الإمارات
The Emirates

Integrated Report 2022

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 2022

السادة مساهمي «شركة أسمنت الخليج» المحترمين

السلام عليكم ورحمة الله وبركاته ،،،

بإسمكـم نـــرفع إلى مقـام صاحب السمـو الشيخ محمد بن زايد آل نهيان رئيس الدولة

حفظه االله ،،

وإلى مقـــــام صـاحب السـمـو الشيـخ محمـد بن راشـد آل مكتـوم نائب رئيس الدولة

رعاه االله ،،

وإلى مقـــــام صــاحب السـمـو الشيـخ سعـود بن صقـر القـاسمي عضو المجلس الأعلى حاكم إمارة رأس الخيمة رعاه االله،،

أسمى ايات الشكر والعرفان على دعمهم المتواصل للصناعة والاقتصاد.

كما يطيب لي بالأصالة عن نفسي وبالنيابة عن أخواني أعضاء مجلس الإدارة أن أرحب بكم في اجتماع الجمعية العمومية 47 ، كما يســرنـا أن نضع بين أيديكم تقرير عن نشاط الشركة ومركزها المالي للفترة المنتهية في 31 ديسمبر 2022

أدء الشركة خلال العام 2022

بالرغم من البدأ في تلاشي جائحة كورونا الا أن عام 2022 كان مليىء بالتحديات والصعاب وخاصة التداعيات الناتجة عن الوضع العالمي وانعكاسه السلبي على الاقتصاد في جميع الاسواق.

ان التحديات الكبيرة التي تمر بها صناعة الاسمنت وقطاع الانشاء والتعمير، متمثلة باستمرار انخفاض الطلب وأسعار الاسمنت والكلنكر في السوق المحلي والتأثير الكبير في الأسواق الخارجية بسبب الإغراق والمنافسة، كما أن الازمات العالمية كان لها الاثر السلبي الكبير على صناعة الاسمنت خاصة في ارتفاع أسعار الفحم وأرتفاع أسعار الشحن، الذي 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 استمرارية مسيرة الشركة ومواجهة التحديات الصعبة، حيث نجحت الشركة في تجاوز هذه الفترة والتوازن بين الانتاج والتسويق حسب متطلبات الأسواق، وقد أدى التزام الإدارة التنفيذية والعاملين بالشركة بهذه التوجهات الي الحفاظ على علاقة الشركة الاستراتيجية مع جميع المتعاملين بكل شفافية ونزاهة.

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 يتوافق مع القوانين والانظمة ويضمن تحفيز العطاء المؤسسي وتعزيز المساهمة في تنمية المجتمع.

الحفاظ على البيئـة

التزمت الشركة بتطبيق القرارات والقوانين وافضل الممارسات المتعلقة في الحفاظ على البيئة واستدامتها 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 الحياد الكربوني والتي تتناسب مع المكانة المرموقة لدولة الإمارات العربية المتحدة ورؤيتها 2030.

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 2023

إن مؤشرات الأسواق تشير إلى استمرار التحديات وارتفاع أسعار الطاقة والذي سينعكس سلباً على الكلفة، بالإضافة إلى تداعيات الازمة العالمية، كذلك استمرار الإغراق والمنافسة الشديدة في الأسواق الخارجية، ولكن بالتخطيط ورسم الاستراتيجيات وتنفيذ رؤية المجلس دعماً لمسيرة الشركة وعلاقة استراتيجية طويلة المدى مع كبار موردي المواد الخام والوقود كذلك مع زبائن الشركة الاستراتيجين بما يضمن استدامة الشركة وذلك سعياً لتحقيق النتائج المرجوة خلال العام 2023.

الخاتمة

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

والله ولي التوفيق

كايد بن عمـر بـن صـقـر القـاسـمـي

رئيس مجلس الإدارة

Gulf Cement Company P.S.C.

FINANCIAL STATEMENTS

31 DECEMBER 2022

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INDEPENDENT AUDITOR'S 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 2022, and the statements of profit or loss, 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 2022, 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.

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 659.4 million as of 31 December 2022. A history of recurrent gross and net losses have led to indicators of impairment. During 2022, management estimated the recoverable amount of its PPE being the higher of fair value less costs of disposal ("FVLCD") and value in use ("VIU"). VIU was assessed by the management through the assistance of an external valuer. Management has concluded that since the VIU is higher than the carrying amount of the PPE, hence no impairment provision was required for the year ended 31 December 2022. Since significant judgement, assumptions and estimation uncertainty is involved in assessing the impairment, we have identified this as a key audit matter. Note 10 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 to assess the VIU of the PPE in accordance with International Financial Reporting Standards (IFRS). ▪ We evaluated the appropriateness of the assumptions and judgments used including input data used to estimate the cash flow forecasts. ▪ 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 (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.

