recognition (continued)

Contract balances
Trade receivables
A receivable is recognised if an amount of consideration that is unconditional is due from the customer (i.e., only the passage of time is required before payment of the consideration is due).

Contract liabilities
A contract liability is recognised if a payment is received or a payment is due (whichever is earlier) from a customer before the Company transfers the related goods or services. Contract liabilities are recognised as revenue when the Company performs under the contract (i.e., transfers control of the related goods or services to the customer).

Property, plant and equipment
Property, plant and equipment are stated at cost, net of accumulated depreciation and accumulated impairment losses if any. Such cost includes the cost of replacing part of the property, plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of property, plant and equipment are required to be replaced at intervals, the Company recognises such parts as individual assets with specific useful lives and depreciation, respectively. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the property, plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in the statement of comprehensive income as incurred. The present value of the expected cost for the decommissioning of the asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met.

Depreciation is calculated on a straight-line basis over the estimated useful lives of the asset except for certain plant and machinery and power stations which are depreciated using units of product method, as follows:

Building and roads	27 to 35 years
Plant and machinery*	5 to 15 years / units of production
Power stations	units of production
Vehicles and equipment	2 to 5 years
IT computer and hardware	3 years

*In 2020, the Company changed its depreciation method of a production line classified as part of plant and machinery and power stations to the units of production method. Power stations were depreciated prior to 1 January 2020 over a useful life of 10 to 30 years.

Units of production rates are based on estimated remaining production units of the plant and machinery and power stations measured in terms of tonnage and megawatts, respectively as of 1 January 2021 as determined by an independent third-party consultant. These remaining production units are estimated considering operation and maintenance of the plant and machinery and power stations as per internationally accepted industry standards.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of comprehensive income in the year the asset is derecognised.

The assets’ residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end, and adjusted prospectively if, appropriate.

Spare parts that meet the definition of property, plant and equipment are capitalised as such and accounted for accordingly. If spare parts do not meet the recognition criteria of property, plant and equipment, they are either carried in inventory or consumed and recorded in the statement of profit or loss. Depreciation of spare parts commences when they are put into use, rather than when they are acquired. Spare parts are depreciated over the shorter of its useful life and the remaining expected useful life of the asset to which it relates. During the year before the spare parts is available for service, any reduction in value is reflected as an impairment loss as per the requirements of IAS 36 when indicators of impairment are identified. Key assumptions used by the management in assessing the impairment of property, plant and equipment are disclosed in note 4 and note 11(a)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Inventories
Inventories are valued at the lower of cost and net realisable value. Costs incurred in bringing each product to its present location and condition are accounted for, as follows:

- Raw materials - purchase cost on a weighted average basis
- Finished goods and work in progress - cost of direct materials and labour and a proportion of manufacturing overheads based on the normal operating capacity, but excluding borrowing costs

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

Financial instruments
A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

i) Financial assets

Initial recognition and measurement
Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (FVTOCI), and fair value through profit or loss (FVTPL).

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient, the Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient are measured at the transaction price under IFRS 15.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model

The Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows while financial assets classified and measured at fair value through OCI are held within a business model with the objective of both holding to collect contractual cash flows and selling.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

The Company's financial assets include bank balances, trade and other receivables, investments carried at FVTOCI and FVTPL.

Subsequent measurement
For purposes of subsequent measurement, financial assets are classified in the following categories:

- Financial assets at amortised cost
- Financial assets at fair value through OCI with recycling of cumulative gains and losses
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition
- Financial assets at fair value through profit or loss

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

i) Financial assets (continued)

Subsequent measurement (continued)

Financial assets at amortised cost
Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Company's financial assets at amortised cost includes bank balances and trade and other receivables.

Financial assets designated at fair value through OCI (equity instruments)
Upon initial recognition, the Company can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under IAS 32 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as investment income in the statement of profit or loss when the right of payment has been established, except when the Company benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

The Company elected to classify irrevocably its non-listed equity investments and certain listed equity investments under this category.

Financial assets at fair value through profit or loss
Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss.

This category includes listed equity investments which the Company had not irrevocably elected to classify at fair value through OCI. Dividends on listed equity investments are recognised as investment income in the statement of profit or loss when the right of payment has been established.

Derecognition
A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Company's statement of financial position) when:

- The rights to receive cash flows from the asset have expired;
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

i) Financial assets (continued)

Impairment of financial assets
The Company recognises an allowance for expected credit losses ("ECL") for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive. The shortfall is then discounted at an approximation to the asset's original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables, the Company applies a simplified approach in calculating ECLs. Therefore, the Company does not track changes in credit risk but instead recognizes a loss allowance based on lifetime ECL's at each reporting date. The Company has established a provision matrix that is based on the Company's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment. The expected credit losses are recognised in the statement of comprehensive income.

The Company considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

ii) Financial liabilities

Initial recognition and measurement
Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Company's financial liabilities include trade payables, bank borrowings, term loans and other payables.

Subsequent measurement
The measurement of financial liabilities depends on their classification as described below:

- Financial liabilities at fair value through profit or loss
- Financial liabilities at amortised cost (loans and borrowings)

Financial liabilities at amortised cost (loans and borrowings)
This is the category most relevant to the Company. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss.

This category generally applies to trade payables, bank borrowings, term loans and other payables.

Derecognition
A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of comprehensive income.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

iii) Offsetting of financial instruments
Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

Impairment of non-financial assets
The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs to sell and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by other available fair value indicators.

The Company bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Company's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a year of five years. A long-term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses of continuing operations are recognised in the statement of profit or loss in expense categories consistent with the function of the impaired asset, except for properties previously revalued and the revaluation was taken to other comprehensive income. For such properties, the impairment is recognised in other comprehensive income up to the amount of any previous revaluation.

For assets excluding goodwill, an assessment is made at each reporting date whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Company estimates the asset's or CGUs recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the income statement unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

Borrowing costs
Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the year in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Investment properties
Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the reporting date. Gains or losses arising from changes in the fair values of investment properties are included in profit or loss in the year in which they arise. Fair values are determined based on an annual valuation performed by an accredited external independent valuer.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Investment properties (continued)
Investment properties are derecognised either when they have been disposed of or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in profit or loss in the year of derecognition. In determining the amount of consideration from the derecognition of investment property the Company considers the effects of variable consideration, existence of a significant financing component, non-cash consideration, and consideration payable to the buyer (if any).

Transfers are made to (or from) investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner-occupied property becomes an investment property, the Company accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use.

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. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability; or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements at fair value on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting year.

The Company measures financial assets such as investment in quoted and unquoted securities and non-financial assets such as investment in properties, at fair value at each balance sheet date.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy, as explained above.

Fair-value related disclosures for financial instruments and non-financial assets that are measured at fair value or where fair values are disclosed, are summarised in notes 4,12,13 and 27.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Current versus non-current classification
The Company presents assets and liabilities in statement of financial position based on current/non-current classification. An asset as current when it is:

- Expected to be realised or intended to sold or consumed in normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting year, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting year

All other assets are classified as non-current. A liability is current when:

- It is expected to be settled in normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting year, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting year

The Company classifies all other liabilities as non-current.

Bank balances and cash
Cash and short-term deposits in the statement of financial position comprise cash at banks and on hand and short-term highly liquid deposits with a maturity of three months or less, that are readily convertible to a known amount of cash and subject to an insignificant risk of changes in value.

Dividend
The Company recognises a liability to pay a dividend when the distribution is authorised and the distribution is no longer at the discretion of the Company. As per the Company's Memorandum of Association, a distribution is authorised when it is approved by the shareholders and ratified by the market regulator. A corresponding amount is derecognised from equity and transferred to liabilities.

Provisions
Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Company expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of profit or loss net of any reimbursement.

Contingencies
Contingent liabilities are not recognised in the financial statements. They are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. Contingent assets are not recognised in the financial statements but disclosed when an inflow of economic benefits is probable.

Employee benefits
Defined contribution plan
UAE national employees of the Company are members of the Government-managed retirement pension and social security benefit scheme pursuant to the applicable Federal Labour Law. The Company is required to contribute 12.5% of the "contribution calculation salary" of payroll costs to the retirement benefit scheme to fund the benefits. The employees and the Government contribute 5% and 2.5% of the "contribution calculation salary" respectively, to the scheme. The only obligation of the Company with respect to the retirement pension and social security scheme is to make the specified contributions (12.5%). The contributions are charged to profit or loss.

Annual leave
An accrual is made for the estimated liability for employees' entitlement to annual leave as a result of services rendered by eligible employees up to the end of the year.

3. SUMMARY SIGNIFICANT ACCOUNTING POLICIES (continued)

Employee benefits (continued)
Provision for employees' end of service indemnity
The Company provides end of service benefits to its expatriate employees. The entitlement to these benefits is based upon the employees' salary and length of service, subject to the completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment.

The accrual relating to annual leave is disclosed as a current liability, while the provision relating to end of service indemnity is disclosed as a non-current liability.

Value added tax
Expenses and assets are recognised net of the amount of value added tax (VAT), except:

- When the VAT incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the VAT is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable.
- When receivables and payables are stated with the amount of VAT included.

The net amount of VAT recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

Foreign currencies
Transactions in foreign currencies are initially recorded at the spot rates at the date the transaction qualifies for recognition. Monetary assets and liabilities denominated in foreign currencies are translated at the spot rates of exchange at the reporting date. All differences are taken to the statement of profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in OCI or profit or loss are also recognised in OCI or profit or loss, respectively).

In determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which the Company initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, the Company determines the transaction date for each payment or receipt of advance consideration.

4. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future years.

Judgements
In the process of applying the Company's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the financial statements:

Going concern
The Company's management has made an assessment of the Company's ability to continue as a going concern and believes that the Company has the necessary required resources to enable it to continue its operations and meet its obligations as and when they fall due (note 1.1).

Based on the above, the management believes that the Company will be able to continue as a going concern for the foreseeable future, and accordingly, the financial statements of the Company have been prepared on a going concern basis.

4. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (continued)

Estimates and assumptions (continued)

Judgements (continued)

Classification of investments
Management designates at the time of acquisition of securities whether these should be classified as at FVTOCI or FVTPL. In judging whether investments in securities are as at FVTOCI or FVTPL, management has considered the detailed criteria for determination of such classification as set out in IFRS 9, and accordingly management is satisfied that its investments in securities are appropriately classified.

Component parts of property, plant and equipment
The Company's assets classified within property, plant and equipment, are depreciated on a straight-line basis over their economic useful lives or the units of production method. When determining the economic useful life of an asset, it is broken down into significant component parts such that each significant component part is depreciated separately. Judgement is required in ascertaining the significant components of a larger asset, and while defining the significance of a component, management considers quantitative materiality of the component part as well as qualitative factors such as difference in useful life as compared to main asset, its pattern of consumption, and its replacement cycle/maintenance schedule.

Classification of properties
Management decides at the time of acquisition of a property whether it should be classified as property, plant and equipment or investment property. The Company classifies properties as property, plant and equipment when the properties are held for use by, or in the operations, of the Company. Properties are classified as investment properties when the intention is to hold them for capital appreciation, for rental or for undetermined use. The Company changes the classification when its intention changes.

Estimates and assumptions
The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

Units of production depreciation
Certain property, plant and equipment are depreciated using the units of production (UOP) method based on the remaining production capacity as determined by an independent third-party consultant as of 1 January 2021. This results in a depreciation charge proportional to the estimated production capacity of the relevant item of property, plant and equipment. Each items' life, which is assessed annually, has regard to both its physical life limitations and to present assessments of the remaining production capacity assuming the operation and maintenance of the property, plant, and equipment as per internationally accepted industry standards. These calculations require the use of estimates and assumptions, including the number of remaining units of productions and estimates of future capital expenditure. The calculation of the UOP rate of depreciation could be impacted to the extent that actual production in the future is different from current forecast production or future capital expenditure estimates changes. Changes to estimated production capacity could arise due to changes in the factors or assumptions used in estimating capacity, including the below:

- Unforeseen operational issues
- Manufacturing defects
- Improper modifications done
- Improper replacements done
- Poor maintenance practices
- Reducing costly unscheduled outages caused by in-service failures

Changes in estimates are accounted for prospectively.

4. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (continued)

Estimates and assumptions (continued)

Provision for expected credit losses of trade receivables
The Company uses a provision matrix to calculate ECLs for trade receivables and contract assets. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e., by geography, product type, customer type and rating, and coverage by letters of credit and other forms of credit insurance).

The provision matrix is initially based on the Company's historical observed default rates. The Company will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., gross domestic product) are expected to deteriorate over the next year which can lead to an increased number of defaults, the historical default rates are adjusted. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Company's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future. The information about the ECLs on the Company's trade receivables and contract assets is disclosed in note 14 and note 28.

As at the date of the statement of financial position, gross trade receivables were AED 40.4 million (2020: AED 82.5 million) and the provision for expected credit losses was AED 2.9 million (2020: AED 3.2 million).

Existence of inventories
Inventories comprise of purchased raw materials (limestone, sand, slag, gypsum, iron ore and bauxite) and work in progress (mainly clinker which are stored in purpose built shed and stockpiles). Since the weighing of these inventories is not practicable, management assesses the quantities on hand at the year-end by obtaining measurements of the stockpiles and converting these measurements to unit of volumes by using the angle of repose and the bulk density. In doing so, management appoints an independent surveyor to estimate the quantities by using certain scientific systematic measurements calculations and applying the density conversion methods which are applied for similar stock in the cement industry.

Impairment of inventories
Inventories are held at the lower of cost and net realisable value. When inventories become old or obsolete, an estimate is made of their net realisable value. For individually significant amounts this estimation is performed on an individual basis. Amounts which are not individually significant, but which are old or obsolete, are assessed collectively and a provision applied according to the inventory type and the degree of ageing or obsolescence, based on anticipated selling prices.

At the reporting date, gross inventories were AED 99.8 million (2020: AED 92.0 million) with provision for old and obsolete inventories of AED 21.0 million (2020: AED 21.0 million). Any differences between the amounts actually realised in future years and the amounts expected will be recognised in the statement of profit or loss.

Fair value of financial instruments
When the fair values of financial assets and financial liabilities recorded in the statement of financial position cannot be measured based on quoted prices in active markets, their fair value is measured using observable or unobservable valuation techniques including the discounted cash flow (DCF) model, where appropriate. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions relating to these factors could affect the reported fair value of financial instruments.

Impairment of non-financial assets
Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based market approach (i.e. sales comparison method) and cost approach (i.e. depreciated replacement cost method). The value in use calculation is based on a DCF model.

The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Company is not yet committed to or significant future investments that will enhance the performance of the assets of the CGU being tested. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes. The key assumptions used to determine the recoverable amount for the CGU are disclosed in note 11(a).

4. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (continued)

Estimates and assumptions (continued)

Fair value of investment properties

The Company carries its investment properties at fair value, with changes in fair value being recognised in the statement of profit or loss. For investment properties, a valuation methodology based on the current prices in an active market for similar properties is used. In the absence of such information, the Company determined the amounts within a range of reasonable fair value estimates. In making its judgment, the Company considers recent prices of similar properties in the same location and similar conditions, with adjustments to reflect any changes in the nature, location or economic conditions since the date of the transactions that occurred at those prices. Such estimation is based on certain assumptions, which are subject to uncertainty and might materially differ from the actual results.

The Company engaged an independent valuation specialist to assess fair values as at 31 December 2021. The key assumptions used to determine the fair value of the properties and sensitivity analysis are provided in note 12.

Useful lives of property, plant and equipment, excluding power stations and a production line classified as part of plant and machinery

The Company's management determines the estimated useful lives of its property, plant and equipment for calculating depreciation. This estimate is determined after considering the expected usage of the asset or physical wear and tear. Management reviews the residual value and useful lives annually and future depreciation charge would be adjusted where the management believes the useful lives differ from previous estimates.

5. REVENUE FROM CONTRACT WITH CUSTOMERS

a) Disaggregated revenue information

Set out below is the disaggregation of the revenue from contracts with customers:

	2021 AED	*2020 AED*
Type of revenue		
Sale of goods	**340,637,382**	345,878,760

	2021 AED	*2020 AED*
Geographical markets		
Within UAE	**75,435,741**	96,189,479
Outside UAE	**265,201,641**	249,689,281
	340,637,382	345,878,760

	2021 AED	*2020 AED*
Timing of revenue recognition		
Goods transferred at a point in time	**340,637,382**	345,878,760

Revenue includes AED 313.8 million which represents 92% of total revenue from 7 customers (2020: AED 302.2 million which represents 87% of total revenue from 7 customers).

b) Contract balances

	2021 AED	*2020 AED*
Asset		
Trade receivables (note 14)	**37,468,660**	79,381,184
Liability		
Advances from customers (note 21)	**1,410,742**	1,479,147

c) Performance obligations

The performance obligation on sales of goods is satisfied upon delivery and payment is generally due within 150 to 180 days from delivery (2020: 150 to 210 days).

6. COST OF SALES

	2021 *AED*	*2020* *AED*
Fuel	**161,845,393**	157,021,429
Raw material used in production	**77,389,908**	88,465,442
Depreciation of property, plant and equipment (note 11)	**44,948,120**	60,760,200
Electricity	**28,991,992**	14,703,046
Water	**25,318,245**	29,076,914
Salaries and employee related cost (note 8)	**18,798,425**	18,902,964
Spare parts consumption and consumables	**4,447,297**	5,926,083
Other direct operating expenses	**10,589,081**	12,090,354
Total manufacturing costs	**372,328,461**	386,946,432
Decrease in inventory of finished and semi-finished goods	**4,779,899**	15,781,816
	377,108,360	402,728,248

7. OTHER OPERATING INCOME

Other operating income consists of income earned on electricity generated by the Company. Income earned during the year ended 31 December 2021 amounted to AED 3.9 million (2020: AED 7.2 million).

8. SELLING, GENERAL AND ADMINISTRATIVE EXPENSES

	2021 *AED*	*2020* *AED*
Loading charges	**23,834,411**	24,639,666
Salaries and employee related cost (note (b))	**11,866,393**	12,259,999
Professional charges	**962,434**	2,273,264
Director expenses (note 24)	**539,447**	761,178
Sales promotion	**134,207**	507,568
Allowance for expected credit losses (note 14 (a))	**(217,686)**	2,467,900
Others	**2,500,354**	3,426,441
	39,619,560	46,336,016

a) The social contributions (including donations and charity) made during the year amounting to nil (2020: AED 850).

b) Salaries and employee related cost for the year were allocated as follows:

	2021 *AED*	*2020* *AED*
Cost of sales (note 6)	**18,798,425**	18,902,964
Selling, general and administrative expenses	**11,866,393**	12,259,999
	30,664,818	31,162,963

9. INVESTMENT INCOME/ (LOSS) - NET

	2021	*2020*
	AED	*AED*
Unrealised gain/ (loss) on investments carried at FVTPL (note 13)	**5,080,931**	(4,890,962)
Dividend income	**3,303,432**	3,077,339
Gain/ (loss) on fair valuation of investment properties (note 12)	**1,930,000**	(1,311,300)
Gain on disposal of investments carried at FVTPL	**887,532**	-
Interest income	**6,440**	13,544
	11,208,335	(3,111,379)

10. OTHER INCOME

Other income includes AED 6.7 million received by the Company as a compensation for the release of a plot of land to RAK Port Authority. The plot was allocated to the Company in prior years by the Ras Al Khaimah government for nil consideration.

11. PROPERTY, PLANT AND EQUIPMENT

	Building and roads AED	*Plant and machinery AED*	*Power stations AED*	*Vehicles and equipment AED*	*IT Computer & hardware AED*	*Capital work in progress AED*	*Spare parts AED*	*Total AED*
Cost								
At 1 January 2020	157,445,609	1,063,371,135	488,256,226	16,652,383	10,238,051	3,686,727	132,601,023	1,872,251,154
Additions	-	885,000	-	65,001	95,593	-	24,874,932	25,920,526
Transfers	-	21,409,873	-	-	-	-	(21,409,873)	-
At 31 December 2020	157,445,609	1,085,666,008	488,256,226	16,717,384	10,333,644	3,686,727	136,066,082	1,898,171,680
Additions	-	795,933	-	676,830	196,165	-	34,052,227	35,721,155
Transfers	-	40,203,543	-	-	-	(3,686,727)	(36,516,816)	-
At 31 December 2021	**157,445,609**	**1,126,665,484**	**488,256,226**	**17,394,214**	**10,529,809**	**-**	**133,601,493**	**1,933,892,835**
Depreciation and impairment								
At 1 January 2020	132,756,467	721,075,602	118,626,847	16,440,677	7,733,987	-	-	996,633,580
Charge for the year	1,942,062	48,385,126	9,358,343	101,261	973,408	-	-	60,760,200
Impairment during the year (note (a))	4,735,184	65,335,681	74,036,261	40,313	373,551	753,962	27,117,867	172,392,819
At 31 December 2020	139,433,713	834,796,409	202,021,451	16,582,251	9,080,946	753,962	27,117,867	1,229,786,599
Charge for the year	1,628,138	35,056,357	7,332,245	87,608	843,772	-	-	44,948,120
Transfers	-	-	-	-	-	(753,962)	753,962	-
At 31 December 2021	**141,061,851**	**869,852,766**	**209,353,696**	**16,669,859**	**9,924,718**	**-**	**27,871,829**	**1,274,734,719**
Net carrying value								
At 31 December 2021	**16,383,758**	**256,812,718**	**278,902,530**	**724,355**	**605,091**	**-**	**105,729,664**	**659,158,116**
At 31 December 2020	18,011,896	250,869,599	286,234,775	135,133	1,252,698	2,932,765	108,948,215	668,385,081

11. PROPERTY, PLANT AND EQUIPMENT (continued)

a) During the year ended 31 December 2021, no impairment losses (2020: AED 172 million of impairment loss) had been recognised against property, plant and equipment ("PPE"), to adjust the carrying value to its recoverable amount. Impairment losses are recognised in the statement of profit or loss as 'impairment of property, plant and equipment'. The recoverable amount assessed as at 31 December 2021 and 31 December 2020 was based on value in use calculated using the discounted cash flow approach over the period of next 5 years determined at the level of CGU with a terminal growth rate assumed after the 5th year. The CGU consisted of whole block of as all the assets are used inseparably to provide service to customers that generate the cash flows. In arriving at the value in use of the PPE, the Company has projected the future cash flows for a period of five years using the following assumptions:

	2021	*2020*
Discount rate	**8.9%**	8.5%
Growth rate on price per ton	**3%**	3%
Terminal year growth rate	**1.5%**	1.5%
Average coal price in USD	**refer below**	refer below

Average coal prices are obtained from published indices for the countries from which materials are sourced, as well as data relating to specific commodities. Forecast figures are used if data is publicly available otherwise average five-year actual coal prices are used as an indicator of the future price.