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>Allowance for slow moving and obsolete inventories</u> The gross balance of inventories as at 31 December 2022 amounted to AED 104.0 million, against which provision for slow moving and obsolete inventories amounting to AED 13.0 million was recorded. 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 14 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 have assessed the appropriateness of the disclosures in 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>Assessment of going concern basis</u> As explained in note 1.1 to the financial statements, the Company incurred a loss of AED 54.4 million for the year , and as at 31 December 2022 accumulated losses of the Company amounted to AED 146.5 million. As at 31 December 2022, the current liabilities exceeded its current assets by AED 60.6 million. As disclosed in the assessment of liquidity risk in note 28 to the financial statements, the Company has financial liabilities of AED 213.0 million to be settled within one year from 31 December 2022. The Company has cash and cash equivalents of AED 3.8 million, other current assets of AED 161.1 million, other non-current liquid investments of AED 2.2 million and unutilized borrowing facilities of AED 48.5 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 AUDITOR'S 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
Assessment of going concern basis (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 have assessed the appropriateness of the disclosures in the financial statements.

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. 32 of 2021, 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 AUDITOR'S REPORT TO THE SHAREHOLDERS OF GULF CEMENT COMPANY P.S.C. (continued)

Report on the audit of the financial statements (continued)

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and 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)

Auditor's 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. 32 of 2021, we report that for the year ended 31 December 2022:

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. 32 of 2021;

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

v) investments in shares and stocks during the year ended 31 December 2022, if any, are disclosed in note 12 to the financial statements;

vi) note 23 reflects material related party transactions and the terms under which they were conducted;

INDEPENDENT AUDITOR'S 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 2022, any of the applicable provisions of the UAE Federal Law No. 32 of 2021 or of its Article of Association which would have a material impact on its activities or its financial position as at 31 December 2022; and

viii) note 7(a) reflects the social contributions made during the year.

For Ernst & Young

Signed by:
Wardah Ebrahim
Partner
Registration No.: 1258

13 February 2023

Sharjah, United Arab Emirates

STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2022

	Notes	***2022*** ***AED***	*2021* *AED*
Revenue from contracts with customers	5	**348,112,911**	340,637,382
Cost of sales		**(378,569,829)**	(377,108,360)
GROSS LOSS		**(30,456,918)**	(36,470,978)
Other operating income	6	**5,233,569**	3,933,367
Selling, general and administrative expenses	7	**(28,032,207)**	(39,619,560)
Investment (loss)/ income	8	**(891,808)**	11,208,335
Finance cost		**(2,640,873)**	(2,229,301)
Other income	9	**2,384,939**	10,189,812
LOSS FOR THE YEAR		**(54,403,298)**	(52,988,325)
Earnings per share (EPS):			
Basic loss per share	21	**(0.13)**	(0.13)

The attached notes 1 to 30 form part of these financial statements.

STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 December 2022

	Notes	***2022 AED***	*2021 AED*
LOSS FOR THE YEAR		**(54,403,298)**	(52,988,325)
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)	12(a)	**13,443,462**	103,744
Net change in fair value of investments carried at FVTOCI	12(b)	**81,837**	1,563,307
Total other comprehensive income		**13,525,299**	1,667,051
TOTAL COMPREHENSIVE LOSS FOR THE YEAR		**(40,877,999)**	(51,321,274)

The attached notes 1 to 30 form part of these financial statements.

Gulf Cement Company P.S.C.

STATEMENT OF FINANCIAL POSITION
As at 31 December 2022

	Notes	***2022 AED***	*2021 AED*
ASSETS			
Non-current assets			
Property, plant and equipment	10	**659,416,363**	659,158,116
Investment property	11	**6,430,000**	12,630,000
Investment carried at fair value through other comprehensive income (FVTOCI)	12(a)	**2,223,101**	31,137,293
Trade and other receivables	13	**1,567,283**	2,067,283
Total non-current assets		**669,636,747**	704,992,692
Current assets			
Inventories	14	**90,932,943**	78,794,325
Trade and other receivables	13	**60,298,736**	54,400,828
Investment carried at fair value through profit or loss (FVTPL)	12(b)	**9,915,102**	37,024,967
Bank balances and cash	15	**3,774,784**	7,182,161
Total current assets		**164,921,565**	177,402,281
TOTAL ASSETS		**834,558,312**	882,394,973
EQUITY AND LIABILITIES			
Equity			
Share capital	16	**410,548,410**	410,548,410
Reserves	17	**348,663,041**	348,663,041
Fair value reserves	12(a)	**(12,274,202)**	(39,675,070)
Accumulated losses		**(146,468,061)**	(78,189,194)
Total equity		**600,469,188**	641,347,187
Non-current liabilities			
Provision for employees' end of service indemnity	18	**8,579,271**	8,480,783
Term loans	19	-	122,949
Total non-current liabilities		**8,579,271**	8,603,732
Current liabilities			
Bank borrowings	19	**51,062,120**	28,996,574
Term loans	19	**123,428**	200,469
Trade and other payables	20	**174,324,305**	203,247,011
Total current liabilities		**225,509,853**	232,444,054
Total liabilities		**234,089,124**	241,047,786
TOTAL EQUITY AND LIABILITIES		**834,558,312**	882,394,973

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

The attached notes 1 to 30 form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY
For the year ended 31 December 2022

	Share capital AED	*Reserves AED*	*Fair value reserve AED*	*Accumulated losses AED*	*Total AED*
Balance at 1 January 2022	410,548,410	348,663,041	(39,675,070)	(78,189,194)	641,347,187
Loss for the year	-	-	-	(54,403,298)	(54,403,298)
Other comprehensive income for the year	-	-	81,837	13,443,462	13,525,299
Total comprehensive loss for the year	-	-	81,837	(40,959,836)	(40,877,999)
Transfer of fair value reserve of equity instruments designated at FVTOCI (note 12(a))	-	-	27,319,031	(27,319,031)	-
Balance at 31 December 2022	**410,548,410**	**348,663,041**	**(12,274,202)**	**(146,468,061)**	**600,469,188**

The attached notes 1 to 30 form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY (continued)

For the year ended 31 December 2022

	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 12(a))	-	-	17,299,197	(17,299,197)	-
Dividend distribution (note 22)	-	(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 30 form part of these financial statements.

STATEMENT OF CASH FLOWS
For the year ended 31 December 2022

	Notes	*2022* *AED*	*2021* *AED*
OPERATING ACTIVITIES			
Loss for the year		**(54,403,298)**	(52,988,325)
Adjustments to reconcile loss to cash flows:			
Depreciation of property, plant and equipment	10	**55,078,877**	44,948,120
Finance cost		**2,640,873**	2,229,301
Provision for employees' end of service indemnity	18	**743,465**	548,037
Provision/ (reversal) for expected credit losses	13	**1,108,327**	(217,686)
Fair value gain on investment properties	11	**(37,056)**	(1,930,000)
Allowance for slow-moving and obsolete inventories written back	14(c)	**(8,000,000)**	-
Unrealized loss/ (gain) on investments carried at FVTPL	8	**202,099**	(5,080,931)
Loss/ (gain) on sale of investments in securities	8	**3,389,694**	(887,532)
Interest and dividend income	8	**(2,662,929)**	(3,309,872)
Unwinding of receivable from sale of an associate		**-**	(400,000)
		(1,939,948)	(17,088,888)
Working capital adjustments			
Trade and other receivables		**(6,506,235)**	37,922,756
Inventories		**(4,138,618)**	(7,842,398)
Trade and other payables		**(28,426,149)**	62,588,828
		(41,010,950)	75,580,298
Employees' end of service indemnity paid	18	**(644,977)**	(882,494)
Finance cost paid		**(2,640,873)**	(2,229,301)
Net cash flows (used in)/ from operating activities		**(44,296,800)**	72,468,503
INVESTING ACTIVITIES			
Purchase of property, plant and equipment	10	**(55,337,124)**	(35,721,155)
Purchase of investments carried at FVTOCI	12	**(4,921,349)**	(19,933,938)
Proceeds on disposal of investments in securities		**70,878,912**	27,321,011
Proceeds on disposal of investments Property		**6,237,056**	-
Dividends received		**2,660,421**	3,303,432
Interest income		**2,508**	6,440
Net cash flows from/ (used in) investing activities		**19,520,424**	(25,024,210)
FINANCING ACTIVITIES			
Proceeds from bank borrowings		**174,647,781**	140,704,544
Repayments of bank borrowings		**(152,582,235)**	(167,205,971)
Repayments of term loans		**(199,990)**	(188,984)
Dividends paid		**(496,557)**	(19,839,651)
Net cash flows from/ (used in) financing activities		**21,368,999**	(46,530,062)
NET (DECREASE)/ INCREASE IN BANK BALANCES AND CASH DURING THE YEAR		**(3,407,377)**	914,231
Bank balances and cash at the beginning of the year		**7,182,161**	6,267,930
BANK BALANCES AND CASH AT THE END OF THE YEAR	15	**3,774,784**	7,182,161