The management also engaged an accredited independent valuer to determine the fair value less cost of disposal of its PPE as at 31 December 2021.

The fair values of property, plant and equipment except motor vehicles were derived using the cost approach (i.e. depreciated replacement cost) and fair values of motor vehicles were derived using market approach (i.e. sales comparison method). The approaches are defined below:

- The market approach uses prices and other relevant information generated by market transactions involving identical or comparable (ie similar) assets, liabilities or a group of assets and liabilities, such as a business.
- The cost approach reflects the amount that would be required currently to replace the service capacity of an asset (often referred to as current replacement cost).

Both the fair value less cost of disposal and the value in use are higher than the carrying amount of the PPE as at 31 December 2021. Hence, no impairment losses were recorded by the Company.

Sensitivity to changes in assumptions

The discount rates represent the current market assessment of the risk specific to the CGU, taking into consideration the time value of money and individual risks of the underlying assets that have not been incorporated in the cash flow estimates. The discount rate is derived from the weighted average cost of capital, which takes into account both debt and equity. The cost of equity is derived from the expected return on investment of the Company's investors. The cost of debt is based on average lending rates. Segment specific risk is incorporated by applying individual beta factors, evaluated annually based on publicly available market data. A rise in the discount rate to 9.0% (2020: 8.6%) (i.e., +10 basis points)) in the CGU would result in no impairment (2020: a further impairment of AED 7.7 million.)

On average, the revenue of the CGU over the next five years is projected to grow in line with the economy or with real Gross Domestic Product. Historically, cement industry growth had a direct correlation with economic growth. A reduction by 0.1% in the growth rate on price per ton in the CGU would result in no impairment (2020: further impairment of AED 10.6 million).

The terminal year growth rate is based on the projected growth of the Company which is in line with its historical experience, economic conditions of the countries where the Company operates, and the Company's future plans. A reduction by 0.1% in the terminal year growth rate in the CGU would result in no impairment (2020: a further impairment of AED 4.4 million).

If prices of coal increase on average by 0.5%, the Company will have no impairment (2020: a further impairment amounting to AED 8.6 million).

11. PROPERTY, PLANT AND EQUIPMENT (continued)

b) At 31 December 2021, the cost of fully depreciated property, plant and equipment that is still in use amounted to AED 602.0 million (2020: AED 587.2 million).

c) Depreciation on spare parts is not charged until such time as these assets are placed in service and transferred to the respective categories of property, plant and equipment.

d) The factory and its related buildings are constructed on plots of land owned by the Government of Ras Al Khaimah. All property, plant and equipment is located in the UAE.

e) Motor vehicles with net book value of AED 504 thousand (31 December 2020: AED 680 thousand) are mortgaged against auto loan (note 20).

f) There is a negative pledge over property, plant and equipment against borrowings. (note 20).

g) Assignment of fire insurance policy over moveable property, plant and equipment in relation to banking facilities obtained by the Company (note 20).

12. INVESTMENT PROPERTY

	2021 ***AED***	*2020* *AED*
At the beginning of the year	**10,700,000**	12,011,300
Change in fair value	**1,930,000**	(1,311,300)
At the end of the year	**12,630,000**	10,700,000

Investment property represents plots of land in Ras Al Khaimah.

The fair value of the Company's investment property at 31 December 2021 and 31 December 2020 has been arrived at on the basis of a valuation carried out at by an independent and competent valuer. The valuation was arrived at by reference to market evidence of transaction prices for similar properties. There has been no change to valuation technique compared to previous year.

At 31 December 2021 and 31 December 2020, the Company's investment properties are classified as Level 3 in the fair value hierarchy and there were no transfers between the Levels 1,2,3 during 2021 and 2020.

The Company has no restrictions on the realisability of its investment properties and no contractual obligations to purchase, construct or develop investment properties or for repairs, maintenance and enhancements.

Description of valuation techniques used and key inputs to valuation of investment properties:

	Valuation techniques	***Significant unobservable input***	***Range (weighted average)***	
			2021	*2020*
Plot of land	Current market rate for comparable properties that have been sold in nearby area	Rate per sq. ft.	**AED 30-155**	AED 20-155

Significant increases / (decreases) in estimated rate per square feet in isolation would result in a significantly higher (lower) fair value of the investment properties.

13. INVESTMENT IN SECURITIES

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

	2021 AED	*2020 AED*
Quoted	**66,734,658**	82,670,045
Unquoted	**4,077,705**	4,077,705
Total gross investments at FVTOCI at cost	**70,812,363**	86,747,750
Less: accumulated fair value reserve, net	**(39,675,070)**	(58,537,574)
Fair value of investments	**31,137,293**	28,210,176

The geographical spread of the above investments is as follows:

	2021			*2020*		
	Concentration percentage on fair value	***Cost AED***	***Fair value AED***	*Concentration percentage on fair value*	*Cost AED*	*Fair value AED*
UAE	**0.5%**	**175,838**	**162,150**	0.4%	175,838	111,600
Kuwait	**99.5%**	**70,636,525**	**30,975,143**	99.6%	86,571,912	28,098,576
	100%	**70,812,363**	**31,137,293**	100%	86,747,750	28,210,176

The cumulative change in fair value of investments carried at FVTOCI amounted to negative AED 39.7 million as at 31 December 2021 (2020: negative AED 58.5 million) and is shown under equity. During 2021, the Company has transferred AED 17.3 million (2020: AED 111.98 million) from fair value reserve to accumulated losses arising from the disposal of investments carried FVTOCI. The total proceeds from the disposal of investments carried at FVTOCI amounted to AED 17.6 million (2020: AED 10 million) resulting to a gain of AED 0.1 million (2020: AED 9.98 million) which is shown in the statement of comprehensive income.

Equity instruments designated at fair value through OCI include investments in equity shares of listed and non-listed companies. The Company holds non-controlling interests in these companies. These investments were irrevocably designated at fair value through OCI as the Company considers these investments to be strategic in nature.

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

	2021 AED	*2020 AED*
Quoted investments at cost	**72,515,016**	83,815,027
Unquoted	**2,826,156**	2,826,156
Total gross investments at FVTPL at cost	**75,341,172**	86,641,183
Less: cumulative changes in fair value	**(38,316,205)**	(46,937,540)
Fair value of investments	**37,024,967**	39,703,643

13. INVESTMENT IN SECURITIES (continued)

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

The geographical spread of the above investments is as follows:

	2021			*2020*		
	Concentration percentage on fair value	***Cost AED***	***Fair value AED***	*Concentration percentage on fair value*	*Cost AED*	*Fair value AED*
UAE	**46.1%**	**27,271,815**	**17,060,897**	48.4%	31,496,928	19,207,200
Other GCC countries	**53.9%**	**48,069,357**	**19,964,070**	51.6%	55,144,255	20,496,443
	100%	**75,341,172**	**37,024,967**	100%	86,641,183	39,703,643

Movement in investment in securities (FVTOCI and FVTPL) were as follows:

	2021 AED	*2020 AED*
Fair value of investments at the beginning of the year	**67,913,819**	77,521,868
Additions made during the year	**19,933,938**	-
Disposals made during the year at carrying value	**(26,329,735)**	(20,000)
Unrealized gain/ (loss) on revaluation of investments carried at FVTOCI	**1,563,307**	(4,697,087)
Unrealized gain/ (loss) on revaluation of investments carried at FVTPL (note 9)	**5,080,931**	(4,890,962)
Fair value of investments at the end of the year	**68,162,260**	67,913,819

14. TRADE AND OTHER RECEIVABLES

	2021 AED	*2020 AED*
Trade receivables	**40,409,884**	82,540,094
Less: allowance for expected credit losses (note (a))	**(2,941,224)**	(3,158,910)
	37,468,660	79,381,184
Other receivables	**16,432,168**	11,724,714
Receivable from sale of an associate	**2,567,283**	2,667,283
	56,468,111	93,773,181
Less: receivable from sale of an associate due after one year	**(2,067,283)**	(2,167,283)
	54,400,828	91,605,898

14. TRADE AND OTHER RECEIVABLES (continued)

a) The movement in allowance for expected credit losses during the year was as follows:

	2021 ***AED***	*2020* *AED*
Balance at the beginning of the year	**3,158,910**	1,872,634
(Reversal)/ charge for the year (note 8)	**(217,686)**	2,467,900
Provision write off during the year	**-**	(1,181,624)
	2,941,224	3,158,910

b) In determining the recoverability of trade receivables, the Company considers any significant change in the credit quality of the trade receivable from the date credit was initially granted up to the reporting date. The majority of trade receivables are secured against bank guarantees or letters of credit, and management believes that the allowance for ECL at the reporting date is sufficient.

c) Analysis of gross trade receivables are set out below:

	2021 ***AED***	*2020* *AED*
Secured against unconditional bank guarantees	**18,946,982**	57,155,867
Secured against letter of credit	**-**	1,514,448
Unsecured	**21,464,002**	23,869,779
	40,409,884	82,540,094

d) The average credit period on sale of goods is 120 days to 180 days (2020: 150 days to 210 days).

e) Trade receivables amounting to AED 35.3 million (2020: AED 73.7 million) is due from the Company’s five largest customers representing 87% (2020: 89%) of the total outstanding balance at 31 December 2021.

f) Ageing analysis of gross trade receivables are as follows:

			Past due		
	Total *AED*	*Neither past due nor impaired* *AED*	*1 – 90 days* *AED*	*91 - 181 days* *AED*	*above 180 days* *AED*
2021	**40,409,884**	**33,334,911**	**5,296,798**	**-**	**1,778,175**
2020	82,540,094	43,384,197	9,545,152	2,469,319	27,141,426

Information on the credit risk exposure is disclosed in note 28.

15. INVENTORIES

	2021 AED	*2020 AED*
Finished goods	**2,874,205**	10,519,259
Raw materials	**9,968,153**	16,755,305
Work in progress	**8,183,044**	5,317,889
Bags, fuel and lubricants	**40,986,155**	25,756,594
Spare parts – maintenance department	**26,196,164**	24,780,293
Consumable items	**11,163,842**	8,412,939
Tools	**448,317**	435,203
	99,819,880	91,977,482
Less: allowance for slow-moving and obsolete inventories	**(21,025,555)**	(21,025,555)
	78,794,325	70,951,927

a) Assignment of fire insurance policy over inventories in relation to banking facilities obtained by the Company (note 20).

b) Inventories are pledged against banking facilities obtained by the Company (note 20).

16. BANK BALANCES AND CASH

	2021 AED	*2020 AED*
Cash on hand	**9,857**	13,416
Bank balances:		
Current accounts	**4,298,290**	4,479,566
Call deposits	**2,874,014**	1,774,948
Total bank balances	**7,172,304**	6,254,514
Bank balances and cash	**7,182,161**	6,267,930

	2021 AED	*2020 AED*
Bank balances		
In UAE	**5,143,563**	5,073,251
In other GCC countries	**2,028,741**	1,181,263
	7,172,304	6,254,514

Call deposits carry interest at commercial rates per annum and are made for a period of less than three months.

17. SHARE CAPITAL

	2021	*2020*
	AED	*AED*
Issued and fully paid:		
410,548,410 (2020: 410,548,410) ordinary shares of AED 1 each	**410,548,410**	410,548,410

a) The Board of Directors of the Company in their meeting held on 3 November 2020, proposed to strengthen the capital base of the Company by reducing the issued share capital and extinguishing the accumulated losses to the extent of AED 410.5 million. Subsequently, capital reduction was approved in the general meeting of the shareholders on 28 November 2020 and thereby the decrease in capital was approved by and registered with the relevant authorities on 29 December 2020. Accordingly, the issued share capital was reduced to AED 410.5 million.

18. RESERVES

According to the Company's Articles of Association and the requirements of the UAE Federal Law No (2) of 2015 (as amended), 10% of the profit of each year is transferred to the statutory reserve. The transfer to statutory reserve may be suspended when it reaches 50% of the paid-up share capital. Statutory reserve is not available for distribution except as stipulated by the Law.

According to the Company's Articles of Association 10% of the profit for each year is transferred to the voluntary reserve. The transfer to voluntary reserve may be suspended by the ordinary general assembly at the recommendation of the Board of Directors or when it reaches 20% of the Company's paid-up share capital.

Subsequent to the capital reduction during the year ended 31 December 2020, the statutory reserve exceeded the 50% of the paid-up share capital, however, upon the approval and recommendation by the regulatory authorities in the UAE, the management has decided to maintain the statutory reserve at the same level.

The movement of the Company’s reserves during the year/ year are as follows:

	Statutory reserve AED	*Voluntary reserve AED*	*Total AED*
Balance at 1 January 2020 and 31 December 2020	364,457,977	4,732,484	369,190,461
Dividend distribution (note below and note 23)	(20,527,420)	-	(20,527,420)
Balance at 31 December 2021	**343,930,557**	**4,732,484**	**348,663,041**

At the Annual General Meeting held on 11 April 2021, the shareholders approved the declaration of dividend distribution of AED 20.5 million through statutory reserve (note 23) as approved by the regulatory authorities in the UAE.

19. PROVISION FOR EMPLOYEES’ END OF SERVICE INDEMNITY

	2021	*2020*
	AED	*AED*
Provision as at 1 January	**8,815,240**	10,542,000
Provided during the year	**548,037**	210,000
Payments made during the year	**(882,494)**	(1,936,760)
Provision as at 31 December	**8,480,783**	8,815,240

20. BORROWINGS

a) Short-term

	2021 ***AED***	*2020* *AED*
Bank overdraft facilities	**1,395,827**	10,585,732
Short term loan	**27,600,747**	44,912,269
Total bank borrowings	**28,996,574**	55,498,001

The Company's overdraft balances are repayable on demand and short-term loans are repayable within twelve months. The overdraft balances and short-term loan carries interest rates at market competitive variable rates based on EIBOR plus a spread and are secured against promissory note issued by the Company and certain other securities such as assignment of fire insurance policy over inventory (note 15(a)) and movable property, plant and equipment (note 11 (h)) and pledge over inventories (note 15(b)) and a negative pledge over property, plant and equipment (note 11(g)).

b) Long-term

Interest-bearing term loans are disclosed in the statement of financial position as follows:

	2021 ***AED***	*2020* *AED*
Current portion	**200,469**	189,424
Non-current portion	**122,949**	322,978
Total term loans	**323,418**	512,402

The term loans carry interest at 3% p.a., are secured against vehicles financed (note 11(g)) and repayable on a monthly basis with last instalment due on 1 August 2023.

21. TRADE AND OTHER PAYABLES

	2021 ***AED***	*2020* *AED*
Trade payables	**159,260,174**	96,877,645
Dividend payable	**29,387,071**	28,699,302
Accrued expenses	**11,202,697**	10,872,155
Advances from customers	**1,410,742**	1,479,147
VAT Payable	**1,102,116**	1,289,648
Other payables	**884,211**	752,517
	203,247,011	139,970,414

Terms and conditions of the above financial liabilities:

- Trade payables are non-interest bearing and are normally settled on and average of 120 days (2020: 75-day terms)
- VAT payable are non-interest bearing and are normally settled after one month.
- Other payables are non-interest bearing and have an average term of six months

For explanations on the Company's liquidity risk management processes, refer to note 28.

22. BASIC EARNINGS PER SHARE

	2021 ***AED***	*2020* *AED*
Loss for the year (in AED)	**(52,988,325)**	(273,463,575)
Weighted average number of shares	**410,548,410**	410,548,410
Basic loss per share (in AED)	**(0.13)**	(0.67)

a) The denominator for the purpose of calculation of basic loss per share for the year ended 31 December 2020 has been adjusted to reflect the effect of capital reduction as if the capital reduction occurred from the beginning of the prior period without a corresponding change in resources in accordance with the requirements of IAS 33 'Earnings per share' (note 17).

The Company has not issued any instruments which would have a dilutive impact on loss per share when exercised.

23. DIVIDENDS

At the annual general meeting held on 11 April 2021, AED 20.5 million cash dividends which represents 5% of the Company's share capital were approved (AED 0.05 per share) for the year ended 31 December 2020 as approved by the regulatory authorities in the UAE. Shareholders also approved no remuneration for Board of Directors' for the year ended 31 December 2020 (2019: nil).

24. RELATED PARTY TRANSACTIONS AND BALANCES

Related parties include the Company's major Shareholders, directors and businesses controlled by them and their families over which they exercise significant management influence as well as key management personnel.

a) Related party transactions

During the year, the Company entered into the following transactions with related parties:

	2021 ***AED***	*2020* *AED*
Attendance expenses for Board of Directors and committees' meetings (note 8)	**539,447**	761,178
Profit on the release of a plot of land owned by the Ras Al Khaimah government (note 10)	**6,691,655**	-
Profit on disposal of investments carried at fair value through other comprehensive income (FVTOCI) (note 13(a))	**-**	9,980,000

24. RELATED PARTY TRANSACTIONS AND BALANCES (continued)

b) Compensation of key management personnel

The remuneration of key management during the year was as follows:

	2021	*2020*
	AED	*AED*
Salaries and other short-term benefits (note below)	**3,784,432**	4,164,043
Employees' end of service benefits	**295,252**	288,308
	4,079,684	4,452,351

The amounts disclosed in the table above relating to salaries and other short-term benefits are the amounts recognised as an expense for the year ended 31 December 2021 and 2020 related to key management personnel.

25. CONTINGENT LIABILITIES AND COMMITMENTS

	2021	*2020*
	AED	*AED*
Letters of credit	**61,973,294**	21,408,151
Letters of guarantee	**36,725**	5,236,724

26. SEGMENT INFORMATION

The Company is organised into two main business segments:

Manufacturing of all types of cement and investments incorporating investments in marketable equity securities, deposits with banks (excluding current accounts) and investment properties.

	2021			*2020*		
	Manufacturing AED	***Investments AED***	***Total AED***	*Manufacturing AED*	*Investments AED*	*Total AED*
Segment revenue	**340,637,382**	**-**	**340,637,382**	345,878,760	-	345,878,760
Segment result	**(64,196,660)**	**11,208,335**	**(52,988,325)**	(270,352,196)	(3,111,379)	(273,463,575)
Impairment of property, plant and equipment (note 11(a))	**-**	**-**	**-**	(172,392,819)	-	(172,392,819)
Segment assets	**798,728,699**	**83,666,274**	**882,394,973**	837,603,171	80,388,767	917,991,938
Segment liabilities	**241,047,786**	**-**	**241,047,786**	204,796,057	-	204,796,057

There are no transactions between the business segments.

Additional information required by IFRS 8 Segment Reporting, is disclosed below:

a) Information about geographical segments

During the year ended 31 December 2021, revenue from customers located in the Company's country of domicile (UAE) is AED 75.4 million (2020: AED 96.2 million) and revenue from customers outside UAE (foreign customers) is AED 265.2 million (2020: AED 249.7 million).

b) Major customers

Revenue includes AED 313.8 million which represents 92% of total revenue (2020: AED 302.2 million) which represents 87% of total revenue) from 7 customers (2020: 7 customers).

27. 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 a going concern without any intention or requirement to materially curtail the scale of its operation or to undertake a transaction on adverse terms.

Fair value of financial instruments carried at amortised cost
Management considers that the carrying amounts of financial assets and financial liabilities recognised at amortised cost in the financial statements approximate their fair values, mainly due to short-term maturities.

Valuation techniques and assumptions applied for the purposes of measuring fair value
The fair values of financial assets and financial liabilities are determined using similar valuation techniques and assumptions as used in the financial statements for the year ended 31 December 2020.

Fair value of the Company's financial assets that are measured at fair value on recurring basis
Some of 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		***Fair value hierarchy***	***Valuation techniques and key inputs***	***Significant unobservable input***	***Relationship of unobservable inputs to fair value***
Financial assets	***2021 AED (audited)***	*2020 AED (audited)*				
Quoted equity investments carried at FVTOCI	**30,518,920**	27,591,803	Level 1	Quoted bid prices in an active market	None	N/A
Unquoted equity investments carried at FVTOCI	**618,373**	618,373	Level 3	Adjusted net assets valuation method	Net assets value and discount for lack of marketability	Management has used net assets valuation method, which is appropriate fair value as per management
Quoted equity instruments carried at FVTPL	**37,024,967**	39,703,643	Level 1	Quoted bid prices in an active market	None	N/A
	68,162,260	67,913,819				

Fair value hierarchy
All financial instruments for which fair value is recognised or disclosed are categorised within the fair value hierarchy, based on the lowest level input that is significant to the fair value measurement as a whole, as follows:

Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities

Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

27. FAIR VALUE MEASUREMENT (continued)

For assets and liabilities that are recognised at fair value on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting year.

There were no changes in the Company's valuation processes, valuation techniques, and types of inputs used in the fair value measurements during the year.