The attached notes 1 to 30 form part of these financial statements.

1 ACTIVITIES

Gulf Cement Company P.S.C. (Public Shareholding Company) - Ras Al Khaimah (the "Company") having license no. 32 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 2022, the Company incurred a loss of AED 54.4 million, as of that date, the Company's accumulated losses amounted to AED 146.5 million, and current liabilities exceeded current assets by AED 60.6 million. Slowdown in the overall economic situation arising from the consequences of the Covid-19 outspread and changing geopolitical situation; competitive prices and a continuous excess supply pressure, operating results have been negatively impacted.

The major challenges during the year were the supply chain disruption post Covid-19 recovery, which caused rising global fuel and energy prices while the ongoing Russia-Ukraine war further aggravated this situation, controlling fixed cost, passing increasing cost to customers and scheduled maintenance considering world-wide Covid-19 restrictions on movement and trade. The Company has shown resilience in all respect and has adopted all tangible measures to improvise the situation in the Company's favour. The cost control measures, and various strategies adopted by management in 2022 in all areas with a specific focus to reduce fixed costs have started reaping fruit during the year. During the year, the Company has improved its gross loss from 10.7% for the previous year to 8.7% for the current year & improved EBITDA from negative AED 5.8 million to positive AED 3.3 million.

In order to be able to deal with the effects of continued all-time high energy and commodity prices, the current selling price environment, as well as effects of the Covid-19 outbreak and global uncertainty, the management is continuously reviewing the Company's business and asserting the strategies. Tactical course of actions taken is mentioned below:

- Upward price revision in local market and renegotiation on prices with export customers
- Developing new markets for both existing and new products in the export business
- Reduction of costs and improvements in efficiencies wherever conceivable
- 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
- Restoration of machine efficiencies following successful maintenances that was delayed due to covid
- Automation of machines interfaces with ERP for real time data and effective decision making
- Curtailment of discretionary capital expenditure while preserving the ability of the business to increase production when cement prices and economies improve
- Strict working capital management through negotiation in payment terms with suppliers

Management have prepared cash flow forecasts for a period in excess of 12 months. Various scenarios have been considered to test the Company's resilience to business risks including:

- Significant adverse movements in the energy and fuel prices, and cement selling prices or a combination thereof
- Failure to meet forecast demand targets

In view of this, the management has determined that the Company has sufficient internal and external sources of finance until the performance metrics improve, which is expected 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 that provides sufficient headroom to cushion against downside operational risks and the risk of breaching any debt covenants. At 31 December 2022, the Company had available AED 48.5 million (31 December 2021: AED 46.9 million) of undrawn committed borrowing facilities.

Based on the Company's expectation related to the forecasts and facilities in place, management believe that the Company will be able to operate and comply with its financial covenants and be able to meet its obligations as they fall due, and accordingly have formed a judgement that it is appropriate to prepare the financial statements on a going concern basis.

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. 32 of 2021.

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 used in the preparation of the consolidated financial statements are consistent with those used in the preparation of the consolidated financial statements for the year ended 31 December 2021, except as follows:

New and amended standards and interpretations
The Company applied for the first-time certain standards and amendments, which are effective for annual periods beginning on or after 1 January 2022 (unless otherwise stated). The Company has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective. These new and amended standards and interpretations did not have any material impact on the financial statements of the Company.

- Covid -19-Related Rent Concessions beyond 30 June 2021 – Amendments to IFRS 16
- Onerous Contracts – Costs of Fulfilling a Contract – Amendments to IAS 37
- Reference to the Conceptual Framework – Amendments to IFRS 3
- Property, Plant and Equipment: Proceeds before Intended Use – Amendments to IAS 16 Leases
- IFRS 1 First-time Adoption of International Financial Reporting Standards – Subsidiary as a first-time adopter
- IFRS 9 Financial Instruments – Fees in the '10 per cent' test for derecognition of financial liabilities
- IAS 41 Agriculture – Taxation in fair value measurements

Standards issued but not yet effective
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 Company intends to adopt these new and amended standards and interpretations, if applicable, when they become effective. Majority of the amendments below are not expected to have a material impact on the Company's financial statements.

- 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)
- Amendments to IAS 1: Classification of Liabilities as Current or Non-current (effective from annual periods beginning on or after 1 January 2024 and must be applied retrospectively)
- 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 2023 with 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 still 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)
- Lease Liability in a Sale and Leaseback – Amendments to IFRS 16 (effective for annual periods beginning on or after 1 January 2024. Earlier application is permitted and that fact must be disclosed.)

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.

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

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 2020 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.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Property, plant and equipment (continued)
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. 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 10(a).

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.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

i) Financial assets (continued)

Initial recognition and measurement (continued)
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

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.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

i) Financial assets (continued)

Derecognition (continued)
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.

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.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

ii) Financial liabilities (continued)

Subsequent measurement (continued)
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.

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.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fair value measurement (continued)
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 4,11,12 and 26.

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 Article 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.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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.

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 2022. 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.

4 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (continued)

Estimates and assumptions (continued)

Units of production depreciation (continued)
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.

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 13 and note 28.

As at the date of the statement of financial position, gross trade receivables were AED 54.4 million (2021: AED 40.4 million) and the provision for expected credit losses was AED 4.0 million (2021: AED 2.9 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 104.0 million (2021: AED 99.8 million) with provision for old and obsolete inventories of AED 13.0 million (2021: 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.

4 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (continued)

Estimates and assumptions (continued)

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 10(a).

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 2022. The key assumptions used to determine the fair value of the properties and sensitivity analysis are provided in note 11.

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:

	2022 AED	*2021 AED*
Type of revenue		
Sale of goods	**348,112,911**	340,637,382
Geographical markets		
Within UAE	**120,723,817**	75,435,741
Outside UAE	**227,389,094**	265,201,641
	348,112,911	340,637,382
Timing of revenue recognition		
Goods transferred at a point in time	**348,112,911**	340,637,382

Revenue includes AED 259.0 million which represents 74% of total revenue from 7 customers (2021: AED 313.8 million which represents 92% of total revenue from 7 customers).

5 REVENUE FROM CONTRACT WITH CUSTOMERS (continued)

b) Contract balances

	2022 AED	*2021 AED*
Asset		
Trade receivables (note 13)	**50,323,883**	37,468,660
Liability		
Advances from customers (note 20)	**13,443,152**	1,410,742

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 (2021: 150 to 180 days).

6 OTHER OPERATING INCOME

Other operating income consists of income earned on electricity generated by the Company. Income earned during the year ended 31 December 2022 amounted to AED 5.2 million (2021: AED 3.9 million).

7 SELLING, GENERAL AND ADMINISTRATIVE EXPENSES

	2022 AED	*2021 AED*
Loading charges	**18,071,525**	23,834,411
Salaries and employee related cost (note (b))	**12,244,347**	11,866,393
Director expenses (note 23)	**1,059,099**	539,447
Professional charges	**970,117**	962,434
Allowance for slow-moving inventories written back	**(8,000,000)**	-
Allowance/ (reversal) for expected credit losses (note 13 (a))	**1,108,327**	(217,686)
Sales promotion	**80,369**	134,207
Others	**2,498,423**	2,500,354
	28,032,207	39,619,560

a) The social contributions (including donations and charity) made during the year amounting to AED 6,550 (2021: AED nil).

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

	2022 AED	*2021 AED*
Cost of sales	**20,852,288**	18,798,425
Selling, general and administrative expenses	**12,244,347**	11,866,393
	33,096,635	30,664,818

8 INVESTMENT (LOSS)/ INCOME - NET

	2022 AED	*2021 AED*
Unrealised (loss)/ gain on investments carried at FVTPL (note 12)	**(202,099)**	5,080,931
Dividend income	**2,660,421**	3,303,432
Gain on fair valuation of investment properties (note 11)	**-**	1,930,000
Gain on sale of investment properties (note 11)	**37,056**	-
Realised (loss)/ gain on disposal of investments carried at FVTPL	**(3,389,694)**	887,532
Interest income	**2,508**	6,440
	(891,808)	11,208,335

9 OTHER INCOME

For the year ended 31 December 2022, other income mainly consists of scrap sales. In the previous year, 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.