2021

	Level 1 AED	***Level 2 AED***	***Level 3 AED***	***Total AED***
Investment property	**-**	**-**	**12,630,000**	**12,630,000**
Investments carried at FVTPL	**37,024,967**	**-**	**-**	**37,024,967**
Investments carried at FVTOCI:				
- Quoted equities	**30,518,920**	**-**	**-**	**30,518,920**
- Unquoted equities	**-**	**-**	**618,373**	**618,373**
	67,543,887	**-**	**13,248,373**	**80,792,260**

2020

	Level 1 AED	*Level 2 AED*	*Level 3 AED*	*Total AED*
Investment property	-	-	10,700,000	10,700,000
Investments carried at FVTPL	39,703,643	-	-	39,703,643
Investments carried at FVTOCI:				
- Quoted equities	27,591,803	-	-	27,591,803
- Unquoted equities	-	-	618,373	618,373
	67,295,446	-	11,318,373	78,613,819

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.

28. FINANCIAL INSTRUMENTS RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company's principal financial liabilities compose of bank borrowings, trade and other payables. The main purpose of these financial liabilities is to finance the Company's operations. The Company's principal financial assets include trade receivables, bank balances and other receivables that derive directly from its operations. The Company also holds investments in equity instruments which are classified as either fair value through profit or loss or fair value through other comprehensive income.

The Company is exposed to market risk, credit risk and liquidity risk. The Company's senior management oversees the management of these risks. The Company's senior management is supported by an executive committee that advises on financial risks and the appropriate financial risk governance framework for the Company. The executive committee provides assurance to the Company's senior management that the Company's financial risk activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with the Company's policies and risk objectives. The Board of Directors reviews and agrees policies for managing each of these risks, which are summarised below.

28. FINANCIAL INSTRUMENTS RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Market risk
Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, currency risk and other price risk, such as equity price risk. Financial instruments affected by market risk include bank borrowings, trade receivables, bank balances and other receivables and investments in equity instruments.

The sensitivity analysis in the following sections relate to the position as at 31 December 2021 and 2020.

The sensitivity of the relevant statement of profit or loss item or equity is the effect of the assumed changes in respective market risks. This is based on the financial assets and financial liabilities held at 31 December 2021 and 2020.

There has been no change to the Company's exposure to market risks or the manner in which it manages and measures the risk.

a) Interest rate risk
Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's short-term deposits with banks at variable interest rates and bank borrowings at floating rates of interest linked to LIBOR for some facilities and EIBOR for certain other facilities.

The following table demonstrates the sensitivity of the statement of profit or loss to reasonably possible changes in interest rates, with all other variables held constant. The sensitivity of the statement of profit or loss is the effect of the assumed changes in interest rates on the Company's results for the year, based on the variable rate financial liabilities and assets at the reporting date:

	Increase/ decrease basis points	*Effect on results for the year in AED*
2021	**+50**	**(131,224)**
	-50	**131,224**
2020	+50	(268,615)
	-50	268,615

b) Foreign currency risk
Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's operating activities (when revenue or expense is denominated in a foreign currency).

The Company undertakes certain transactions denominated in foreign currencies. Hence, exposures to exchange rate fluctuations arise.

The carrying amounts of the Company's foreign currency denominated monetary assets and monetary liabilities at the reporting date are as follows:

	Liabilities		***Assets***	
	2021 AED	*2020 AED*	***2021 AED***	*2020 AED*
US Dollars	**112,100,300**	71,200,734	**-**	-
Euro	**1,095,782**	1,216,172	**-**	-
Kuwaiti Dinar	**-**	-	**42,161,805**	41,177,906
Japanese Yen	**11,796**	-	**-**	-
Norwegian Krone	**-**	-	**8,777,387**	6,798,714
	113,207,878	72,416,906	**50,939,192**	47,976,620

28. FINANCIAL INSTRUMENTS RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Market risk (continued)

b) Foreign currency risk (continued)

The UAE Dirham is currently pegged to the USD, thus the Company is not exposed to the risk on changes in foreign currency relating to its assets and liabilities denominated in USD. 10% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the year end for a 10% change in foreign currency rates.

Based on the sensitivity analysis on a 10% increase or decrease in the AED against Kuwaiti Dinar, Euro, Japanese Yen and Norwegian Kroner, the Company's result for the year ended 31 December 2021 and equity as of 31 December 2021 would have increased or decreased by approximately AED 5.0 million (2020: AED 4.7 million).

c) Price risk

The Company's listed equity securities are susceptible to market price risk arising from uncertainties about future values of the investment securities. The Company manages the price risk through geographical and risk diversification and placing limits on individual and total equity instruments. Reports on the equity portfolio are submitted to the Company's senior management and board of directors on a regular basis.

The effect on statement of comprehensive income due to a reasonably possible change in market indices, with all other variables held constant is as follows:

	2021			*2020*		
	Change in equity price %	***Effect on profit or loss AED***	***Effect on OCI AED***	*Change in equity price %*	*Effect on profit or loss AED*	*Effect on OCI AED*
Market indices						
UAE	**±10%**	**1,706,090**	**16,215**	±10%	1,920,720	11,160
Other GCC countries	**±10%**	**1,996,407**	**3,035,677**	±10%	2,049,644	2,748,020

The Company limits market price risk by monitoring developments in the markets.

Method and assumptions for sensitivity analysis

- The sensitivity analysis has been done based on the exposure to equity price risk as at the reporting date.
- A 10% change in equity prices has been used to give a realistic assessment as a plausible event.

Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities (primarily trade and other receivables) including short-term deposits with banks.

The Company has adopted a policy of only dealing with creditworthy counterparties as a means of mitigating the risk of financial loss from defaults. The Company's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties. Credit exposure is controlled by counterparty limits that are reviewed and approved by the management annually.

28. FINANCIAL INSTRUMENTS RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Credit risk (continued)

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns (i.e., by geographical region, product type, customer type and rating, and coverage by letters of credit or letter of guarantees). The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. Generally, trade receivables are written-off if past due for more than one year and are not subject to enforcement activity. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets. The letters of credit and letter of guarantees are considered integral part of trade receivables and considered in the calculation of impairment.

Set out below is the information about the credit risk exposure on the Company's trade receivables using a provision matrix:

	2021		
	Gross value AED	***Allowance for expected credit losses AED***	***Expected credit loss (ECL)***
Secured trade receivables	**18,946,982**	**28,529**	**0.15%**
Unsecured trade receivables	**21,464,002**	**2,912,695**	**13.57%**
	40,409,884	**2,941,224**	

	2020		
	Gross value AED	*Allowance for expected credit losses AED*	*Expected credit loss (ECL)*
Secured trade receivables	58,670,316	63,270	0.11%
Unsecured trade receivables	22,533,922	1,759,784	7.81%
Specific provision for receivables	1,335,856	1,335,856	100%
	82,540,094	3,158,910	

Credit risk with respect to concentration of trade receivables by geographical area is as follows:

	2021 AED	*2020 AED*
In UAE	**40,366,642**	81,074,155
In other GCC countries	**43,242**	1,465,939
	40,409,884	82,540,094

28. FINANCIAL INSTRUMENTS RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Credit risk (continued)
Credit risk on bank balances are assessed to be minimal as these balances are callable on demand and held with reputable financial institutions in the UAE and Kuwait. Accordingly, the ECL as at the reporting date against bank balances is minimal. Credit risk on other financial assets are assessed to be minimal based on historical default and the fact that they are held with counterparties with creditworthiness evaluated to be good by the Company's internal process.

The maximum exposure to credit risk for financial assets at the reporting date is limited to the carrying value.

Liquidity risk
Liquidity risk is the risk that an entity will be unable to meet its net funding requirements. The Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities.

Ultimate responsibility for liquidity risk management rests with the board of directors, which has framed an appropriate liquidity risk management framework for the management of the Company's short, medium and long-term funding and liquidity management requirements. The Company manages liquidity risk by maintaining adequate reserves and by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

The table below summarises the maturity profile of the Company's financial liabilities. The contractual maturities of the financial liabilities have been determined on the basis of the remaining year at the reporting date to the contractual maturity date. The maturity profile is monitored by management to ensure that adequate liquidity is maintained. The maturity profile of the liabilities at the reporting date based on contractual repayment arrangements was as follows:

	Less than 1 month AED	***2 to 12 months AED***	***1 to 3 years AED***	***Total AED***
2021				
Trade and other payables	**158,819,153**	**43,017,116**	**-**	**201,836,269**
Bank borrowings	**10,071,574**	**19,176,412**	**-**	**29,247,986**
Term loans	**17,803**	**195,833**	**124,621**	**338,257**
	168,908,530	**62,389,361**	**124,621**	**231,422,512**

	Less than 1 month AED	*2 to 12 months AED*	*1 to 3 years AED*	*Total AED*
2020				
Trade and other payables	98,919,810	39,571,457	-	138,491,267
Bank borrowings	20,145,523	36,249,384	-	56,394,907
Term loans	17,803	195,833	338,257	551,893
	119,083,136	76,016,674	338,257	195,438,067

Capital risk management
The primary objective of the Company's capital management is to ensure that it maintains healthy capital ratios in order to support its business and maximise shareholders' value.

The Company manages its capital structure and makes adjustments to it in light of changes in business conditions. No changes were made in the objectives, policies or processes during the year ended 31 December 2021 and 2020. Capital comprises share capital, reserves, fair value reserves and accumulated losses. As at 31 December 2021, the Company's capital is measured at AED 641.3 million (2020: AED 713.2 million).

28. FINANCIAL INSTRUMENTS RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Changes in liabilities arising from financing activities

	1 January 2021 AED	***Cash inflows AED***	***Cash outflows AED***	***Other changes AED***	***31 December 2021 AED***
Short term loan	**44,912,269**	**140,704,544**	**(158,016,066)**	**-**	**27,600,747**
Bank overdrafts	**10,585,732**	**-**	**(9,189,905)**	**-**	**1,395,827**
Dividends payable	**28,699,302**	**-**	**(19,839,651)**	**20,527,420**	**29,387,071**
Term loans	**512,402**	**-**	**(188,984)**	**-**	**323,418**
	84,709,705	**140,704,544**	**(187,234,606)**	**20,527,420**	**58,707,063**

	1 January 2020 AED	*Cash inflows AED*	*Cash outflows AED*	*31 December 2020 AED*
Short term loan	44,153,104	136,279,613	(135,520,448)	44,912,269
Bank overdrafts	8,360,196	2,225,536	-	10,585,732
Dividends payable	28,832,392	-	(133,090)	28,699,302
Term loans	-	735,000	(222,598)	512,402
	81,345,692	139,240,149	(135,876,136)	84,709,705

The ‘Others’ column includes the effects of dividend declared and accrued during the year that were not yet paid at the year end. The Company classifies finance cost paid as cash flows from operating activities.

29. APPROVAL OF ANNUAL AUDITED FINANCIAL STATEMENTS

The financial statements were approved by the Board of Directors and authorised for issue on 14 February 2022.

شركة اسمنت الخليج ش.م.ع
Gulf Cement Company P.S.C

الإمارات
THE EMIRATES

Governance Report

2021

Gulf Cement Company ش.م.ع

Gulf Cement Company established as a public shareholding company on 31 May 1977, The Company's authorized and paid-up capital is AED 410,548,410. The company's plant is located in the Emirate of Ras Al Khaimah. It has a close proximity to the main raw materials quarries and is close to Saqr port, facilitating the importation of equipment and materials, exportation of Clinker, Cement and GGBS. Gulf Cement is one of the largest cement producers in the United Arab Emirates.

Committed to Chairman of Authority's Board of Directors' Decision no. (3/Chairman) of 2020 concerning Approval of Joint Stock Companies Governance Guide, the Company issues a corporate governance report signed by the Chairman, including all data and information in accordance with the form prepared by the Securities and Commodities Authority, which reflects the company's keenness on the proper application of the rules of governance.

The Company applies IFRS in the preparation of financial statements in accordance with the requirements of applicable laws in the United Arab Emirates. Also, study the effects of applying these standards on the accounting treatment of future transactions.

(1) Procedures taken to complete the corporate governance

Gulf Cement Company adopts a set of rules, controls and charters that achieve institutional discipline in the company's relations and management in accordance with international standards and methods by defining the responsibilities and duties of the board of directors and senior executive management of the company and taking into consideration the protection of shareholders 'and stakeholders' rights. The company is keen to communicate with the related authorities and public in order to maintain its position locally, regionally and globally. The company is committed to implement the Chairman of Authority's Board of Directors' Decision no. (3/Chairman) of 2020 concerning Approval of Joint Stock Companies Governance Guide and believes in the importance of applying it to establish the rules of transparency, fairness and accountability based on the best models, practices and standards in force worldwide.

As part of Board of Directors' keenness to establish a distinguished model of compliance with the resolution no. (3/Chairman) of 2020 concerning Approval of Joint Stock Companies Governance Guide, the Company has committed to apply best practices as follows:

Corporate Governance

1. Implementation of policies, procedures and resolutions issued by the SCA on the standards of institutional discipline and corporate governance of public shareholding companies. In addition, commit to applying best practices in relation to the Board of Directors and its committees and dealing transparently with the external auditor and implementing the resolutions of the General Assembly.
2. Formulation of business rules regarding the transactions of the company's Board of Directors, employees and insiders, in addition, formation of a committee reporting to Board of Directors working to follow up and supervise all transactions of insiders in the company's shares.
3. Board of Directors has taken all necessary measures to maintain the complete confidentiality of the company's data and information which has a significant impact in a precise manner to ensure that it is not exploited and to put in place effective contractual arrangements whereby the other parties are aware of company's internal data, information about its customers to maintain the confidentiality of such data and information and not to misuse, direct or indirect transfer of such information to any third parties.
4. All insider's parties to sign on an official declaration that confirm their knowledge that they acquire internal data and information related to the company and its customers and bear all the legal effects in case of leaking this information or data or giving advice on the basis of the information in possession and to notify the company of any transactions on its shares before and after such transactions.
5. Commitment of any Board of Directors member, who has joint or conflicting interest in a transaction to inform the Board of Directors to take a decision thereof and to be recorded in the minutes of the meeting and the related member shall not vote on that decision.

6. The company's keenness to carry out its business transparently and to adopt the disclosure and transparency policy of the company in accordance with the requirements of regulatory authorities and legislations in force.

- Disclosure of periodic reports, material information, the ownership of insiders and their relatives, transactions of related parties with the Company, and the advantages to the members of the Board of Directors and the senior executive management.

- Provide information to shareholders and investors accurately and clearly and at the specified times.

7. All the shares issued by the Company within the same class of shares are equal in rights and obligations and proven to the shareholder all the rights related to the shares in accordance with the provisions of the Companies Law. The Article of Association of the Company and its internal regulations include the procedures to ensure all rights of shareholders.

8. The Board of Directors formed permanent committees affiliated to it directly and work in accordance with the standards of corporate discipline and governance of public shareholding companies to carry out their responsibility according to the authority granted to them.

9. Adopting written detailed rules and regulations for internal audit that define the duties and responsibilities in accordance with the policy approved by the Board of Directors and the general requirements and objectives in order to follow up the compliance with the provisions of the laws, regulations and resolutions in force and the requirements of the regulatory authorities.

10. All members of the Board of Directors, its employees and its auditor shall have committed to the rules of code of conduct, policies and internal regulations, and abide by the applicable laws and regulations.

11. Continuous updating the website of the company, which includes all the information related to the company www.gulfcement.ae to enhance disclosure and transparency, and to present any new or material decisions, and is a means to reach the shareholder to see all events directly.

12. Continuous updating of the "Investor Relations Portal"https://gulfcement.ae/investor-relations-ar / through which the company seeks to enable investors to have direct access to the latest information.

The Company is applying all the provisions of the laws, regulations and decisions in force and the requirements of the supervisory authorities in an optimal manner. These provisions and rules shall apply to the members of the Board of Directors of the Company and the executive management and its employees in the performance of their duties.

(2) Ownership and transactions of the members of the Board of Directors, spouses and children thereof in the Company's securities during the year 2021

A. The rules of the transactions of the board of directors and employees of the company

The Board of Directors of the Company has adopted written rules regarding the transactions of the Board of Directors of the Company and its employees and insiders in its shares. The members of the Board of Directors of the Company are among the persons familiar with the Company's financial data and internal information. The Board of Directors is keen to raise the level of transparency in disclosure and full compliance with the laws and regulations of authorities and markets, the following has been done:

- The committee is responsible for the management, follow-up, and supervision of insiders' trading and their ownerships, and keep their record.
- Prepare a special and integrated register for all insiders, including persons who may be considered as persons with temporary insiders and who are entitled or have access to the company's internal information prior to publication. This record includes the prior and subsequent disclosures of the insiders.

The rules of trading of the members of the Board of Directors of the Company, its employees and insiders in its shares expressly stated the prohibited trading periods provided for in Article No. (14) of Resolution No. (2) for the year 2001 issued by the Board of Directors of SCA regarding the system for trading and clearing, which stipulates that the chairman and members of the board of directors of the listed company are prohibited from trading their securities and their general manager or any of the employees who are aware of the material information of the company trading with himself or for his account by third parties or in any other capacity for the account of others. The parent company, affiliate, sister or associate of that company if any of these companies are listed on the market during the following periods:

- Before ten (10) working days from the announcement of any material information, unless the information is the result of sudden events.

- Before fifteen (15) days from the end of the quarter, semi-annual or annual financial period until disclosure of the financial statements.

B. The table below shows the shares owned by the Board of Directors and transactions as of 31 December 2021 as follows:

S/N	Name	Position /Relationship	Shares Held as at 31/12/2021	Total Sale Transactions	Total Purchase Transactions
1	Sheikh Kayed Omar Saqer Mohamed Alqassimi Represented by (Government Of Ras Al Khaimah)	CHAIRMAN	-- 29,819,631	-- --	-- --
2	Mr. Hamad Ahmed Hamad Alameeri Represented by (National Investments Company)	VICE CHAIRMAN	3,306 1,000,000	-- --	-- --
3	Sheikh Omar Saqr Khaled Alqassimi	MEMBER	--	--	--
4	Mr. Abdulla Mohammed Hassan Mohammed Al Hosani	MEMBER	5,000	--	2,500
5	Mr. Hammed Fahad Hamad Alwnais	MEMBER	53,850	--	53,850
6	Mr. Husam Mohammed El-Sayed Hussein Represented by (Al-Khair National For Stocks & Real Estate Co.)	MEMBER	-- 5,000	-- --	-- 2,500
7	Ms. Dalya Mohammed Al Shehhi	MEMBER	5,000	--	5,000

Based on the above table and controls:

- There is no trading during 2021 on the shares of the company by relatives of the Board of Directors members (Spouses & their children).
- All members of the board of directors of the company and the insiders are committed to the rules of trading, laws, regulations and resolutions issued related to trading in the securities of the company, either during periods of prohibition of trading or during other periods.

(3) Board of Directors

The Board of Directors shall be deemed to have the power to carry out all acts on behalf of the Company and to exercise all powers required to achieve its purposes. Such powers shall not be restricted except by the law or the Company's Articles. The Company's Articles of Association stipulate that the Board shall be composed of seven members elected by the General Assembly by cumulative secret voting.

A. Composition of the Board of Directors

The current members of the Board of Directors were elected through the Company's General Assembly held on April 11, 2021 for a period of three years starting from the date of their election. The Company has taken into consideration the requirements of Corporate Governance Rules in accordance with the Company's Articles of Association that formation of the Board of Directors to be at least most of the members are independent members and the majority to be non-executive members who have practical experience and technical skills belong to the interest of the company. The below table shows board of directors' composition:

Name	Category		Experience	Qualifications	BOD Member from	Memberships and positions in any other joint-stock companies	Positions in any other important supervisory, governmental or business entities
Sheikh Kayed Omar Saqer Mohamed Alqassimi Represented by (Government Of Ras Al Khaimah)	Independent	Non-executive	Business Man	B.Sc. Accounting and Economy	2018	-	-
Mr. Hamad Ahmed Hamad Alameeri Represented by (National Investments Company)	Non-independent	Non-executive	- Chairman of National Investment Co. - Assistant General Manager for Local Investment Department - General Manager of National Investment Co.	B.Sc. Accounting	2004	-	-
Sheikh Omar Saqr Khaled Alqassimi	Independent	Non-executive	Director of Procurement Department at Ras Al Khaimah Cement Company Executive Director of Issuance of Bonds with the Government of Ras Al Khaimah Chairman of the Credit Rating Review Committee responsible for managing ratings for the Government of Ras Al Khaimah Chairman of the Investment Portfolio Review Committee of the Government of Ras Al Khaimah	Bachelor of Arts in International Studies with Concentration in International Economics	April 2021	-	-
Mr. Abdulla Mohammed Hassan Mohammed Al Hosani	Independent	Non-executive	Banking experience-FAB Investments experience at Alsahel Shares Centre	B.Sc. Accounting and Economy	2018	- BOD Member at Ajamn bank - BOD Member at RAK white cement - BOD Member at Union Insurance Company	-
Mr. Husam Mohammed El-Sayed Hussein Represented by (Al-Khair National For Stocks & Real Estate Co.)	Non-independent	Non-executive	-Executive Director of Alkhair national Co. - Alkharafi group -CEO of Gulf National Holding -CFO of Alkharafi group in Syria and Lebanon	B.Sc. Commerce CMA (USA)	2018	-	-
Mr. Hammed Fahad Hamad Alwnais	Independent	Non-executive	Investment Recruitment Manager for GFH Asset Management Analyst at Audi Capital Administrative Assistant in the Finance and Administration Department at the United Arab Bank	Bachelor of Business Administration in Accounting	April 2021	-	-
Ms. Dalya Mohammed Al Shehhi	Non-independent	Executive	Diverse experience in the field of laws and regulations issued in the UAE Director of Investor Relations Department	Diploma in Business Administration	April 2021	-	-

- **There are no board members resigned or appointed from the date of election of the current members until 31 December 2021.**

B. Women's representation in the Board of Directors for 2021

As per Article (19) of the Article of Association of Gulf Cement Company, the company is managed by a Board of Directors consisting of seven members, as follows:

Description	Number	%
Male	6	85%
Female	1	15%

C. Directors' Remuneration

The remuneration of the members of the Board of Directors shall be determined according to the provisions of Article (169) of Federal Law No. 2 of 2015 of Commercial Companies and the provisions of Article (29) of the SCA Chairman's Resolution No. (3/Chairman) of 2020 and Article (58) of the Article of Association of the Company.

Remuneration of the Chairman and members of the Board of Directors is made up of a percentage of the net profit not exceeding 10% of the fiscal year profits. The Company may also pay expenses, fees, additional bonuses; a monthly salary as decided by the Board of Directors to any of its members if this member works in any committee, makes special efforts, or additional work to serve the Company in addition to his regular duties as a member of the Board of Directors. Attendance allowance may not be paid to the Chairman or a Board member for attending the Board meetings.

The fines imposed on the Company due to contraventions by the Board of Directors of the Companies Law or the Articles of Association of the Company during the ending financial year shall be deducted from the remuneration of the Board of Directors. The general assembly may not deduct such fines if it finds that such fines are not due to omission or error by the Board of Directors.

1. Total remuneration of Board members paid for the year 2020

There are no remuneration paid to the members of the Board of Directors for the financial year ended December 31, 2020.

2. Total remuneration of Board members proposed for 2021

The remuneration of the members of the board of directors is determined by a proposal from the board of directors to be submitted to the general assembly. However, it should not exceed 10% of the net profit for the fiscal year ending on December 31, 2021, after deduction of all the depreciation and reserves. Since the company has not attained profits for the year 2021 No remuneration proposal will be presented to the members of the Board of Directors.

3. Allowances for attending the sessions of the committees emanating from the Board of Directors for the year 2021

There are no allowances paid to members of the BOD for attending the meetings of the committees for the year 2021.

4. Additional allowances, salaries or fees received by a board member other than the allowances for attending the committees for the year 2021

There are no additional allowances, salaries or fees paid to members of the BOD for the year 2021.

D. Board of Directors' meetings during the financial year ended 31 December 2021

In accordance with the provisions of Article (23) of the resolution of SCA no. (3/Chairman) of 2020 concerning Approval of Joint Stock Companies Governance Guide and in accordance with the provisions of Article (28) of the Article of Association of the Company, that the Board of Directors shall conduct its meetings at least four times a year and the meeting shall be based on a written invitation from the Chairman of the Board, or upon the written request of at least two members of the Board. The invitation shall be sent not less than one week prior to the specified date together with the agenda. Each member has the right to add to the agenda any matter he deems necessary for discussion in the meeting.

In accordance with the above controls, the Board of Directors of the Company held 5 meetings during the financial year ended 31 December 2021, in the presence of all its members, as shown in the following table:

Number of meeting	Date of the meeting	Number of Attendees	Number of attendance by proxy	Names of absent members
1	10/02/2021	7	-	-
2	11/04/2021	5	-	2
3	05/05/2021	7	-	-
4	11/08/2021	7	-	-
5	10/11/2021	6	-	1

E. Resolutions of the Board of Directors issued by passing during the year 2021

There are no resolutions issued by passing during the fiscal year 2021

F. Board of Directors' tasks and functions, which were performed by the Executive Management during the year 2021

In accordance with the provisions of Article (27) of the resolution of SCA no. (3/Chairman) of 2020 concerning Approval of Joint Stock Companies Governance Guide, and the provisions of Article (25) of the Company's Articles of Association:

- The Board of Directors may delegate its Chairman or one of its members or Executive Management in some of the administrative issues in which the Board has the power to make decisions. In this case, the delegation shall be in writing and detailing the delegated powers, especially with regard to cases in which the Senior Executive Management needs to obtain prior approval from the Board of Directors before making any decisions or entering into any commitments on behalf of the Company. A list of tasks and functions which the Board of Directors performs shall be written, as well as those delegated to Senior Executive Management, and those tasks and functions shall be reviewed periodically.
- Each delegation shall be specific with regard to its subject, delegated persons, and the limits of their powers and in the duration, and that includes the date of presenting its results to the Board of Directors.
- The Chairman of the Board of Directors, Vice chairman deputy or any other member authorized by the Board shall have the right to sign separately on behalf of the company.

In accordance with the above controls, the executive management of the Company shall conduct the day-to-day operations in accordance with the best practices of governance and the provisions of the Article of association.

G. Details of transactions with related parties (stakeholders) during the year 2021

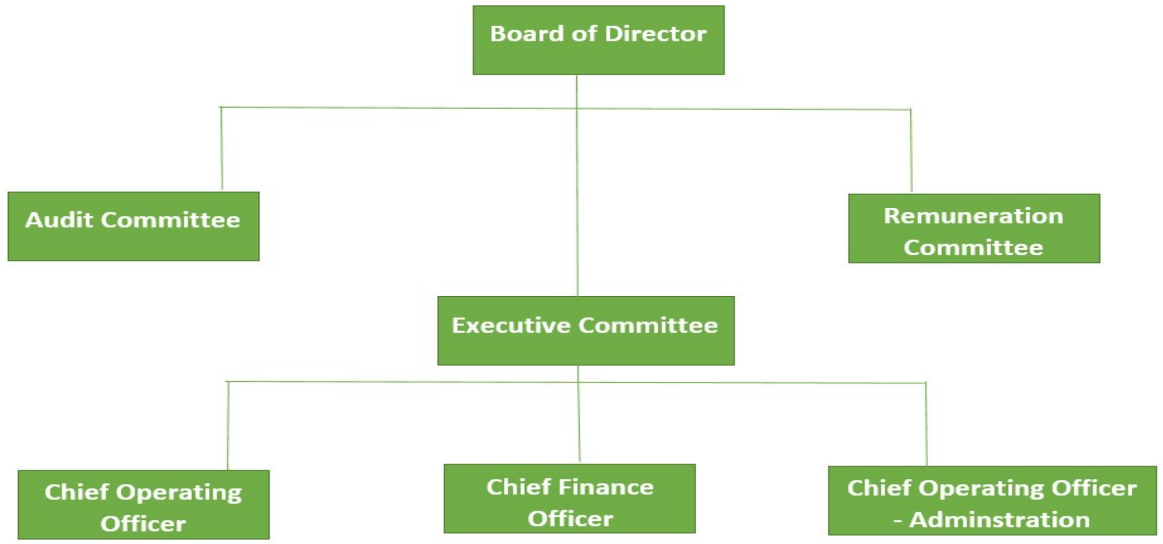
According to Federal Law No. 2 of 2015 for Commercial Companies and SCA resolution no. (3/Chairman) of 2020 concerning Approval of Joint Stock Companies Governance Guide and Company's Articles of Association:

- The Company shall not enter into transactions with Related Parties without the consent of the Board of Directors in cases where the value of the transaction does not exceed (5%) of the Company's capital, and with the approval of the general assembly where such percentage threshold is exceeded.
- A member of the board of directors of the company who has a common or conflicting interest in a transaction or deal to be submitted to the board of directors to take a decision thereon and shall inform the board of this and record it in the minutes of the meeting. He shall not participate in voting on the decision issued in respect of this transaction.
- The Company shall maintain a register for Related Parties where the names of such parties shall be recorded with their transactions, in details, and actions taken in relation thereto.

In accordance with the above controls, no transactions with related parties (stakeholders) were made during the fiscal year ended 31 December 2021, and this was ascertained through the disclosure form of transactions of related parties (stakeholders) and through the Company's records.

H. The organizational structure of the company

Gulf Cement Company has been developing and implementing an efficient and effective organizational structure at the level of the company's departments and sections to ensure a high level of coordination and management interaction. The chart below shows the company's organizational structure approved by the Board of the company as follows:



I. Statement of the company's senior executives

The table below shows the dates of appointment of the executive management members and their current positions according to the organizational structure of the company and the salaries and bonuses granted for 2021.

Position	Appointment date	Total Salaries and Allowances paid for 2021 (AED)	Total Bonuses paid for 2021 (AED)	Any other Cash/in-kind bounses for 2021 or due in the future
Cheif Operating Officer	2013	**652,113**	-	-
Cheif Operating Officer - Adminstration	1995	**575,183**	-	-
Cheif Financial Officer	2016	**417,936**	-	-

(4) External Auditor

First : Policy of contracting with the external auditor:

In accordance with the SCA resolution no. (3/Chairman) of 2020 concerning Approval of Joint Stock Companies Governance Guide and the Company's Article of Association, the Board of Directors of the Company is committed to the policy of selecting the external auditor through nomination to the General Assembly in order to organize the appointment process which sets out the framework, scope, powers and obligations of the External Auditor, the Board of Directors is keen to facilitate the External Auditor's duties according to the requirements and standards.

The Executive Management as per request of the Audit Committee to provide it with offers from the audit companies. The Committee shall study them and meet and discuss with the external auditors, and nominate based on the efficiency, reputation and experience. Appointment of external auditor and determination of fees shall be determined by a resolution of the General Assembly.

If the Board of Directors does not approve the Audit Committee's nomination, appointment or resignation, or the dismissal of the External Auditor, the Board of Directors shall make a statement in the Governance Report explaining the recommendations of the Audit Committee and the reasons for not taking them.

Second:

A. External auditor of the company

Ernst and Young were appointed as the company's external auditor for the year 2021 through the company's general assembly, which is a company headquartered in London. E&Y was established in 1989 and each of its member companies has an independent legal personality of its own, providing auditing services, taxes, management consulting and advice Finance to clients from the public and private sectors in a wide range of economic fields through an interconnected global network of member companies in more than 140 countries worldwide.

Furthermore, It has a group of consultants with distinguished competencies to provide high-quality services to clients through effective solutions to meet the challenges facing their operations, Ernst and Young are considered one of the leading professional companies that perform auditing and tax services, management consulting and financial advice and one of the largest professional services companies In the world and one of the big four accounting firms.

B. Fees of the External Auditor during the year 2021

Name of Auditing Firm	Ernst & Young
Partner Name	Ashraf Waheed Abu Sharkh
Number of years served as an external auditor for the Company	3 Year's
Number of years served as an the partner auditor for the Company	3 Year's
Total audit fees for 2021 (in AED)	AED 237,000
Fees and costs of other private services other than auditing the financial statements for 2021 (in AED)	AED 38,363
Details and nature of the other services (if any). If there are no other services, this matter shall be stated expressly	• In implementation of the Securities and Commodities Authority's circular regarding the cash dividends not received. • Audit services for the purpose of obtaining the In-Country Value (ICV) certificate.
Statement of other services that an external auditor other than the Company accounts auditor provided during 2021	There are no other services performed by another external auditor

C. Reservations that the company auditor included in the interim and annual financial statements for 2021

There are no reservations that the company's auditor included in the interim and annual financial statements for 2021.

Committees of the Board of Directors

According to the Chairman of the Authority's Board of Directors Decision no. (3/Chairman) of 2020 concerning Approval of Joint Stock Companies Governance Guide, the Board of Directors has formed permanent committees that follow it directly in order to contribute to the implementation of its tasks, and these committees play a fundamental role in supporting the Board in carrying out the tasks and duties entrusted with them in the management of the company, and each committee operates within the scope of its competence approved by the Board.

The Board has established procedures that specify the mission of the Committee, the duration of its work, the powers granted to it, the manner in which the Board of Directors supervises it, and the tasks assigned to it. The Committee presents a written report of the procedures, results and recommendations with absolute transparency.

(5) Audit Committee

A. Acknowledgement of the Audit Committee's Chairman regarding his responsibility for the committee's system

In accordance with the requirements of Article (61) of the Chairman of Authority's Board of Directors' Decision no. (3/Chairman) of 2020 concerning Approval of Joint Stock Companies Governance Guide. **Mr. Abdullah Muhammad Hassan Muhammad Al Hosani - Chairman** of the Committee - acknowledges his responsibility for the committee's system in the company and for examination of the mechanism of its work and ensure its effectiveness for the year 2021.

B. Names of members of the audit committee, and a statement of its functions and the duties assigned there to:

The Board of Directors elected by the General Assembly held on April 11, 2021 has formed the Audit Committee to support the Board of Directors in many areas and in accordance with the requirements of Article (58) of the Chairman of Authority's Board of Directors' Decision no. (3/Chairman) of 2020 concerning Approval of Joint Stock Companies Governance Guide. The Audit Committee consists of three non-executive members, two of them are independent members. The Committee is chaired by one of them. All members of the Committee have knowledge and experts in financial and accounting matters with previous work experience in the financial field and they have a financial certificate and the names of members as follows:

Name	Position	Category
Mr. Abdulla Mohammed Hassan Mohammed Al Hosani	HEAD	Independent
Mr. Husam Mohammed El-Sayed Hussein Represented by (Al-Khair National For Stocks & Real Estate Co.)	Member	Non - Independent
Mr. Hammed Fahad Hamad Alwnais	Member	Independent

➢ Duties of the Audit Committee

The Audit Committee is undertaking its duties as per the requirements of SCA resolution no. (3/Chairman) of 2020 concerning Approval of Joint Stock Companies Governance Guide, as follows:

1. Review the Company's financial and accounting policies and procedures.

2. Monitoring the integrity of the Company's financial statements and reports (annual, semi-annual, and quarterly) and review thereof as part of its normal work during the year, and the committee shall particularly focus on the following:

- ✓ Any changes in accounting policies and practices;
- ✓ Highlighting the aspects that are subject to the management's discretion;
- ✓ Substantial amendments resulting from auditing;
- ✓ Supposing continuity of the Company's business;
- ✓ Commitment to the accounting standards approved by the Authority;
- ✓ Commitment to the listing and disclosure rules and any other legal requirements related to preparation of financial reports.

3. Coordinating with the Company's Board of Directors, Senior Executive Management, and the financial manager or the manager doing such role in the Company, for the purpose of performing its duties.

4. Considering important and unusual clauses that are or shall be mentioned in such reports and accounts, the committee shall also pay the required attention to any issues brought up by the financial manager, the manager doing such role, compliance officer, or the auditor.

5. Submitting a recommendation to the Board of Directors respecting selection, resignation, or discharge of the auditor, and in case the Board of Directors rejects the recommendation of the Audit Committee in this regard, the Board of Directors shall include in the Governance Report a statement clarifying the Audit Committee recommendations and the reasons for the Board of Directors' rejection thereof.

6. Setting and implementing the policy of contracting with the auditor, submitting a report to the Board of Directors, specifying the issues the committee deems necessary to take procedures in relation to, and submitting the committee's recommendations concerning the steps required to be taken;

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

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

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

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

11. Review and assessment of internal audit and risk management systems in the Company.

12. Discussing the internal audit system with the Board of Directors and ensuring the latter's establishment of an effective system for internal audit;

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

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

15. Ensuring availability of the resources required for the internal audit department, and reviewing and monitoring the effectiveness of such department.

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

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

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

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

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

21. Submitting reports and recommendations to the Board of Directors concerning the above mentioned issues.

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

C. Audit Committee meetings during 2021

As per Article (62) of SCA resolution no. (3/Chairman) of 2020 concerning Approval of Joint Stock Companies Governance Guide, the Audit Committee shall conduct its meeting once every three months at least or whenever the need arises. Audit Committee has conducted four meetings during the fiscal year ended 31 December 2021 in the presence of all its members in person. The meetings of the Committee were as follows:

Number of meeting	Date of the meeting	Number of Attendees	Names of absent members
1	10/02/2021	3	-
2	05/05/2021	3	-
3	11/08/2021	3	-
4	10/11/2021	3	-

(6) Nominations and Remuneration Committee

A. Acknowledgement of the Nomination and Remuneration Committee's Chairman regarding his responsibility for the committee's system

In accordance with the requirements of Article (59) of the Chairman of Authority's Board of Directors' Decision no. (3/Chairman) of 2020 concerning Approval of Joint Stock Companies Governance Guide. **Sheikh / Omar Saqr Khaled Alqassimi - Chairman** of the Committee - acknowledges his responsibility for the committee's system in the company and for examination of the mechanism of its work and ensure its effectiveness for the year 2021.

B. Names of members of the Nomination and Remuneration committee, and a statement of its functions and the duties assigned there to:

The Board of Directors elected by the General Assembly held on April 11, 2021 has formed the Nomination and Remuneration Committee to support the Board of Directors in many areas and in accordance with the requirements of Article (58) of the Chairman of Authority's Board of Directors' Decision no. (3/Chairman) of 2020 concerning Approval of Joint Stock Companies Governance Guide. The Nomination and Remuneration Committee consists of three non-executive members, two of them are independent members. The Committee is chaired by one of them and the names as follows:

Name	Position	Category
Sheikh Omar Saqr Khaled Alqassimi	HEAD	Independent
Mr. Hamad Ahmed Hamad Alameeri Represented by (National Investments Company)	Member	Non - Independent
Mr. Hammed Fahad Hamad Alwnais	Member	Independent

Tasks of the Nominations and Remuneration Committee

The Nomination and Remuneration Committee is undertaking its duties as per the requirements of SCA resolution no. (3/Chairman) of 2020 concerning Approval of Joint Stock Companies Governance Guide, as follows:

1. Setting a policy for nomination of the Board and executive management membership with the aim of varying between the two genders in the Board and encouraging female nominees through offering privileges and training and motivational programs, and submitting a copy of such policy to the Authority.
2. Regulating and following up the procedures of nomination for Board membership in accordance with the applicable laws and regulations, as well as the provisions of this Decision.
3. Verify that the membership conditions for the members of the Board of Directors are still met.
4. Constantly verifying independence of independent Board members.
5. Setting the policy for granting bonuses, privileges, incentives, and salaries to the Company's Board members and staff, reviewing such policy annually, and ensuring that the bonuses and privileges offered to the Senior Executive Management are reasonable and in line with the Company's performance.
6. Annual review of the skills required for Board membership and preparation of the required capabilities and qualifications for Board membership including the time a member shall need to allocate to do his/her duties as a Board member.
7. Review the requirements of suitable skills for the membership of the Board of Directors.
8. Review the Board of Directors structure and submitting recommendations regarding the changes that may be made.
9. Determining the Company's needs of qualifications at the Senior Executive Management and the staff levels and the criteria for selection thereof.
10. Setting the Company's human resources and training policy, monitoring implementation of such policy, and reviewing thereof on annual basis.
11. Any other matters determined by the Board of Directors.

A. Nomination and Remuneration Committee meetings during 2021

As per Article (59) of SCA resolution no. (3/Chairman) of 2020 concerning Approval of Joint Stock Companies Governance Guide, the Nomination and Remuneration Committee shall conduct its meetings at least once annually or as required. Nominations and Remuneration conducted 2 meetings during the fiscal year ended 31 December 2021 were attended by all its members, as the following table:

Number of meeting	Date of the meeting	Number of Attendees	Names of absent members
1	09/02/2021	3	-
2	07/11/2021	3	-

(7) Insiders' Trading Follow-Up and Supervision Committee

In accordance with SCA resolution no. (3/Chairman) of 2020 concerning Approval of Joint Stock Companies Governance Guide. The Board of Directors aware of its obligations regarding the requirements for disclosure of trading on the company's shares and the importance of identifying the insiders in the company.

The BOD formed a committee specialized in the affairs of insiders concerned with follow-up and supervision of all trading of insiders and their ownership and reporting to the concern authorities, and identify the members of the Committee and the functions and tasks assigned to it.

A. Acknowledgment of the insiders' Trading Follow-Up and Supervision Committee's Chairman

In accordance with the requirements of the Chairman of Authority's Board of Directors' Decision no. (3/Chairman) of 2020 concerning Approval of Joint Stock Companies Governance Guide and the decision of the Board of Directors regarding the formation of a committee specializing in insiders affairs, **Mrs. Dalya Mohammad Al-Shehhi - Chairman of the committee** - acknowledges her responsibility for the committee system in the company and for examination of the mechanism of its work and ensure its effectiveness for the year 2021.

B. Committee Members:

1.	**Ms. Dalya Mohammed Al-shehhi**	**HEAD**
2.	**Ms. Badreyya Mohammed**	**Member**
3.	**Mr. Majid Abdullah Naser**	**Member**

C. Functions and the duties assigned to it:

1. Manage, monitor and supervise the transactions of insiders and their ownership and keep their register.
2. Prepare a special register for all persons who are permanent and temporary insiders and who are entitled or have access to the company's internal information.
3. Keeping the record of past and subsequent disclosures of the insiders.
4. Keep official declarations of persons who are aware and temporarily aware of the company's internal information.
5. To ensure continuous updating of the Company's list of insiders on ADX website and to update this list immediately when required.
6. Monthly follow-up of insiders balances.
7. Issuing periodic reports on insider transactions to SCA & ADX upon their request.
8. Inform all insiders about the required controls, by signing official declarations.
9. Continue to notify insiders of prohibition periods of trading
10. Review and monitor the trading policy of insiders in accordance with the rules of disclosure, transparency and take necessary action.
11. Continuous monitoring of the regulations and decisions issued by the SCA in this regard and the mechanism for their implementation.

(C) A summary of the Committee's activities during the year 2021

The Committee was keen to implement everything related to governance controls through the powers and tasks entrusted to it, as it made an important and effective role in managing insiders' and communicating the goals, policies and controls that they are subject to, in addition to making sure that they are notified in advance of the periods of prohibition imposed by the Securities and Commodities Authority rules and regulations. And the Abu Dhabi Stock Exchange, and the need not to directly or indirectly exploit any internal or material information to achieve an interest or benefit and the responsibility that falls on them, and the Committee has made sure of the following:

1. The existence of transactions on the company's shares for some members of the board of directors in the company's securities other than the prohibition periods, and this was confirmed through (reviewing the company's main stock register, reviewing a statement from the Abu Dhabi Securities Exchange and the Kuwait Clearing Company, and a disclosure form for the shares owned by board members).

2. The spouses and children of the members of the Board of Directors have no dealings on the company's shares, and this was confirmed through the disclosure form submitted by the members of the Board.