10 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 2021	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
Additions	-	723,483	7,568,006	200,661	1,117,923	9,441,456	36,285,595	55,337,124
Transfers	-	47,975,353	-	-	-	(7,568,005)	(40,407,348)	-
At 31 December 2022	**157,445,609**	**1,175,364,320**	**495,824,232**	**17,594,875**	**11,647,732**	**1,873,451**	**129,479,740**	**1,989,229,959**
Depreciation and impairment								
At 1 January 2021	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
Charge for the year	1,597,638	47,069,780	5,515,045	70,416	825,998	-	-	55,078,877
At 31 December 2022	**142,659,489**	**916,922,546**	**214,868,741**	**16,740,275**	**10,750,716**	-	**27,871,829**	**1,329,813,596**
Net carrying value								
At 31 December 2022	**14,786,120**	**258,441,774**	**280,955,491**	**854,600**	**897,016**	**1,873,451**	**101,607,911**	**659,416,363**
At 31 December 2021	16,383,758	256,812,718	278,902,530	724,355	605,091	-	105,729,664	659,158,116

10 PROPERTY, PLANT AND EQUIPMENT (continued)

a) During the year ended 31 December 2022, no impairment losses (2021: AED nil of impairment loss) has 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 2022 and 31 December 2021 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 PPE 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:

	2022	*2021*
Discount rate	**10.50%**	8.9%
Growth rate on price per ton	**4.73%**	3%
Terminal year growth rate	**2.5%**	1.5%
Fuel and power price	**refer below**	refer below

Fuel and power price include coal and gas prices. 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 of coal is based on publicly available data if available otherwise average five-year actual coal prices are used as an indicator of the future price. In case of gas, forecast figures is derived basis of average of five-year actual gas prices as an indicator of the future price.

Value in use is higher than the carrying amount of the PPE as at 31 December 2022. 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 10.6% (2021: 9.0%) (i.e., +10 basis points)) in the CGU would result in no impairment (2021: no impairment.)

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 (2021: no impairment).

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 (2021: no impairment).

If prices of fuel and power increase on average by 0.5%, the Company will have no impairment (2021: no impairment).

b) At 31 December 2022, the cost of fully depreciated property, plant and equipment that is still in use amounted to AED 620.7 million (2021: AED 602.0 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 141 thousand (31 December 2021: AED 504 thousand) are mortgaged against auto loan (note 19).

f) There is a negative pledge over property, plant and equipment against borrowings (note 19).

g) Assignment of fire insurance policy over moveable property, plant and equipment in relation to banking facilities obtained by the Company (note 19).

11 INVESTMENT PROPERTY

	2022 ***AED***	*2021* *AED*
At the beginning of the year	**12,630,000**	10,700,000
Change in fair value	**-**	1,930,000
Disposal during the year	**(6,200,000)**	-
At the end of the year	**6,430,000**	12,630,000

Investment property represents plots of land in Ras Al Khaimah.

During the year, one of the investment property has been sold for AED 6,237,056, resulting in a gain on disposal of AED 37,056.

The fair value of the Company's investment property at 31 December 2022 and 31 December 2021 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 2022 and 31 December 2021, 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 2022 and 2021.

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)***	
			2022	*2021*
Plot of land	Current market rate for comparable properties that have been sold in nearby area	Rate per sq. ft.	AED 30	AED 30-155

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

12 INVESTMENT IN SECURITIES

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

	2022 ***AED***	*2021* *AED*
Quoted	**10,419,598**	66,734,658
Unquoted	**4,077,705**	4,077,705
Total gross investments at FVTOCI at cost	**14,497,303**	70,812,363
Less: accumulated fair value reserve, net	**(12,274,202)**	(39,675,070)
Fair value of investments	**2,223,101**	31,137,293

12 INVESTMENT IN SECURITIES (continued)

The geographical spread of the above investments is as follows:

	2022			*2021*		
	Concentration percentage on fair value	***Cost AED***	***Fair value AED***	*Concentration percentage on fair value*	*Cost AED*	*Fair value AED*
UAE	**0%**	**-**	**-**	0.5%	175,838	162,150
Kuwait	**100%**	**14,497,303**	**2,223,101**	99.5%	70,636,525	30,975,143
	100%	**14,497,303**	**2,223,101**	100%	70,812,363	31,137,293