3. Updating the list of permanent insiders immediately on the website of the Abu Dhabi Stock Exchange and the SCA.

4. Confirm the monthly balances of insider's through the company's main register at the end of each month.
5. Acquire official declarations from the permanent insiders about company's information when a change has occurred continuously in order to preserve its confidentiality and not to misuse it or transfer it or cause it to be transferred directly or indirectly to other parties. Also, bear everyone legal responsibility in the case of a violation of what was stated in the declarations and keep a record of those declarations.

6. Obtaining official declarations from temporary insiders of the company's information during the year 2021, in order to maintain its confidentiality and not to misuse or transfer it or cause it to be transferred directly or indirectly to other parties, and everyone bears legal responsibility in the event of a breach of what is stated in the declaration Ensure that a special record of such declarations is kept.

7. Notify the insiders of the prohibition periods, as it was confirmed to address the chairman, members of the board of directors and all the insiders regarding the prohibition periods for trading in the company's shares until the financial statements are disclosed, as the prohibition periods began (on March 17, June 16, September 16 and December 17) from Year 2021.

(8) Executive Committee

According to decision of the Board of Directors the Executive Committee was formed in accordance with the law and regulations of the Company's governance and articles of association "Article No. 37". The Committee shall be composed of members of the BOD who determined its functions, duration of work and powers granted to it, and shall submit its results and recommendations to the Board of Directors.

A. Acknowledgment of the Executive Committee's Chairman

According to the tasks and the authority gave to it by the board. **Sheikh / Kayed Omar Saqr Mohammad Al Qasimi - Chairman of the Committee** - acknowledges his responsibility for the committee's system in the company and for examination of the mechanism of its work and ensure its effectiveness for the year 2021 as follows:

B. Committee members

Name	Position
Sheikh Kayed Omar Saqer Mohamed Alqassimi	HEAD
Mr. Abdulla Mohammed Hassan Mohammed Al Hosani	Member
Mr. Husam Mohammed El-Sayed Hussein	Member
Ms. Dalya Mohammed Ali Al Shehhi	Member

➢ **Statement of its functions and the duties**

1. Draw the strategic objectives, plans and policies of the company and submit them to the Board for discussion and approval.
2. Discussing and approving the annual budgets estimated by the executive management of the company before submitting them to the Board of Directors through the Audit Committee for discussion and approval.
3. Review the organizational structure of the company and make the necessary adjustments before submit to the Board of Directors through the Nominations and Remuneration Committee for discussion and approval.

4. Continuous evaluation of the performance of key managerial positions of the company to ensure their effectiveness and ability to achieve the strategic objectives entrusted to them and replace them with others when required.

5. Continuous review of implementation of policies, procedures and controls related to sales, procurement and operation issued by the Board, establishing the detailed regulations necessary to manage them in a tight manner and determining the scope and ceiling of authorizations available to the Executive Management by the Committee, as per BOD governance.

6. Approve the implementation mechanism for all contracts to which the company is a party, whether related to procurement, sales or services in accordance with stability of operations. Establish regulatory procedures that will ensure that the proper governing procedures.

7. Study and approval of new capital projects before submission to the Board of Directors for discussion and approval.

C. Executive committee meetings during 2021

Number of meeting	Date of the meeting	Number of Attendees	Names of absent members
1	**11/01/2021**	4	-
2	**31/03/2021**	4	-
3	**30/06/2021**	4	-
4	**29/09/2021**	3	1
5	**08/12/2021**	4	-

(9) Internal audit System

Internal audit Department is fully independent and directly affiliated to the Board of Directors, it implements audit and control policies, which aim to assess the Company's risk management procedures, contribute to the proper application of the Company's governance rules and verify the compliance of the Company and its employees with the provisions of laws and regulations. Reviewing financial statements, and reviewing accounting policies and practices.

Internal audit Department has the full authority to access all documents and records of the company and its employees' data and transactions. The Internal audit Department is committed to ensure the strict implementation of the decisions issued by the Board of Directors or its Chairman and its committees to the Executive Management. All departments and employees shall cooperate with the Internal audit Department to solve issues and events facing the company. In case of non-cooperation of any employee, the ICD shall be obliged to submit a report to the Board.

BOD defines the most important objectives and tasks of IAD as follows:

- Ensure the validity and integrity of work procedures in all departments of the company.
- Determining the extent to which the company complies with the requirements of governance and codes of ethics.
- Ensure the commitment of any party dealing with the company and the employees of the company to apply the rules of governance and institutional discipline and code of ethics.
- Preventing, detecting and correcting errors.
- Ensure compliance of employees with the laws, regulations and policies of the company.
- Review the integrity of assets and verify the actual presence of it.
- Conduct regular and periodic reviews of various activities and report on findings and recommendations.
- Cooperation with the external auditor to implement the resolutions of the General Assembly.
- Cooperation with the executive management to achieve the objectives of the Board of Directors.
- Ensuring the accuracy of accounting records and their integration so they can be reliable for taking higher decisions.

Based on the above, the Board of Directors is responsible for the Company's internal audit system, which has sufficient authority to apply the rules of governance throughout the Company and to achieve transparency and fairness.

B. The name, qualifications, and date of appointment of the Internal audit Manager

Ms. Badreyya Mohamed Ali Hassoon Al-Shehhi appointed as Manager of the Internal Audit Department and performs the duties of Compliance Officer on 01.01.2020, as she has an MBA Finance and Bachelor's degree in Business Administration, and has accounting experience.

C. How the Internal Audit Department handle any significant issues in the company, or issues disclosed in the annual reports and accounts:

Internal audit Department has evaluated the risk management, procedures of the company, reviewed the internal policies and the implementation of the company's governance rules, verified the company's compliance with the laws and resolutions, and submitted periodic reports to the Board of Directors and Audit Committee.

The Internal audit department deals with any challenges in the company independently and objectively by informing the Audit Committee and informing the senior executive management of the problem and potential risks and proposing the necessary steps to address the problem and ensure that it is not repeated and follow up with senior management to ensure of the procedures and decisions has been taken.

D. Number of reports issued by the internal audit department to the company's board of directors

The Internal Audit Department submitted 4 periodic reports to the Board of Directors during the year 2021.

(10) Violations during the year 2021

The company was keen to comply with federal and local laws and ministerial decisions and governance of the Board of Directors, and achieved justice with all Stakeholders, which is in line with the good reputation of the company. During the year 2021, the company did not commit any violations and did not face any penalties either by governmental or private parties.

(11) Company contributions toward the local community development and environmental conservation

First: Contributions:

The UAE society has a well-established specificity and a lofty goal in the company's strategies, and it is a national responsibility that establishes basic foundations for the tasks entrusted to everyone, and the company is an integral part of the surrounding community and works with all sincerity and belonging to consolidate effective community partnerships, the Gulf Cement Company continues to support social activity of all kinds with a package of contributions Voluntary work, according to the laws and regulations followed in the country, and works to ensure that all its employees are an active and influential part of society, and in implementation of Federal Law No. (2) of 2015 regarding commercial companies and its amendments, and Article No. (65) of the company's articles of association regarding voluntary contributions, which authorized Companies pay voluntary contributions, and the law obligates that voluntary contributions do not exceed (2%) of the average net profit of the company during the two fiscal years preceding the year in which those voluntary contributions are made, and since the company did not make profits in the two fiscal years (2019 & 2020), it did not Cash contributions are to be made during the year 2021, but the company was keen to continue providing its in-kind and service contributions by providing building materials. Various and its services to help citizens with limited income from the local community and public utilities.

Second: Environmental conservation:

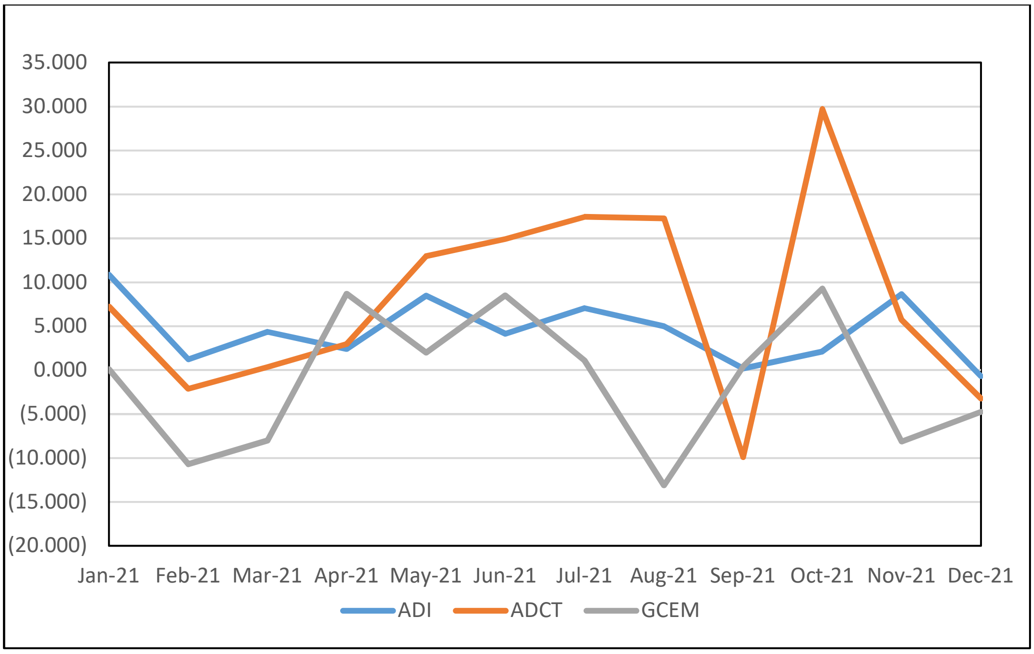
The company is keen to adhere to the implementation of the laws and decisions issued by the Ministry of Climate Change and Environment and the Environmental Protection Authority in Ras Al Khaimah, and to implement the policy of the Board of Directors that the company is a pioneer in its field of work by applying the relevant best practices under the slogan of a sustainable environment and a green product. The Gulf environment and its sustainability are of the utmost importance and believe that it is one of the main goals that require attention and focus. This is represented in its efforts in environmental sustainability projects that contribute to preserving natural resources and reducing carbon emissions resulting from production processes in furnaces, which confirms its excellence in environmental leadership, and the company is also working on Supporting the country's orientations towards a green economy through continuous environmental projects with the best and latest international technology that is commensurate with the prestigious position of the United Arab Emirates.

(12)General information

A. The Company share price in the Market (closing price, highest price, lowest price) in the end of each month during fiscal year 2021

Date	Highest price (AED)	Lowest price (AED)	Closing price (AED)	Quantity (Shares)	Value (AED)
January	0.840	0.724	0.840	845,742	657,784
February	0.830	0.684	0.750	355,868	278,829
March	0.766	0.675	0.690	91,537	62,409
April	0.872	0.632	0.750	120,588	91,833
May	0.870	0.676	0.765	1,160,319	901,599
June	0.998	0.726	0.830	2,797,984	2,293,988
July	0.890	0.731	0.839	1,722,755	1,417,473
August	0.808	0.729	0.729	315,882	236,029
September	0.829	0.670	0.732	922,146	716,801
October	0.984	0.682	0.800	69,249,301	59,815,202
November	0.799	0.653	0.735	22,810,479	16,721,052
December	0.790	0.665	0.700	18,639,318	13,842,022

B. The comparative performance of the company's shares with the general market index and the industrial index during year 2021



C. Distribution of shareholding of the Company as at 31 December 2021

According to the company's article of association, "All shares are nominal and the contribution of UAE and GCC nationals whether natural persons or legal person(s) wholly owned by UAE nationals and GCC nationals at any time throughout must not be less than (51%) of the capital. The percentage of non-UAE nationals and GCC nationals should not exceed (49%).

Shareholder	Individual		Companies		Government		Total	
Local	71,488,184	17.41%	29,694,248	7.23%	29,819,631	7.26%	131,002,063	31.91%
GCC	58,494,841	14.25%	209,610,125	51.06%	-	-	268,104,966	65.30%
Arab	6,483,830	1.58%	285,000	0.07%	-	-	6,768,830	1.65%
Others	4,324,346	1.05%	348,205	0.08%	-	-	4,672,551	1.14%
Total	140,791,201	34.29%	239,937,578	58.44%	29,819,631	7.26%	410,548,410	%100

D. Shareholders who own (5%) or more of the Company's capital as at 31 December 2021

S/N	Name	Number of Shares Held	%
1	National Investment Co. – Clients	154,215,626	% 37.56
2	Salem Abdulla Salem Al Hosani	29,873,691	% 7.28
3	Government of Rak Al Khaimah	29,819,631	% 7.26
4	Al Salem Limited Company	25,096,794	% 6.11

E. Shareholders Distribution according to the volume of ownership as at 31 December 2021

S/N	Share(s) Ownership	Number of Shareholders	Number of owned Shares	percentage of the owned Shares of the Capital
1	Less than 50,000	1,474	10,019,733	%2.44
2	From 50,000 to less than 500,000	297	45,642,426	%11.12
3	From 500,000 to less than 5,000,000	55	71,722,233	%17.47
4	More than 5,000,000	10	283,164,018	%68.97
	Total	1,836	410,548,410	%100

F. Actions taken on investor relations controls

In accordance with SCA resolution no. (3/Chairman) of 2020 concerning Approval of Joint Stock Companies Governance Guide and the decisions and circulars issued by the authority related to the controls of investor relations, and based on the keenness of the Gulf Cement Company to build an industrial edifice that is a partner in development Sustainable to achieve ambitious aspirations for the future and keep pace with the highest international quality standards, and the optimal application of the rules and regulations in force in this regard, the company has strengthened the role of investor relations management and defining its tasks and activating the best ways to communicate with the company, It has also developed and updated its website in a complete and accurate manner to be known as "Investors' Relation Portal" in which the company through it seeks to enable investors and those interested in direct access to the latest information, especially those related to the financial statements, annual reports, dividends and stock prices and other disclosures.

The "Investor Relations Portal" aims at enhancing channels of communication and encouraging information exchange to enable investors and financial analysts to reach clear visions in accordance with the highest standards of transparency and reliability and to provide the latest information that confirms the extent of compliance with transparency and the application of the standards of institutional discipline.

Manager of the Investor Relations Department: ***Ms. Dalya Mohammed Al Shehhi***

Phone: +971 2027377,+ 971 7 2027378

Fax: +971 7 2027280

E-Mail: shares@gulfcement.ae

Investors Relation Portal: http://www.gulfcement.ae/investor-relations-ar/

G. Special resolutions presented to the General Assembly held in 2021

The General Assembly, in its meeting "45" held on April 11, 2021, approved the following:

Approval of the amendment of Articles (1,21,34,37,40,41,44,46,47,50,51,57,63,64) of the company's articles of association to comply with the amendments and provisions of Federal Law No. (2) of 2015 regarding Commercial companies and obtaining the approval of the competent authorities.

H. Name of the rapporteur of the board meetings and the date of his appointment:

Name	Date Of Appointment	Qualifications & Experiences
Mr. Yasser Ahmed Mohamed Abdullah	2020	Bachelor of Commerce

I. Major events during 2021

There are no significant or Major events during the year 2021.

J. The deals that the company made during the year 2021 that are equal to 5% or more of the company's capital.

Based on the Decision no. (3/Chairman) of 2020 concerning Approval of Joint Stock Companies Governance Guide, it defined the deal as an event affecting the assets of the public joint-stock company listed on the stock market, its obligations, or its net value from transactions, contracts or agreements concluded by the company and any other dealings determined by the Authority from time to time by decisions, instructions or circulars it issues.

Based on what was stated in the above decision, there are no deals or transactions concluded by the company during the year 2021 that affected its assets, liabilities or net worth.

K. Emiratization percentage in the company

The company takes Emiratization as one of its major importance and considers it one of its responsibilities. The table below shows the Emiratization percentage as follows:

Year	Emiratization
2021	8.8%
2020	8.8%
2019	9%

L. Innovative projects and initiatives implemented by the company or which were under development during 2021.

There are no innovative projects and initiatives undertaken by the company or under development during 2021.

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Sheikh Kayed Omar ALQasimi
Chairman

....

Mr. Abdulla Mohammed Al Housani
Head of Audit Committee

....

Sheikh Omar Saqr Khaled ALQasimi
Head of Nomination and Remuneration Committee

....

Ms. Badreyya Mohamed Ali Al-Shehhi
Internal audit Manager

2021

GULF CEMENT COMPANY

SUSTAINABILITY REPORT

Gulf Cement Company dedicates this report to the community we live in and all their employees who have successfully participated in the development of a socially responsible company with a positive attitude towards the goals of sustainability.

CHAPTER

CHAPTER 1

CHAPTER 1

1.1 FOREWORD

GCC takes immense pleasure to be a pioneer in the field of sustainability and modelling sustainable environment and effective Environmental, Social and Governance (ESG).

The report is prepared to align with and fulfil ADX's ESG Disclosure Guidance and incorporating highlights our performance for the year 2021.

This report has been prepared in accordance with GRI Standards and other frameworks include the United Nations Sustainable Development Goals (UNSDGs) and the United Nations Global Compact (UNGC) Principles, Abu Dhabi Economic Vision 2030 and the UAE National vision 2021.

CHAPTER 1

1.2 SCOPE

The development of our 2021 ESG report aim to further enhance its sustainability journey and strengthen its stakeholder relations even more through transparent and balanced disclosures of its economic, environmental and social performance by taking pride in undertaking corporate social responsibility (CSR) initiatives in order to add value to the people, community and add value to the people community and the cement industry as a whole.

The reflects in driving sustainability forward in the country under the framework of UAE Vision 2021 and in alignment with the UN Sustainable Development Goals (SDG) and fully comply with the ADX's ESG Disclosure Guidance.

This material has been prepared for general informational purposes only and is not intended to be relied upon as accounting, tax, or other professional advice For Professional advice on this contents of this report, please contact Gulf Cement Company.

Please contact us on mail mebrahim@gulfcement.ae for any further information related to this report.

The resources collected and mentioned in the report are done by our own team and a third party audit was not done, which can remain an option in the future.

CHAPTER 1

1.3 Chairman Message

We express our firm support for the initiatives taken by the Government represented by His Highness Sheikh Khalifa Bin Zayed Al Nahyan, President of the UAE, His Highness Sheikh Mohammed Bin Rashid Al Maktoum, Vice President and Prime Minister of UAE and His Highness Sheikh Saud Bin Saqr Al Qasimi, UAE Supreme Council Member and Ruler of Ras AL Khaimah.

Gulf Cement Company is a professional company and have clearly established the vision towards sustainable Environment and constant development of the Society.

The year 2021 was indeed a challenging one as we saw a deep fall in the market prices and affected the volume of Sales of the company and were restricted to operate under reduced output levels. In spite of the difficulties, Gulf Cement Company has taken several initiatives for maintaining the sustainability theme.

I once again wish Gulf Cement Company and all its stake holders the very best for years to come and operate with sustainable goals in line with Standard practices.

Sheikh Kayed Omar Saqer Mohamed Alqassimi

CHAPTER 1

1.4 Message from Executive Management

Gulf Cement Company, established four decades ago has contributed towards the development of the nation and has been an active partner in developing the community we live around.

The year 2021 has passed by also saw a tough challenge for us and we took several cost saving initiatives to control our market presence. We are very hardly hit because of the nosediving cement prices in the local market and have taken strenuous efforts in cutting our cost in terms of Energy and power generation. We are happy to control the Covid Pandemic impact in Gulf cement and have safeguarded our operation very well by protecting our employees well and no loss in terms of productivity.

We are extremely thankful to our Chairman and Board of directors in having faith on us towards our Sustainable goals, and very thankful to them for being supportive for all our drive initiatives taken towards improvements of environment and society.

We also provide best wishes for our team in bringing out this Sustainability report as a continued effort on the Corporate Social Responsibility initiatives of the company.

Executive Management

CHAPTER 2

CHAPTER 2

2.1 GULF CEMENT COMPANY (GCC)

GCC is a leading economic edifice & a pillar of the state economy and one of the industry's leading companies to produce the best cement types and a global specification in addition to producing electric power by taking advantage o f the lost heat, it contributes to the state's march in the environment and industry down to space Innovation for future design.

Since its establishment in 1977, we played a key role as a partner in the economic development process in the Emirate of Ras Al Khaimah, through its contribution to the manufacture and production of cement and clinker and the cement industry is one of the most valuable industries that characterize the United Arab Emirates and the main factor for its economic growth.

Taking the lead ahead of the all the companies that are producing cement in the country , which is basis of the national economy , GCC supports construction sector with various cement types and it derivatives with a world-class product matching to American, British and European standards and contribute effectively to the implementation of infrastructure projects at the country level. The company is also proud of using it cement product in most development project and the countries mega infrastructural projects such as airports, seaports, buildings, roads, bridges, rail network, industrial islands and other vital projects in the country.

CHAPTER 2

2.1 OUR POLICY

Gulf Cement (Fastest innovator with latest technology) is continuing its success through in order to enhance its' permanent superiority to preserve the achievements of the present and the future.

Gulf Cement Company is committed to:

1. Serve all its customers to their complete satisfaction in the best possible way all the time.
2. Prevent pollution and control the use of natural resources and electrical energy.

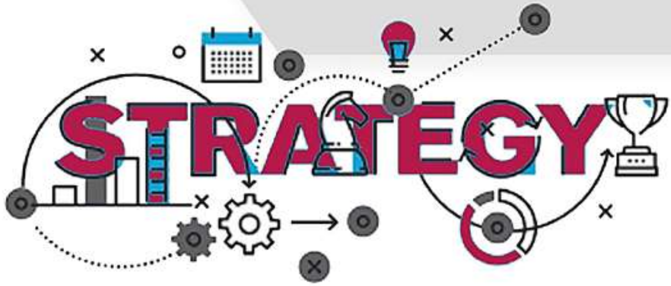
In order to achieve these goals, GCC Management has established a management system in order to:

* Exercise extensive control over business activities like process, maintenance, inspection and tests Purchases, sales , storage delivery etc. that can affect the integrated management system.
* Attempt to optimize production processes while maintaining the required product quality standard all the time with due consideration to cost factor and environment.
* Maintain the plant, equipment and machinery in the best of condition to minimize breakdowns and process error.
* Comply with all the requirements of ISO 9001:2015 and ISO 14001:2015 (E).
* Ensure that all employees are aware about their responsibilities and are adequately to discharge their duties most effectively.
* Carry out planned audits and reviews to ensure effective implementation of the management system, continued suitability of this policy, and ensure continual improvement of the system.
* Comply with all applicable laws, regulations and standards and co-operate with authorities and local residents for protecting the environment.
* Control the consumption of resources to maintain the minimum possible level.
* Reduce waste generation and contamination of air, water and land by disposing off unavoidable waste in regulated manner.
* Adopt new technologies when possible to improve environmental performance.

CHAPTER 2

2.1.2 COMPANY STRATEGY

The Executive Management of GCC operates under the umbrella of the Board of Directors to protect the acquisition and safeguarding investor's right and deal under all circumstances, according to the best industrial practices and highest degree of readiness. The Executive Management has established a highly efficient operational plan, which leads to best production plan for the company and add effectively for making appropriate and arrive at suitable decisions to reach the best results. The Board of Directors are keen on adjusting this strategy according to the realistic events associated with them & also correct and direct the paths in a manner that achieves the planned objectives.



CHAPTER 2

2.1.4 OUR PRODUCTS

We are a well-known pioneer in the field of supply of construction materials which are manufactured as per strict requirements of both American and British standards and our production capacities are 3.8 million tons of clinker and have a grinding capacity of 2.4 million tons per anum. We regularly produce the following types of Cement and sell in the market as per international standards (ASTM and BS EN)

1. Ordinary Portland Cement
2. Moderate Sulfate resisting Portland Cement
3. Sulfate resisting Portland Cement
4. Oil Well Cement
5. Ground Granulated Blast Furnace Slag
6. Fly Ash

CHAPTER 2

2.1.5 AWARDS AND CERTIFICATES

ADMINISTRATION & THE PRODUCTION AWARD

The governance and administration of the 1996 International Quality Commission-Madrid/Spain

INTERNATIONAL EXCELLENCE AWARD

International Excellence Award No. 21 on quality of the Trade club Madrid/Las Banja in respect of the Miami-Florida/United States of America, 7/1/1996.

GLOBAL ISO QUALITY MANAGEMENT SYSTEM CERTIFICATION

ISO 9001: 2015 & ISO 14001: 2015

OIL WELL CEMENT PRODUCTION API MONOGRAM CERTIFICATE

For the Oil Well Cement production,
API Monogram Certificate No. 10A-0137 from the American Petroleum Institute (API)

For measuring successfully the carbon footprint of the company's products.
Authorization for use of carbon trust logo on company products.

IN-COUNTRY VALUE CERTIFICATE

For successfully demonstrating the commitment for developing the local talents, and promoting business among Local companies

UNSIGNED
IN-COUNTRY VALUE CERTIFICATE

Certificate ID: 110654
Issue Date:
Valid Until: 09.04.2022

GULF CEMENT CO

68.68%

Company General Information
License No.: 32
Company Type: Non SME In UAE
Financial Year End Date: 31.12.2020
Company based in: Within UAE
Company Business: GOOD MANUFACTURER

For Cases of Re-Certification
Re-Certification (*) No.:

Reason for this Re-Certification

Signed By
On behalf of Supplier

Name:
MOHAMMED AHMED ALI EBRAHIMOUH AL SHEHHI

Designation:
COO

Verified as per ICV Agreed Upon Procedures (AUP)
On behalf of Certification Body

Name:

Designation:

Company:
ERNST & YOUNG MIDDLE EAST

Certificate Issued Based on ICV Version: 3.0

CHAPTER 2

2.2 Corporate Governance

Gulf Cement Company adopts a set of rules, controls and charters that achieve institutional discipline in the company's relations and management in accordance with international standards and methods by defining the responsibilities and duties of the board of directors and senior executive management of the company and taking into consideration the protection of shareholders 'and stakeholders' rights. The company is keen to communicate with the related authorities and public in order to maintain its position locally, regionally and globally The company is committed to implement the Chairman of Authority's Board of Directors' Decision no. (3/Chairman) of 2020 concerning Approval of Joint Stock Companies Governance Guide and believes in the importance of applying it to establish the rules of transparency fairness and accountability based on the best models, practices and standards in force worldwide.

The Company is applying all the provisions of the laws, regulations and decisions in force and the requirements of the supervisory authorities in an optimal manner. These provisions and rules shall apply to the members of the Board of Directors of the Company and the executive management and its employees in the performance of their duties.

CHAPTER 2

2.2.1 Board of Directors

Name	Membership status
Sheikh Kayed Omar Saqer Mohamed AL Qassimi Represented by (Government Of Ras Al Khaimah)	Chairman
Mr. Hamad Ahmed Hamad Alameeri Represented by (National Investments Company)	Vice Chairman
Sheikh Omar Saqer Khaled Humaid AL Qassimi	Member
Mr. Abdulla Mohammed Hassan Mohammed Al Hosani	Member
Mr. Hamad Fahad Hamad Alwnais	Member
Mr. Husam Mohammed El-Sayed Hussein Represented by (Al-Khair National For Stocks & Real Estate Co.)	Member
Ms. Dalya Mohammed Ali Al Shehhi	Member

The Board of Directors shall be deemed to have all the power to carry out all acts on behalf of the Company and to exercise all powers required to achieve its purposes. Such powers shall not be restricted except by the law or the Company's Articles of Association.

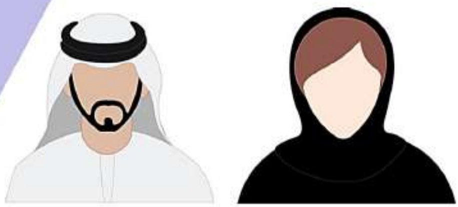
The Company's Articles of Association stipulate that the Board of Directors shall be composed of seven members elected by the General Assembly by cumulative secret voting.

Composition of the Board of Directors

The current members of the Board of Directors were elected through the Company's General Assembly held on April 11, 2021 for a period of three years starting from the date of their election. The Company has taken into consideration the requirements of Corporate Governance Rules in accordance with the Company's Articles of Association that formation of the Board of Directors to be at least most of the members are independent members and the majority to be non-executive members who have practical experience and technical skills belong to the interest of the company.

CHAPTER 2

2.2.2 Gender Diversity



The company believes in the significant important of the diversity of experiences and the role of women in the development process, which contributes to adding quality effectiveness and increasing constructive perspectives. Moreover, the company works to implement such decisions (Article 40, Item 1) of the SCA Chairman's Resolution no. (3/Chairman) of 2020 concerning Approval of Joint Stock Companies Governance Guide Where the company opens candidacy for both gender in each electoral cycle with equal rights without any restrictions or discrimination on female candidacy and based on Article (19) of the Gulf Cement Company Article of Association, the company is managed by a Board of Directors consisting of seven members, as follows:

Description	Number	%
Male	6	85%
Female	1	15%

CHAPTER 2

2.2.3 Committees of the Board of Directors

According to the Chairman of the Authority's Board of Directors Decision no. (3/Chairman) of 2020 concerning Approval of Joint Stock Companies Governance Guide, the Board of Directors has formed committees such as the Nomination and Remuneration Committee, Audit Committee and Executive Committee which follow it directly in order to contribute to the implementation of its tasks, and these committees play a fundamental role in supporting the Board in carrying out the tasks and duties entrusted with them in the management of the company and each committee operates within the scope of its competence approved by the Board.

The Board has established procedures that specify the mission of the Committee the duration of its work, the powers granted to it, the manner in which the Board of Directors supervises it, and the tasks assigned to it. The Committee presents a written report of the procedures, results and recommendations with absolute transparency.

CHAPTER 2

2.2.4 Investor relations controls

(Communication mechanism with the shareholders)

In accordance with SCA resolution no. (3/Chairman) of 2020 concerning Approval of Joint Stock Companies Governance Guide and the decisions and circulars issued by the authority related to the controls of investor relations and based on the keenness of the Gulf Cement Company to build an industrial edifice that is a partner in development Sustainable to achieve ambitious aspirations for the future and keep pace with the highest international quality standards, and the optimal application of the rules and regulations in force in this regard, the company has strengthened the role of investor relations management and defining its tasks and activating the best ways to communicate with the company, It has also developed and updated its website in a complete and accurate manner to be known as "Investors' Relation Portal" in which the company through it seeks to enable investors and those interested in direct access to the latest information, especially those related to the financial statements, annual reports, dividends and stock prices and other disclosures.

The "Investor Relations Portal" aims at enhancing channels of communication and encouraging information exchange to enable investors and financial analysts to reach clear visions in accordance with the highest standards of transparency and reliability and to provide the latest information that confirms the extent of compliance with transparency and the application of the standards of institutional discipline.

Manager of the Investor Relations Department: Ms. Dalya Mohammed Al Shehhi
Phone: + 971 7 2027377 , + 971 7 2027371 , + 971 7 2027378
Fax: +971 7 2027280
E-Mail: share@gulfcement.ae
Investors Relation Portal: http://www.gulfcement.ae/investor-relations-ar/

CHAPTER 2

2.2.5 Risk Management

The Company Board of Directors adopted the policies, frameworks and regulations that ensure effective management of risks based on the nature of the company work

The Company risk management framework provides a logical and systematic way to identify analyze, evaluate, treat and mitigate risks, monitor and prepare reports to ultimately allow leadership to take appropriate decisions and respond in a timely manner to risks when they arise. Therefore, the risk management framework in the company seeks to:

- Establish a framework for the risk management process and ensure it is implemented across the company.
- Ensure that all the current and future risk exposures of the company are identified, assessed, appropriately treated and managed.
- Ensure systematic and uniform assessment of risks across the company.
- Clearly define the roles and responsibilities of risk control to enhance the control and governance requirements of the Board of Directors and its c ommittees, and effectively communicate the outputs of risk control to support the main business objectives of the company.
- Create a risk aware culture.

CHAPTER 2

2.2.5 Risk Management

- Contributing to business growth within the changing business environment and ensuring financial sustainability, as the company's risk assessment framework covers a wide range of risks, including :

1. Risks associated with operating and production.
2. Domestic and foreign market risks
3. Risks associated to laws and regulations issued by the state, the local authority, and the Securities and Commodities Authority.
4. Risks and difficulties associated with the rapidly changing and evolving technology and information security.
5. Risks and difficulties associated with maintaining human competencies.
6. Risks and difficulties related to suppliers, customers and stakeholders.
7. Risks and difficulties related to Environment, natural resource constraints and other broad sustainability trends.

CHAPTER 2

2.2.6 Internal audit System

Internal audit Department is fully independent and directly affiliated to the Board of Directors, it implements audit and control policies, which aim to assess the Company's risk management procedures, contribute to the proper application of the Company's governance rules and verify the compliance of the Company and its employees with the provisions of laws and regulations. Reviewing financial statements, and reviewing accounting policies and practices.

2.2.7 ANTI-CORRUPTION

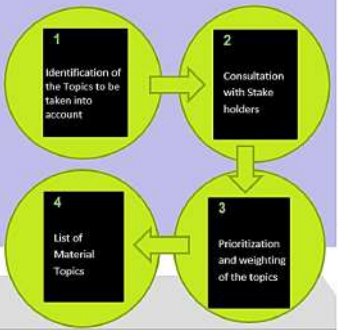
In our dealings with customers, and suppliers we get our employees to strictly uphold the Group's policy on anti- corruption/bribery. GCC has clear-cut directives and regulations, regarding bribery of any sort and taken a number of other measures targeting at the risk of commercial bribery, to ensure that its business activities are carried out on the premise of fair lawfulness and compliance.

GCC was never involved in any litigation cases concerning corruption, bribery, since its inception and no any such cases reported for Financial Years 2020 & 2021.

2.2.8 WHISTLE BLOWING POLICY

We had provided a mechanism for employees and external parties to report concerns over alleged wrongful acts. Employees as well has other parties are free to report about any fraudulent practices by reporting via phone calls, fax, emails and Management ensures strict action against the reported activity, in the event of finding it genuine. There were no whistleblowing cases in Financial Year 2021 & remained Nil in the financial year 2020.

2.2.9 GCC STAKEHOLDERS AND MATERIALITY MATRIX :



GCC STAKEHOLDERS	TOOLS	GENERATED OUTPUTS
Employees	. Performance Assessment . Development programs . Trainings	. Opportunity for career development . Safety at work . Information provision and transparency . Skills and competence building . Team-building
Customers and broader community	. Community interaction sessions . Grievance redress . Surveys . Charity activities . Social media . Sustainability reporting	. Satisfaction of customers' needs . Support for local communities . Promotion of mutual trust and transparency . Promotion of sustainability values
Industry experts Interactions (OEM)	Regular Interaction with all OEM for technical solutions	. Shared solution for common challenges . Industry innovations
Suppliers and contractors	. Training for Contractors . Supplier assessment . Supplier Reevaluation and approval procedures	. Enhanced effectiveness and quality throughout the value chain . Opportunities for local suppliers . standards and best practices
Government	. Seminars, . Meetings . Regular reporting to government institutions	. Compliance with Federal and local laws. . Promotion of transparency and mutual trust
Shareholders	. Annual General Body meetings . Financial reports . Corporate Governance report . Sustainability report	. Shareholder value and transparency
Press & Media	. Press releases	. Transparency for all stakeholders . Communication of milestones, events and activities

MATERIAL ASPECTS ASSESSMENT

An important part of our sustainability journey begins with the identification of relevant aspects. Relevant aspects are then prioritised as material factors which are then validated The end result of this process is a list of material factors disclosed in the sustainability report.

The assessment process is as shown below:

To determine if an aspect is material, we assessed its potential impact on the economy, environment and society and influence on the stakeholders. Together with senior management and our external consultant aspects were identified and prioritised through internal workshops, peer reviews and social impact assessments on site.

This process resulted in the identification of the Material Topics for GCC, which may have an impact not only on the creation of economic value for the company, but also at the environmental and social level which are manifestly important for the different groups of stakeholders that were heard. These topics are mirrored throughout this report in chapters 4, 5 and 6.

IDENTIFICATION of material factors that are of relevance to the Companies's activities and relevant topics from the ADEX Sustaibility reporting guidlines.

VALIDATION of the completeness of key sustainability factors identified to finalise sustainability report with consultation from stakeholders.

PRIORISATION Analysis of the results, and weighting of responses to stakeholders from different locations

LIST MATERIAL TOPICS : Result of the prioritization of topics.

We at GCC have mapped these material topics for our Materiality Matrix. The Top Management had identified in-house members who contributed in understanding the responsibility for preparation of Sustainability road map and have analyzed identified, and validated and prioritized the material topics, which are of vital importance for a sustainable development in near future, and the same is listed below:

2.2.10 LIST OF MATERIAL TOPICS

- Health, Security and safety
- GHG emissions and climate change
- Community development and local impact management
- Waste Management.
- Energy conservation.
- Human Resources Management, Gender equality
- Other emissions
- Involvement of stakeholders
- Water use and management
- Product safety and quality
- Customer relationship and satisfaction

2.2.11 CORPORATE SOCIAL RESPONSIBILITY INITIATIVES

Cash and in-kind contributions made by the Company during the year 2021 toward the local community development and environmental conservation

First: Contributions:

The UAE community has a solid privacy and a lofty goal in the company's strategies, which is a national responsibility that establishes fundamental foundations for the tasks entrusted to everyone.

Likewise, the company is an integral part of the surrounding community and works wholeheartedly and with affiliation to consolidate effective community partnerships. Gulf Cement Company continues to support community-based activity of all kinds with a package of voluntary contributions, based on the laws and regulations of the country. The company works to ensure that all its employees are an active and influential part of society.

Community outreach:

The company has exceeded the in-kind, cash contributions and reached the goal of active community participation through adoption of the executive management to BOD initiative in supporting the community and building a strong social relationship that contributes to the positive social impact, through community outreach to become the company part of the surrounding society.

Community voluntary contributions provided by the company

In accordance with Federal Law No. (2) for the year 2015 on commercial companies and it's amendments and the article no. (65) of the Article of Association regarding the voluntary contributions, which allowed companies to pay voluntary contributions, and stipulated that voluntary contributions should not exceed (2%) of the average net profit of the company during the two financial years preceding the year in which such voluntary contributions are paid, Since the company did not achieve profits in the two fiscal years (2019 & 2020), no cash contributions were made during the year 2021, but the company was keen to continue providing in-kind and service contributions by providing various building materials and services to help citizens with limited income from the local community and public utilities.

Second: Environmental conservation:

The company is keen to comply with the laws and resolutions issued by the Ministry of Climate Change and the Environment, and by Environment Protection and development authority in Ras Al Khaimah. Implement the policy of the Board of Directors that the company to be a leader in its field by applying best practices related to sustainable environment and green products. Gulf Cement Company also pays attention to the environment and its sustainability, and it believes that it is one of the main objectives that requires attention and focus on it, represented in its efforts in environmental sustainability projects that contribute to preserving natural resources and Corporate Governance Report 2021 Page 27 of 34 reducing carbon emissions resulting from production processes in kilns, which confirms its distinction with environmental leadership. The company works to support UAE orientations towards the green economy through ongoing environmental projects at the best and the latest technology in line with the prestigious position of the United Arab Emirates.

A. Urbanization:

The company takes great interest in Urbanization Projects as it represents the bright facade of the environmental reality of the company. These projects contribute to the presentation of the company's commitment to the importance of urbanization to achieve professional safety and job security and other parties as per the Ministry of Climate Change and EPDA requirements.

B. Landscaping:

The company has been concerned with afforestation in and around the perimeter of the company in order to achieve integration with urban construction projects that aim to highlight the aesthetic appearance of the company and increase the green area that contributes to improving the environmental situation of the area.

Environmental certificates

Obtained an Environmental Impact Assessment Approval Certificate from the Environment Protection and Development Authority in Ras Al Khaimah, allowing it to use all types of waste and alternative fuels in the company's kilns.

Renewing the environmental permit of the company issued by the Environmental Protection and Development Authority .

Certificate of thanks and appreciation from the Environment Protection and Development Authority in Ras Al Khaimah for the commitment to the environmental requirements and laws for Gulf Cement Company.

C. Environmental communication

The Authority honored the company on the efforts made and compliance with environmental laws and requirements.

The company was keen on continuous and permanent communication with both the ministry and the authority to provide them with the environmental reality of the company, benefiting from the electronic monitoring network and permanent monitoring devices, as the company takes all precautionary measures upon any interruption or sudden failure and informs the ministry and the authority, and as a result of these efforts, the ministry has become The authority is fully aware of the environmental reality of the company.

CHAPTER 2

2.2.12 GCC CYBERSECURITY-DATA STORAGE AND SECURITY

The best cybersecurity defense is the one that stops attacks from ever occurring. It is almost impossible to achieve as long as systems remain connected to other systems via networks or the Internet.

Therefore, Gulf Cement Company adopted Security Ecosystem in which we mainly focused on rely on preventive measures, which GCC has categorized into four areas: Technology Education, Policy and Audit & Monitoring.

CHAPTER 2

2.2.12 GCC CYBERSECURITY- DATA STORAGE AND SECURITY

Under strong Security Ecosystem GCC have implemented

A. Technology

1. Endpoint Security
2. Perimeter Security
3. O365- Email Security

B. Education

GCC have developed in house Cyber Security Awareness training program for End users. Training ranges from teaching user's basic security concepts like safe browsing, recognizing suspicious (phishing) messages, password security, understanding software permissions, and secure data disposal, to teaching security professionals how to recognize and react to a cyber-threat.

C. Policy and Procedure

GCC Implementation and enforcement of "policy and procedures." In which GCC describes acceptable uses and responsibilities, explicitly. Documented best practices and formal policies shared throughout organizations can aid users and improve security.

D. Audit and Monitoring

Gulf cement Conducted third party Audit for Cyber Security like Vulnerability Assessment and Penetration Testing. This help us to reconstruct GCC cybersecurity architecture based on the VAPT report.

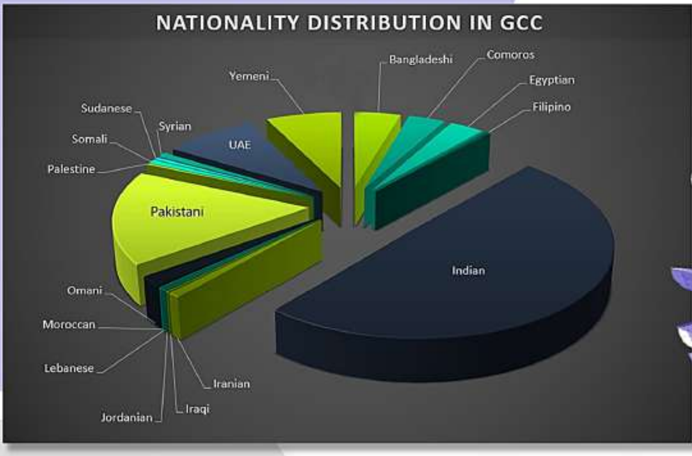
CHAPTER 2

2.3 HUMAN RESOURCES POLICY

"GCC Management system provides due processes for employee participation in organizational development and considers the employees as their assets"

CHAPTER 2

2.3 HUMAN RESOURCES POLICY



GCC is a company that is often acknowledged as one of the "Best Places to Work" in the cement industry in U.A.E. At GCC, we believe people are the pillars of the company and thus must be well taken care of. We strive to create an environment where employees realize their full potential, contribute their best and are adequately recognized and rewarded for their efforts. From time to time, the company reviews and adopts schemes that benefit employees and thus provides them a better workplace. GCC has a large workforce comprising experts in various disciplines and skilled persons. Referred to as the GCC family, it predominantly comprises human resources from many parts of the world and a variety of ethnic, cultural and religious backgrounds. GCC employees display a strong sense of loyalty to the Company. GCC fully complies with the UAE Labor Law and the policies laid out by the Federal Authority of Human Resources.