The cumulative change in fair value of investments carried at FVTOCI amounted to negative AED 12.3 million as at 31 December 2022 (2021: negative AED 39.7 million) and is shown under equity. During the year, the Company has transferred AED 27.3 million (2021: AED 17.3 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 47.4 million (2021: AED 17.6 million) resulting to a gain of AED 13.4 million (2021: AED 0.1 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)

	2022 AED	*2021 AED*
Quoted investments at cost	**14,757,958**	72,515,016
Unquoted	**2,826,156**	2,826,156
Total gross investments at FVTPL at cost	**17,584,114**	75,341,172
Less: cumulative changes in fair value	**(7,669,012)**	(38,316,205)
Fair value of investments	**9,915,102**	37,024,967

The geographical spread of the above investments is as follows:

	2022			*2021*		
	Concentration percentage on fair value	***Cost AED***	***Fair value AED***	*Concentration percentage on fair value*	*Cost AED*	*Fair value AED*
UAE	**95.6%**	**8,077,941**	**9,483,754**	46.1%	27,271,815	17,060,897
Other GCC countries	**4.4%**	**9,506,173**	**431,348**	53.9%	48,069,357	19,964,070
	100%	**17,584,114**	**9,915,102**	100%	75,341,172	37,024,967

The total proceeds from the disposal of investments carried at FVTPL amounted to AED 23.5 million (31 December 2021: AED 7.8 million) resulting to a loss of AED 3.4 million (31 December 2021: gain of AED 887.5 thousand) which is shown in the statement of profit or loss.

12 INVESTMENT IN SECURITIES (continued)

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

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

	2022 ***AED***	*2021* *AED*
Fair value of investments at the beginning of the year	**68,162,260**	67,913,819
Additions made during the year	**4,921,349**	19,933,938
Disposals made during the year at carrying value	**(60,825,144)**	(26,329,735)
Unrealized (loss)/ gain on revaluation of investments carried at FVTPL (note 8)	**(202,099)**	5,080,931
Unrealized gain on revaluation of investments carried at FVTOCI	**81,837**	1,563,307
Fair value of investments at the end of the year	**12,138,203**	68,162,260

13 TRADE AND OTHER RECEIVABLES

	2022 ***AED***	*2021* *AED*
Trade receivables	**54,373,434**	40,409,884
Less: allowance for expected credit losses (note (a))	**(4,049,551)**	(2,941,224)
	50,323,883	37,468,660
Other receivables	**9,474,853**	16,432,168
Receivable from sale of an associate	**2,067,283**	2,567,283
	61,866,019	56,468,111
Less: receivable from sale of an associate due after one year	**(1,567,283)**	(2,067,283)
	60,298,736	54,400,828

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

	2022 ***AED***	*2021* *AED*
Balance at the beginning of the year	**2,941,224**	3,158,910
Charge/ (reversal) for the year (note 7)	**1,108,327**	(217,686)
	4,049,551	2,941,224

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 credit, and management believes that the allowance for ECL at the reporting date is sufficient.

13 TRADE AND OTHER RECEIVABLES (continued)

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

	2022 AED	*2021 AED*
Secured against unconditional bank guarantees	**26,870,249**	18,946,982
Unsecured	**27,503,185**	21,462,902
	54,373,434	40,409,884

d) The average credit period on sale of goods is 150 days to 180 days (2021: 150 days to 180 days).

e) Trade receivables amounting to AED 46.9 million (2021: AED 35.3 million) is due from the Company's five largest customers representing 86% (2021: 87%) of the total outstanding balance at 31 December 2022.

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 - 180 days AED*	*above 180 days AED*
2022	**54,373,434**	**42,627,621**	**8,173,285**	**1,099,002**	**2,473,526**
2021	40,409,884	33,334,911	5,296,798	-	1,778,175

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

14 INVENTORIES

	2022 AED	*2021 AED*
Finished goods	**11,306,385**	2,874,205
Raw materials	**3,940,992**	9,968,153
Work in progress	**14,352,488**	8,183,044
Bags, fuel and lubricants	**39,268,946**	40,986,155
Spare parts – maintenance department	**24,152,337**	26,196,164
Consumable items	**10,486,969**	11,163,842
Tools	**450,381**	448,317
	103,958,498	99,819,880
Less: allowance for slow-moving and obsolete inventories (note (c))	**(13,025,555)**	(21,025,555)
	90,932,943	78,794,325

a) Assignment of fire insurance policy over inventories in relation to banking facilities obtained by the Company (note 19).

b) Inventories are pledged against banking facilities obtained by the Company (note 19).