GCC has always treated all their employees alike and currently have 18 different Nationalities working in perfect harmony, which has resulted in an outstanding 100% employee satisfaction rate. Under one roof, we are operating with workmen originating from different countries following code of conduct in a harmonious manner.

Our employees strictly follow the company Code of conduct and Ethics and thus sets a free atmosphere and encourage all employees to report any possible violations to the code through various means, which is protected by our policy.

As a part of our commitment for women empowerment, we have inducted female employees as a part of our work force at various levels including one member at Board of Director level GCC takes pride in including women in their workplace, which was a trendsetter in the cement industry and are now proud to have 3.36% employees to the total workforce.

CHAPTER 2

2.3.1 EMPLOYEE TRAINING

GCC gives utmost importance for the selection of the personnel and assign them to required department/function, based on the relevant experience / skills / qualifications and competency The key competency needs of management / supervisory staff according to the specific needs of the Management/ supervisory function are fulfilled to meet product and customer requirements.

TRAINING :

GCC firmly follows the Employee development program whereby the top Management and employee work together to create a development plan that are needed by the individual. This development plan is transformed as a Training Need Analysis and is aligned with the organization's goals and ultimately serves as a template showing skills that the employee requires and how they can go about acquiring them.

As industries innovate, new technologies emerge; the ability to merge new technology with creative learning methods will ensure that teams learn new skills or reskill dynamically, through a future-oriented approach.

GCC considers Training as an investment and not expenditure and accordingly the entire workforces are trained on a continual basis to enhance their performance while at work.
At the beginning of each year, training needs are assessed and imparted either through in house or external competent agencies.

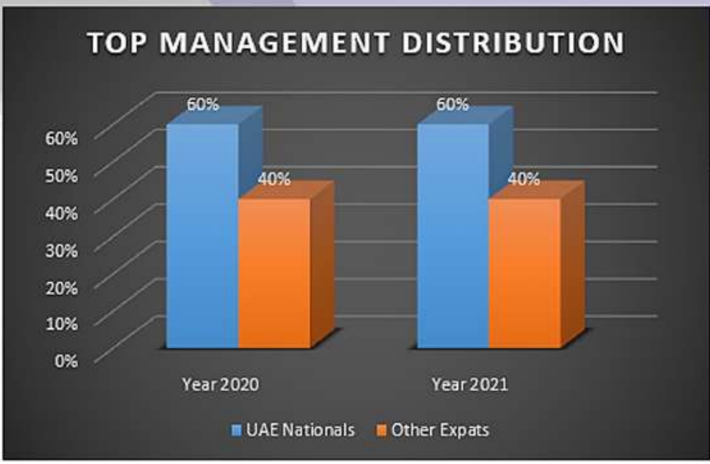
TRAINING DETAILS	Year 2020	Year 2021
No of hours	828	525
EMPLOYEES	552	350

CHAPTER 2

2.3.2 EMIRATISATION

Emiratization is a key performance indicator of Vision 2021. Gulf Cement company provides sample opportunities for Emiratis in various fields in our plant, provides life skills, reserves jobs for them and has made legal provisions for recruiting and retaining them in jobs. As the job vacancies arise, Gulf cement prioritize Emiratis as a preferred one. GCC focusing on the above still maintains 60% of the Top Management cadre with UAE Nationals.

GCC maintained the women empowerment, and proud to retain the women workforce (UAE nationals) as part of our working team successfully.



2.3.3 EMPLOYEE COUNT

EMPLOYEE COUNTS		
By Gender	Year 2020	Year 2021
Male	416	417
Female	14	14

2.3.4 GENDER DISTRIBUTION

By Nationality	Year 2019		Year 2020		Year 2021	
	Male	Female	Male	Female	Male	Female
Emirati	24	14	24	14	25	14
Expatriates	418	0	392	0	392	0
Total	442	14	416	14	417	14

2.3.5 EMPLOYEE TURNOVER

As per the job requirements, employees are periodically recruited, trained and the skill for the execution of jobs are always maintained. The employee turnaround for the last two years can be summarized as below:

EMPLOYEE DETAILS	Year 2019	Year 2020	Year 2021
Left	63	41	41
Joined	14	15	37

CHAPTER 3

ECONOMIC ASPECTS

CHAPTER 3

3.1 Year 2021 – Post Covid Challenges & Strategies

Gulf Cement Company as in the past have successfully passed the tides of economic challenges being faced during the year 2021. The highest level of resilience being shown by the company under the leadership of board. The razor focus approach helps to align operation with the changing business environment. The challenges were mainly from the factors beyond reasonable control of management. The leadership of company maintained razor focus approach on the market volatility, and put all efforts to restrict or reduce the GAP between average sales price and cost.

The global pandemic recovery continues but the momentum has weakened, hobbled by the pandemic. Fueled by the highly transmissible New variant, the recorded global COVID-19 death toll has risen above ~ 5 million and health risks abound, holding back a full return to normalcy Pandemic outbreaks in critical links of global supply chains have resulted in longer-than-expected supply disruptions, further feeding inflation in many countries. Overall risks to economic prospects have increased, and policy trade-offs have become more complex.

The major challenges during the year were the supply chain disruption post Covid-19, recovery which impacted rising global fuel and energy prices which constitute prominent portion of the total cost of production, controlling fixed cost and scheduled maintenance considering world-wide Covid-19 restrictions on movement and trade. The Company has shown resilience in all respect and adopt all tangible measures to improvise the situation in Company favor. The cost control measures, and various strategies adopted by management in 2020 in all areas with a specific focus to reduce fixed costs have started reaping fruit during the year 2021 with a significant reduction in fixed cost by AED 22 million.

In significance, the Company has been successful to an extent in shifting the burden of higher input cost by increasing the selling prices, substituting high fuel cost with other burning materials and sources, utilizing best possible mix of power sources, and carrying out the successful maintenance of the plant. However, these all efforts were substantially materialized by the end of the year 2021. Hence, the Company expect significant improvement in performance in next year.

CHAPTER 3

3.1 Year 2021 – Post Covid Challenges & Strategies

On liquidity side, even during this challenging time, the Company was able to manage its liquidity position without going for any significant external finance. The Company reduced the external borrowing by AED 26.5 million during the year 2021. Further, the Company has sufficient internal and external sources of finance until the time the performance metrics are improved which is expected to happen in the near future. The Company is currently low-leveraged and consequently management believe that it is better placed to face off the headwinds as compared to its competitors.

Management shall continue the following strategies:

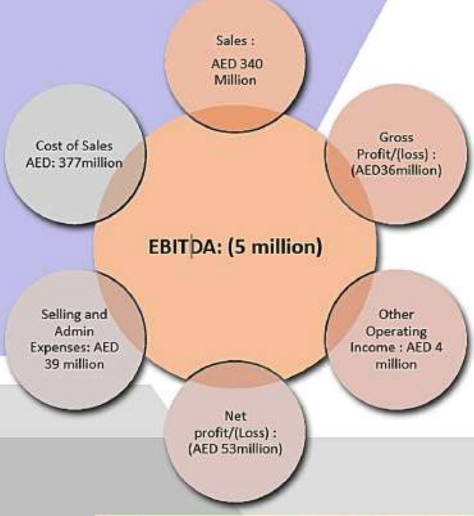
- Developing strategies to concentrate and expand the Cement sales volumes which is under significant pressure
- Deferment o f all non-essential and discretionary expenditure for the conceivable future;
- Restricting capital expenditure to essential maintenance levels;
- Strict working capital management and reducing working capital in line with lower activity levels;
- energy conservative measures and right mix of power sources and effective and efficient use of available resources to be lowest cost-producer in the country through

Management is cognizant of the challenges that lie ahead and will continue proactively adapt in order to ensure optimum performance of the Company.

Management believes that as the economic activities gain further momentum, stability in commodity prices and the effects of pandemic decline, the market is projected to make a broad based recovery to keep the cement demand going in addition to the above actions, combined with other strategic and operational measures taken by the Board of Directors will effectively transform the profitability of the Company in the foreseeable future.

The Company will continue to closely monitor the impact of COVID-19 as the situation progresses to manage the potential business disruption COVID-19 outbreak may have on its operations and financial performance in 2022.

3.2 FINANCIAL HIGHLIGHTES



3%

LOWEST GEARING RATIO IN THE INDUSTRY

5% p.a

Average Dividend During last 10 years

Performance and Financial Position Indicator - 2021 Vs 2020

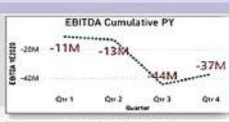
Other Operating Performance Ratios

YEAR 2021	-7.84% Return on Equity CY	-6.01% Return on total Asset CY	1.56 Book Value/Share CY	0.39 Asset Turnover CY
YEAR 2020	-31.10% Return on Equity PY	-29.80% Return on Total Asset PY	1.74 Book Value /share PY	0.38 Asset Turnover PY

Financial Strength Ratios

-5.81M
EBITDA 2021

-37.36M
EBITDA YE2020



3%
Debt/total Asset 2021

6.10%
Debt/Total Asset YE2020

4.59%
D/E ratio 2021

7.85%
D/E ratio YE2020

For details on financial results, please refer to our FY2020 Annual Financial Statements consist of statement of financial position, financial and economic performance pages 7 to 47 . https://www.adx.ae/english/pages/productsandservices/securities/selectcompany/financialreports.aspx?listedcompanyid=AEG000101010&pnavTitle=Gulf%20Cement%20Co

CHAPTER 3

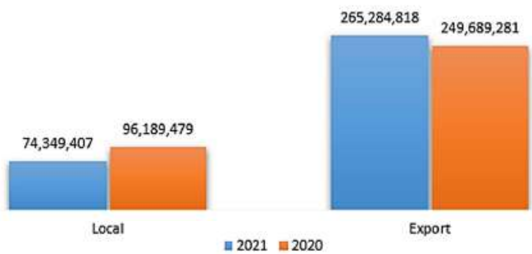
3.3 SALES PERFORMANCE

The company achieved revenue of AED:341million during the year 2021, compared to revenue of AED 346 million during similar period last year. The sales mix stands, 80% of sales proceeds were from export market whereas the 20% from local market, where the sales mix of the year 2020 stood at 78% from export market and 22% from local market indicating shrinking trend of local market sales by 2% in sales mix.

The geographical sales revenue generated is as follows;

Sources	Year 2021	Year 2020
Local	75,435,741	96,189,479
Export	265,201,641	249,689,281
	340,637,382	345,878,760

SALES BY GEOGRAPHY



CHAPTER 4

CHAPTER 4

4.1 LEGAL COMPLIANCE

4.1 LEGAL COMPLIANCE

Environmental matters in cement industry, are governed by the UAE Federal laws (MOCCAE- Ministry of Climate Change and Environment)

in addition, local regulations and decrees. The Federal laws are implemented by the local "Competent Authorities". Environmental Protection and Development Authority,

Ras Al Khaimah (EPDA–RAK) is the competent authority, responsible for the implementation of the Federal Law No 24 (1999) in the Emirate of Ras Al Khaimah.

In response to the Federal law No 24 (1999), Executive Order No 37 (2001) for the Environmental Impact Assessment EPDA-RAK has developed its guidelines to conduct the Environmental Impact Assessmen GCC has taken the approval of EPDA by submitting EIA report and subsequently renewed the same.

4.1.1 FEDERAL LAWS

Federal Law No. (24) 1999

Federal Law No (24) concerning the Protection and Development Executive Order of the Federal Law No (24) 1999

Ministerial Decree No 137 (2012) for Cement Industries Regulatory Guidelines for Environmental Control in the Cement Industry.

Article-1: Scope of Application: The provision of this resolution will apply to all the establishments operating in the field of cement industry in the UAE, in addition to the decisions issued by the competent authorities.

Article-2: Environmental Impact Assessment: All the establishments in the UAE will have an EIA report prepared by an Environmental Consultant experienced in the cement industry.

CHAPTER 4
LOCAL REGULATIONS

4.1.2 LOCAL REGULATIONS

Regulation No (1) 2001 for public hygiene in the Emirate of Ras Al Khaimah

LAW NO (2) 2007

For the Environment Protection and Development Authority – Ras Al Khaimah Law No (2) 2007 stipulates that the competent environmental authority in the Emirate of Ras Al Khaimah is the "Environment Protection and Development Authority" (EPDA – RAK) under the Chairmanship of the Crown Prince and Deputy Ruler.

In order to abide by the Laws, and to protect the environment GCC has initiated several steps in the plant including the state of the art Bag filters with an emission levels of <5 mg/nm3 which is very stringent than the permissible levels by the regulations.

GCC has installed a Continuous Emission Monitoring Systems (CEMS) which minutely monitors the emission levels from the chimney gases, as per the mandatory requirement for the stacks and have already linked the outputs to the ministry online.

The ambient air quality is also strictly monitored for all the emissions, and particulates and sharing the output of the unit online with the Ministry.

We have no violation on the environmental and have 100% compliance with the stipulated laws regarding the maintaining of emission levels

CHAPTER 4

4.2 CONSERVATION OF NATURAL RESOURCES & USAGE OF ALTERNATE FUELS.

GCC firmly places their interest in promoting a sustainable product manufacturing approach and have always in quest for preservation of natural resources. A well-planned execution for adequate sourcing of various raw materials and their strategic procurement plans enabled a sustainable business model for the company and thereby protected the interests of our stakeholders.

Gulf Cement Company is a pioneer in preserving natural resources and have successfully utilized copper slag as a corrective material, iron ore that is imported from other countries. In the year 2020, usage of copper slag was 112,792 MT's, and in the year 2021 110,139 MT's successfully. Gulf cement, in an attempt to promote local resources have used the siliceous materials as a replacement to bauxite correctives and used 545,423 MT's in 2020 and 473,056 MT's in 2021.

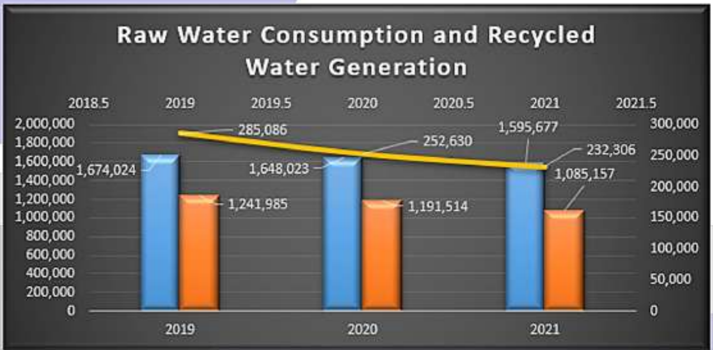
GCC was always a pioneer in exploring alternate sources of Energy for their production process and were the first to introduce pet coke firing in this region, and have successfully utilized alternate fuels over the period of last few years, which includes a multitude of waste materials ranging from Tire chips to Camel waste. The year 2021 was a challenging for GCC, as it did not resource enough alternate fuels from Tyre Derived Fuels due to short supply. Utilization of Refused Derived fuel studies are encouraging and has a plan to achieve a Thermal Substitution rate of Min 10% both in their kilns and as well as in their CFBC boilers in the coming years.

GCC Power generation Plant used fresh water for its water-cooled condenser system and is originally designed for 7 Cubic meters per Megawatt of electricity generation. Due to persistent modifications we have reduced the use of fresh resources of water, and have commissioned two RO plants with a capacity of about 1500 M3/ day. GCC have successfully have brought down the water consumption from a level of 5.86 m3/MWh in Year 2020 to 5.33 M3/MWh, a reduction of >9.0% in the consumption rate.

GCC is proud to be operating with a vision of Minimum Liquid discharge from its plant through the above sustainable initiatives.

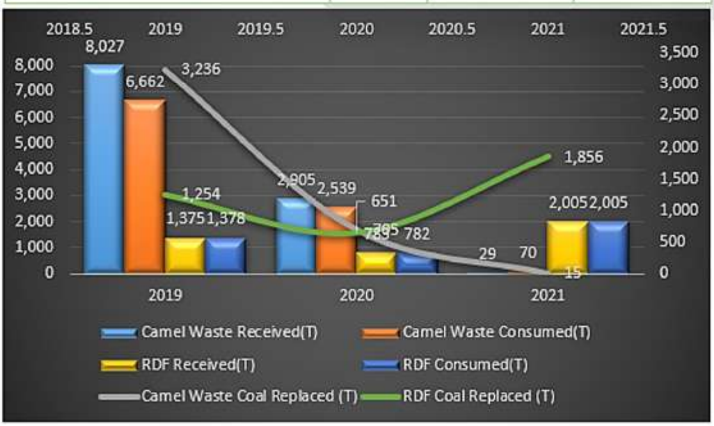
4.2. A RAW WATER CONSUMPTION & RECYLED WATER FOR STG

Year	2019	2020	2021
Total Raw Water(M^3)	1,674,024	1,648,023	1,595,677
STG Raw Water(M^3)	1,241,985	1,191,514	1,085,157
Recycled Raw Water(M^3)	285,086	252,630	232,306



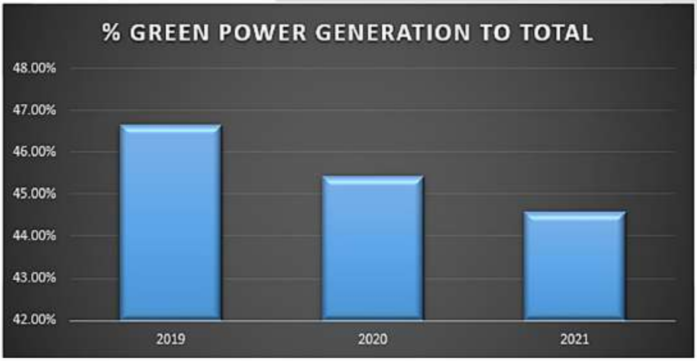
4.2.B ALTERNATE FUELS FOR CFBC BOILERS

Year	2019	2020	2021
Camel Waste Received(T)	8,027	2,905	29
Camel Waste Consumed(T)	6,662	2,539	70
AF Received(T)	1,375	783	2,005
AF Consumed(T)	1,378	782	2,005
Af Coal Replaced (T)	1,254	651	1,856
Camel Waste Coal Replaced (T)	3,236	705	15



4.2. C. GREEN POWER GENERATED

Year	2019	2020	2021
Gross Power Generation (Kwh)	242,309,590	221,717,000	203,537,000
Green Power Generation (Kwh)	161,673,054	149,214,346	130,796,772
% Green Power Generation to total	46.65%	45.44%	44.57%



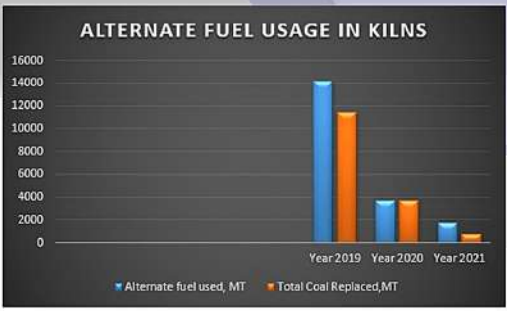
4.2.D. ALTERNATE FUEL USAGE FOR PYRO PROCESSING

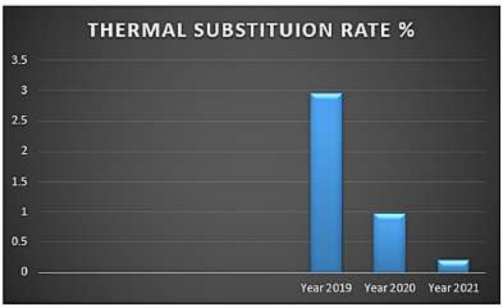
Gulf Cement takes pride in replacing fossil fuels and were able to source and utilize in their production process successfully in these years. The below table indicate the year wise consumption and the thermal substitution rate achieved.

The year 2020 & 2021, the availability of alternate fuels severely reduced and hence the thermal substitution rates are lower.

As a part of our sustainable goal, the target for the current year is fixed at 5% and are working to source the waste within the country by nominating a special task force to achieve the same

ALTERNATE FUELS USED IN GULF CEMENT COMPANY			
	Year 2019	Year 2020	Year 2021
Total Alternate fuel used in Pyro Processing ,MT	14,192.70	3,711.11	1,752.21
Total Coal used ,MT	386,049	375,855	373,415
Total Coal Replaced, MT	11,420	3,669	768
Thermal Substitution Rate %	2.96	0.98	0.21





CHAPTER 4

4.3 SUSTAINABILITY MEASUREMENT

Cement is an important construction ingredient around the world, and as a result, cement production is a significant source of global carbon dioxide (CO2) emissions, making up approximately 2.4% of global CO2 emissions from industrial and energy sources.

Gulf Cement Company undertook a study and certified against ISO 14064-1:2006 and ISO 14067:2013 This highlight Gulf Cement Company's achievements in reducing their product carbon footprint by benchmarking them to regional competitors, thereby demonstrating the products as climate friendly. The year 2021 we have slightly lowered, our CO2 Foot prints due to Gas turbine remain stopped.

4.3.1. CO2 EMISSION FROM CEMENT PLANT FOR YEARS 2020& 2021

Parameters	Year 2020	Year 2021
Total Clinker Production , MT	2,816,022	2,844,164
Total Volume of CO_2 Emission in MT For Scope 1&2	2,751,779	2,541,185
CO_2 Emission Per Ton of clinker	977.17	893.47
CO_2 Emission Per Ton of Cement	951.7	869.06

Note:

The following were used in calculating the CO2 emissions

1) WRI/WBCSD 2004. The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard

2) GHG Protocol Corporate Accounting and Reporting Standard

3) The tools are consistent with those proposed by the Intergovernmental Panel on Climate Change (IPCC) for compilation of emissions at the national level (IPCC, 1996).

CHAPTER 4

Live Continuous Emission Monitoring System (CEMS)

CHAPTER 4

Clean Industry - Sustainable Environment

CHAPTER 4

Clean Industry - Sustainable Environment

CHAPTER 4

4.3.2 SUSTAINABLE DEVELOPMENT GOALS

SUSTAINABLE DEVELOPMENT GOALS

Gulf Cement Company has the following visions for a sustainable environment by Year 2030

* Promote Initiatives towards Sustainability by following both the Federal Government, and Local government policies.
* Promote Sustainable Economic growth.
* Promote industrial innovation for conserving Energy.
* Promote recycling of all wastes in the plant and
* Promote Good health and well-being by providing safe working environment to all.
* Promote Emiratization.
* Promote Gender equality by Emirati women participation.
* Promote transparency Management by code of conduct practices for suppliers and all workmen across the company.

CHAPTER 5

CHAPTER 5

5.1 SAFETY MANAGEMENT

The safety Management for promoting the health of all our employees is a core value and our declared ambition is to achieve zero accidents and zero loss of life in our operations. The safe working culture is driven by our employees at every level, as we work to achieve our common goal that – All the workforce should turn back home safely every day.

GCC totally believes in Human values to promote the sustainability and treats them as an asset for the company. Hence, we attach utmost importance to the Safety of the workmen and provide a conducive working environment in the company.

Our quality health safety and environmental policy is give below:

Gulf Cement Company
Ras Al Khaimah-United Arab Emirates

Quality Health Safety & Environmental Policy

Gulf Cement Company is specialized in Manufacturing, Storage, Marketing and Sales of all types of cement (OPC/SRC/MSRC/OWC), fly ash and ggbs for UAE markets and abroad. Top Management recognize the significance, accordingly prepared, documented, established and implementing an Integrated Management System (IMS) aligned with all applicable legal regulations, code of practices and international standards ISO 9001:2015, ISO 14001:2015, ISO 45001:2018 and latest editions of API Spec Q1 requirements. The policy and the objectives have been communicated understood implemented and maintained at all levels at all relevant functions and levels of the organization as well as being reviewed periodically for assessing opportunities for improvement and changes if any needed to them.

We aim to achieve the objectives by:

1. Proper communication and consultation with employees, other involved parties regarding company policy, procedures and commitments to improve their awareness and contribution to maintain legal compliance, client requirements and suggestions for continual improvement of IMS.
2. Careful selection, allocation of competent personnel, performance evaluation, providing specific trainings, safe work procedures, proper tools & safe equipment's to perform activities utmost safely to prevent injury and ill health.
3. Performing maintenance, inspections, audits, implementation of proper corrective actions to control or eliminate all potential non-conformities to ensure Quality, Health Safety and Environmental conformities and Legal compliance.
4. Conducting proactive hazard/aspect identification, risk/impact assessment, determination and implementation of reliable control measures for further continual improvement.
5. Promoting involvement of all personnel attention for emergency response and maintaining positive HSE culture on all work sites, company camps and offices.
6. Promoting pollution prevention by enforcing Reduction, Recycle and Reuse practices, avoidance of misuse of water and fuel, toxic emission prevention, waste disposal as per regulation for assuring a safe, healthy survival and for pleasant future.
7. Setting and reviewing QHSE objectives & targets on periodic basis and set further targets with respect to Quality, Health Safety and Environmental Management system.

This policy shall be made to any interested party or member of public on demand.

Chief Operating Officer

Rev: 0 Issue Date : 04-01-2021

CHAPTER 5

5.1 SAFETY MANAGEMENT

During the year, we implemented several leading measures to improve our H&S performance including the following:

* As a part of Health and Safety Improvement Plan, specific actions were taken to ensure health management, risk management, and road safety and maintained Zero Fatal accidents.
* All the work areas were fully audited for health and safety management and the work environment audit report forms a base for improvement of safety and Environment culture at all levels in the company. These best practice work culture provide assurance on the implementation and effectiveness of these systems.
* ISO 45001:2018 Certification (OHASAS) training process implemented across the organization, and work procedures are documented as per International safety guidelines and all associated critical risks associated with the full operation of the cement plant were covered.
* We provide safety induction training to all workers, visitors alike & ensure strict compliance of implementation of safety measures within the factory premises at all times.
* In the year 2021, we did not have any fatal accidents, and our safety statistics is a testimony for being a pioneer in Safe Work Culture.
* As per the Ministry regulations, working during hot summer in open is prohibited Accordingly, we took special care were taken to protect our employees during peak summer period and taken adequate precautions to prevent any incident during the above period by providing appropriate medical advice as well as adequately hydrating them.

Our education and awareness imparted on a continual basis for the safe work culture a mongst all stakeholders, which include Employees, contractual workers, and as well as third party clients/service engineers who are visiting GCC.

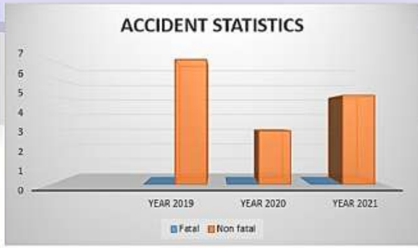
CHAPTER 5

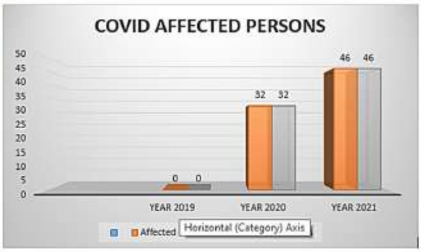
5.2 PANDEMIC MANAGEMENT

The pandemic outbreak (with Omicron Variant) was successfully managed at GCC. A high-level Emergency Committee appointed took care of the employees and all visitors by strictly enforcing the guidelines issued by Ministry of Health and as per our vision towards a successful and a sustainable company, we protected our employees and environment with greatest care.

We are proud to manage the pandemic situation and kept the spirt of our team afloat and successfully passing the situation without any loss in our human live and business.

SAFETY TRAINING	Year 2019	Year 2020	Year 2021
Fire fighting	27	69	42
Summer awareness	27	187	40
Industrial	189	845	1548
ACCIDENTS	Year 2019	Year 2020	Year 2021
Non- Fatal	7	3	5
Fatal	0	0	0
COVID AWARENESS	Year 2019	Year 2020	Year 2021
Affected Persons %	–	32	46
Recovered Persons %	–	32	46





CHAPTER 6

6.1 GRI reference index

GRI Content Index

STANDARD	DESCRIPTION	PAGE	COMMENT
General			
ORGANIZATIONAL PROFILE			
102-1	Name of the organization	Cover Page	Gulf Cement Company Psc
102-2	Activities, brands, products, and services	7-10	The principal activities of the Company are production and marketing of all types of cement.For further Information https://gulfcement.ae/en/our-products/
102-3	Location of headquarters		The address of the Company's registered office is P. O. Box 5295, Ras Al Khaimah, United Arab Emirates
102-4	Location of operations		The address of the Company's Site is P. O. Box 5295, Ras Al Khaimah, United Arab Emirates
102-5	Ownership and legal form		Gulf Cement Company P.S.C. (Public Shareholding Company) - Ras Al Khaimah (the "Company") is incorporated as a public shareholding company by Emiri decree number 24/77 issued by His Highness, The Ruler of Ras Al Khaimah, U.A.E., in 1977. . The Company's shares are listed on Abu Dhabi Securities Exchange (ADX) .
102-6	Markets served		The principal activities of the Company are production and marketing of all types of cement. Further Information at https://gulfcement.ae/
102-7	Scale of the organization	7-10	https://gulfcement.ae/
102-8	Information on employees and other workers	31	
102-9	Supply chain		The Company acquires various types of products and services such as components (aggregates, additives and packaging materials), as well as basic consumables inherent to their processes (fuel and electricity) and general services.
102-10	Significant changes to the organization and its supply chain		There were no significant changes worthy of record.
102-11	Precautionary Principle or approach	8	We are committed to mitigating the environmental impacts our operations by managing emissions, biodiversity and water
102-12	External initiatives	22-24	Please refer Corporate Social Responsibility Initiatives
102-13	Membership of associations	11	
STRATEGY			
102-14	Statement from senior decision-maker	4-5	Message from the Chairman of the Executive Committee
102-15	Key impacts, risks, and opportunities	17-18	
ETHICS AND INTEGRITY			
102-16	Values, principles, standards, and norms of behavior	8	
GOVERNANCE			
102-18	Governance structure	12-15	
102-19	Delegating authority		The Chairman of the Board of Administration delegates authority for economic, social and environmental issues to the Executive Committee
102-20	Executive-level responsibility for economic, environmental, and social		
102-21	Consulting stakeholders on economic, environmental, and social topics	21	
102-22	Composition of the highest governance body and its committees	13-14	
102-23	Chair of the highest governance body	12-15	
102-24	Nominating and selecting the highest governance body vices	12-15	
102-25	Conflicts of interest		The Board uphold utmost care and adopt principles to avoid conflict of interest.
102-26	Role of highest governance body in setting purpose, values, and strategy	12-15/8	
102-27	Collective knowledge of highest governance body		Members of the Management Board have experience in economic, environment and social affairs
102-28	Evaluating the highest governance body's performance		Information on performance assessment unavailable
102-29	Identifying and managing economic, environmental, and social impacts	12-15	
102-30	Effectiveness of risk management processes workers		Managed by the Risk Management and Internal Audit
102-31	Review of economic, environmental, and social topics		The management team and shareholders meet monthly to review progress on economic, environmental and social inititatives
102-32	Highest governance body's role in sustainability reporting and its supply chain		The Chairman of the Board evaluates and approves the Sustainability Report
102-33	Communicating critical concerns		Board of Directors meetings held Quarterly to address critical concerns
102-34	Nature and total number of critical concerns	22	
102-35	Remuneration policies	15	Remuneration Committee decides Board compensation
102-36	Process for determining remuneration and its supply chain		The Directors establish renumeration based on responsibilities
102-37	Stakeholders' involvement in remuneration		The Directors establish renumeration based on responsibilities
102-38	Annual total compensation ratio		Information unavailable
102-39	Percentage increase in annual total compensation ratio		Information unavailable
STAKEHOLDER ENGAGEMENT			
102-40	List of stakeholder groups	21	
102-41	Collective bargaining agreements vices	21	
102-42	Identifying and selecting stakeholders	21	
102-43	Approach to stakeholder engagement	21	
102-44	Key topics and concerns raised	21-22	
102-45	Entities included in the consolidated financial statements		Gulf Cement is a single Entity
102-46	Defining report content and topic boundaries vices	3-4	
102-47	List of material topics	22	
102-48	Restatements of information		Not Applicable
102-49	Changes in reporting		Not Applicable
102-50	Reporting period	Cover Page	Year 2021
102-51	Date of most recent report		Not Applicable
102-52	Reporting cycleworkers		The practice will be followed yearly
102-53	Contact point for questions regarding the report	3	
102-54	Claims of reporting in accordance with the GRI Standardsand its supply chain		"In accordance" core option.
102-55	GRI content index	This Page	
102-56	External assurance	3	
Management Approach			
103-1	Explanation of the material topic and its boundary	21-22	
103-2	The management approach and its components	21-22	
103-3	Evaluation of the management approach	21-22	Gulf Cement carries out regular monitoring and evaluation of the indicators associated with each topic. To assess the effectiveness of its management, the company also relies on the feedback from its stakeholders, benchmarking analysis and, where available, with external performance ratings.

CHAPTER 6

6.1 GRI reference index

Economics			
ECONOMIC PERFORMANCE			
201-1	Direct economic value generated and distributed	33-36	
201-2	Financial implications and other risks and opportunities due to climate change		The cement industry is highly regulated is respect of environmental concerns that has created both risks and opportunities for the companies of this sector. The efficient management of the CO2 emissions performed by GCC, the reduction of the use of alternative fuels and the reduction of the percentage of clinker incorporation in the cement, have allowed to operate with Envirnmental complaice to its best.
201-3	Defined benefit plan obligations and other retirement plans		GCC has implemented procedures to meet retirement plan goals
201-4	Financial assistance received from government		Information not available
MARKET PRESENCE			
202-1	Ratios of standard entry level wage by gender compared to local minimum wage		GCC makes no gender distinction. Currently, there are no positions earning minimum wage
202-2	Proportion of senior management hired from the local community	30	
PROCUREMENT PRACTICES			
204-1	Proportion of spending on local	11	Gulf Cement Receive ICV of 68%
ANTI-CORRUPTION			
205-1	Operations assessed for risks related to corruption	20	All of our subsidiaries are ruled by the Federal Law of Prevention and Federal Law for Identification of Operations with Resources from Illegal Origin
205-2	Communication and training about anti- corruption policies and procedures	20	
205-3	Confirmed incidents of corruption and actions taken	20	All of our subsidiaries are ruled by the Federal Law of Prevention and Federal Law for Identification of Operations with Resources from Illegal Origin
ANTI-COMPETITVE BEHAVIOR			
206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices		All of our operations are ruled by the Federal Laws of United Arab Emirates and No any deviation or non compliaces occurred
Environment			
MATERIALS			
301-1	Materials used by weight or volume	40-45	
301-2	Recycled input materials used	40-45	
301-3	Reclaimed products and their packaging materials		Information unavailable
ENERGY			
302-1	Energy consumption within the organization		Power Consumption and Heat Consumption are as per process requirement and One of the Key Performance Indicator for Gulf Cement sustainable growth policies.
302-2	Energy consumption outside of the organization		No energy consumption outside the organization
302-3	Energy intensity	40-45	
302-4	Reduction of energy consumption	40-45	Usage of Alternate fuels reduces Energy Consumption
302-5	Reductions in energy requirements of products and services		Information unavailable
WATER AND EFFLUENTS			
303-1	Water withdrawal	41	
303-2	Water discharge	40-41	No affected water sources have been identified to date.
303-3	Water consumption		Recycled water is used at the plants to water trees and irrigate roads
BIODIVERSITY			
304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas		Our aim is to conduct activities that build a better world, and while we do not normally operate in area with high biodiversity value, we are aware and sensitive to ecological integrity in our site management. We conform to all federal and Emirate regulations for conditional use permitting and land development requirements in the United Arab Emirate.
304-2	Significant impacts of activities, products, and services on biodiversity		
304-3	Habitats protected or restored		
304-4	IUCN Red List species and national conservation list species with habitats in areas affected by operations		
EMISSIONS			
305-1	Direct (Scope 1) GHG emissions	44-45	
305-2	Energy indirect (Scope 2) GHG emissions	44-45	
305-3	Other indirect (Scope 3) GHG emissions	44-45	Consolidated information on indirect emissions (CH4, HFC, etc.) is unavailable
305-4	GHG emissions intensity	44-45	
305-5	Reduction of GHG emissions	44-45	
305-6	Emissions of ozone-depleting substances (ODS)		No ODS is produced
305-7	Nitrogen oxides (NOX), sulfur oxides (SOX), and other significant air emissions		Information unavailable
EFFLUENTS AND WASTE			
306-1	Water discharge by quality and destination		Majority of water is discharged to recycled
306-2	Waste by type and disposal method		A consolidated report of the waste generated is unavailable
306-3	Significant spills		No significant spills during reporting period
306-4	Transport of hazardous waste		Not available
306-5	Water bodies affected by water discharges and/or runoff		No impacts to bodies of water by discharge or runoff
ENVIRONMENTAL COMPLIANCE			
307-1	Non-compliance with environmental laws and regulations		Non-compliance with environmental laws and regulations
SUPPLIER ENVIRONMENTAL ASSESSMENT			
308-1	New suppliers that were screened using environmental criteria		we are working on the new agreements to add environmental criteria and measure this indicator.
308-2	Negative environmental impacts in the supply chain and actions taken		We are also working on measuring this type of indicators

CHAPTER 6

6.1 GRI reference index

People & Community			
EMPLOYMENT			
401-1	New employee hires and employee turnover	31	
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees		Trainings, Annual/sick leaves leaves and retirement program, employee discounts
401-3	Parental leave		Human Resources Department will work on measuring this type of indicators
LABOR/MANAGEMENT RELATIONS			
402-1	Minimum notice periods regarding operational changes		Not applicable
OCCUPATIONAL HEALTH AND SAFETY			
403-1	Workers representation in formal joint management–worker health and safety committees	50-52	Good health and safety practices (SST) are applied, in that the teams responsible for SST are the same
403-2	Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work- related fatalities	50-52	The organization has Occupational Health and Safety issues identification and control processes, through risk assessment implemented at each site, performed by Safety Team having qualified training and also be employees with training in this area.Situations of workplace accidents are also evaluated to influence/ improve risk assessment. Employees can report dangerous situations through security procedures, including reporting incidents or quasi incidents, which are evaluated by a restricted committee. There are several safety procedures that allow workers to identify, disclose and monitor non-compliant occurrences (e.g. quasi accident procedure, periodic safety meetings). Some of the tools to manage this process are: - Accident Investigation Report, which sets out the mandatory requirements and rules to be followed with regard to the Health and Safety group, for the reporting, classification and investigation of safety events; - Lessons learned; - Disclosure through the works accidents alerts; - Periodic Safety and Health meetings at various levels of the company.
403-3	Workers with high incidence or high risk of diseases related to their occupation	50-52	The Organization is working on occupational health to identify such diseases
403-4	Health and safety topics covered in formal agreements	50-52	Health and safety issues are covered in labor agreements
403-4	Training employees in occupational health and safety	50-52	GCC invests in training its employees in this area. There is also training of a voluntary nature, particularly in the area of Safe Behaviour. New employees also have training in safety, both internal and external.
TRAINING AND EDUCATION			
404-1	Average hours of training per year per employee	29/51-52	A consolidated report of hours of training is unavailable
404-2	Programs for upgrading employee skills and transition assistance programs	27-29	
404-3	Percentage of employees receiving regular performance and career development reviews		Information unavailable
DIVERSITY AND EQUAL OPPORTUNITY			
405-1	Diversity of governance bodies and employees	27,31	
405-2	Ratio of basic salary and remuneration of women to men		Information unavailable
NON-DISCRIMINATION			
406-1	Incidents of discrimination and corrective actions taken		No incidents of discrimination during reporting period
FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING			
407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk		Information unavailable
CHILD LABOR			
408-1	Operations and suppliers at significant risk for incidents of child labor		Information unavailable
FORCED OR COMPULSORY LABOR			
409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor		Information unavailable
SECURITY PRACTICES			
410-1	Security personnel trained in human rights policies or procedures		Human rights addressed in Code of Ethics, which applies to all staff
411-1	Incidents of violations involving rights of indigenous peoples		No incidents related to rights of indigenous peoples
RIGHTS OF INDIGENOUS PEOPLES HUMAN RIGHTS ASSESSMENT			
412-1	Operations that have been subject to human rights reviews or impact assessments		Information unavailable
412-2	Employee training on human rights policies or procedures		All employees receive training on Code of Ethics
412-3	Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening		Information unavailable
LOCAL COMMUNITIES			
413-1	Operations with local community engagement, impact assessments, and development programs	22-24/30	
413-2	Operations with significant actual and potential negative impacts on local communities		No significant negative impacts to local communities during reporting period
SUPPLIER SOCIAL ASSESSMENT			
414-1	New suppliers that were screened using social criteria		Information unavailable
414-2	Negative social impacts in the supply chain and actions taken		Information unavailable
PUBLIC POLICY			
415-1	Political contributions		No political contributions were made
CUSTOMER HEALTH AND SAFETY			
416-1	Assessment of the health and safety impacts of product and service categories		LAB Departments is fully competent for materials handling
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services		No incidents during reporting period
LOCAL COMMUNITIES			
417-1	Requirements for product and service information and labeling		labeling requirements as per UAE laws are followed
417-2	Incidents of non-compliance concerning product and service information and labeling		No incidents during reporting period
417-3	Incidents of non-compliance concerning marketing communications		No incidents during reporting period
CUSTOMER PRIVACY			
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	25	No substantiated complaints during reporting period
SOCIOECONOMIC COMPLIANCE			
419-1	Non-compliance with laws and regulations in the social and economic area	38	No incidents of non-compliance during reporting period

CHAPTER 6
6.2 GLOSSARY & ABBREVIATIONS

ADX - Abu Dhabi Securities Exchange (ADX), United Arab Emirates

CSR - Corporate social responsibility

EPDA- Environment Protection and Development Authority, Ras Al Khaimah, UAE

ESG - Environmental, Social and Governance

GCC - Gulf Cement Company, a PSC company in U.A.E. Ras Al Khaimah

GRI - Global Reporting Initiative, which is an International framework recommended for reporting progress against Sustainable Development.

GPS - Global Positioning System

GHG- Greenhouse Gases are the gases that absorb and emit radiation within the thermal infrared range of the earth's atmosphere.

MOCCAE- Ministry Of Climate Change and Environment

MOHRE- Ministry of Human Resources & Emiratization

MW - Megawatt, a unit of power equal to one million watts

NOx - A generic term for Nitrogen oxides usually refers to it as an air pollutant.

CHAPTER 6

6.2 GLOSSARY & ABBREVIATIONS

OEM - Original Equipment Manufactuerer

PPE - Personal Protective Equipment- Protective clothing, helmets, goggles, or other garments or equipment designed to protect the wearer's body from injury.

SOx A generic term for Oxides of Sulfur usually refers to it as an air pollutant.

Sustainable Development - Development that meets the needs of the present without compromising the ability of future generations to meet their own needs.

Sustainability Reporting – A practice of measuring, disclosing, and being accountable to internal and external stakeholders for organizational performance towards the goal of sustainable development.

UNSDGS - United Nations Sustainable Development Goals is an intergovernmental set of aspiration goals officially known as Transforming Our World: The 2030 Agenda for Sustainable Development

UNGC -United Nations Global Compact is an UN initiative to encourage global businesses to adopt ten principles covering Human Rights, Labour Standards, Environment and Anticorruption

WHR - Waste Heat Recovery - Generating power by utilizing waste heat from preheater and cooler gases, by producing steam running the Steam Turbine Generator.

thank you

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Gulf Cement Company P.S.C