14 INVENTORIES (continued)

c) The movement in allowance for slow-moving and obsolete inventories during the year was as follows:

	2022 AED	*2021 AED*
Balance at the beginning of the year	**21,025,555**	21,025,555
Provisions written back during the year (refer note below)	**(8,000,000)**	-
	13,025,555	21,025,555

Provisions for slow-moving and obsolete inventories of AED 8 million were written back during the year basis of health check-up performed by an external party.

15 BANK BALANCES AND CASH

	2022 AED	*2021 AED*
Cash on hand	**83,491**	9,857
Bank balances:		
Current accounts	**2,464,997**	4,298,290
Call deposits	**1,226,296**	2,874,014
Total bank balances	**3,691,293**	7,172,304
Bank balances and cash	**3,774,784**	7,182,161

	2022 AED	*2021 AED*
Bank balances		
In UAE	**2,927,786**	5,143,563
In other GCC countries	**763,507**	2,028,741
	3,691,293	7,172,304

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

16 SHARE CAPITAL

	2022 AED	*2021 AED*
Issued and fully paid:		
410,548,410 (2021: 410,548,410) ordinary shares of AED 1 each	**410,548,410**	410,548,410

17 RESERVES

According to the Company's Articles of Association and the requirements of the U.A.E. Federal Law No. 32 of 2021, 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.

As of 31 December 2022, the statutory reserve exceeded the 50% of the paid-up share capital. In prior years, 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 is as follows:

	Statutory reserve AED	*Voluntary Reserve AED*	*Total AED*
Balance at 31 December 2021	343,930,557	4,732,484	348,663,041
Balance at 31 December 2022	**343,930,557**	**4,732,484**	**348,663,041**

18 PROVISION FOR EMPLOYEES’ END OF SERVICE INDEMNITY

	2022 AED	*2021 AED*
Provision as at 1 January	**8,480,783**	8,815,240
Provided during the year	**743,465**	548,037
Payments made during the year	**(644,977)**	(882,494)
Provision as at 31 December	**8,579,271**	8,480,783

19 BORROWINGS

a) Short-term

	2022 AED	*2021 AED*
Bank overdraft facilities	**6,147,904**	1,395,827
Short term loan	**44,914,216**	27,600,747
Total bank borrowings	**51,062,120**	28,996,574

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 14(a)) and movable property, plant and equipment (note 10 (g)) and pledge over inventories (note 14(b)) and a negative pledge over property, plant and equipment (note 10(f)).

Bank overdraft are considered a form of financing and hence not included as a component of cash and cash equivalents in the statement of cashflows.

19 BORROWINGS (continued)

b) Long-term

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

	2022 AED	*2021 AED*
Current portion	**123,428**	200,469
Non-current portion	**-**	122,949
Total term loans	**123,428**	323,418

The term loans carry interest at 3% p.a., are secured against vehicles financed (note 10(e)) and repayable on a monthly basis with last instalment due on 1 August 2023.

20 TRADE AND OTHER PAYABLES

	2022 AED	*2021 AED*
Trade payables	**108,811,677**	159,260,174
Dividend payable	**28,890,514**	29,387,071
Accrued expenses	**21,734,228**	11,202,697
Advances from customers	**13,443,152**	1,410,742
VAT Payable	**814,807**	1,102,116
Other payables	**629,927**	884,211
	174,324,305	203,247,011

Terms and conditions of the above financial liabilities:

- Trade payables are non-interest bearing and are normally settled on and average of 120 days (2021: 120-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.

21 BASIC EARNINGS PER SHARE

	2022 AED	*2021 AED*
Loss for the year (in AED)	**(54,403,298)**	(52,988,325)
Weighted average number of shares	**410,548,410**	410,548,410
Basic loss per share (in AED)	**(0.13)**	(0.13)

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

22 DIVIDENDS

At the annual general meeting held on 28 March 2022 (2021: 11 April 2021), no dividends were approved by the shareholders for the year ended 31 December 2021 (2021: AED 20.5 million cash dividends were approved which represents 5% of the Company's share capital for the year ended 31 December 2020). Shareholders also approved no remuneration for Board of Directors' for the year ended 31 December 2021 (2020: nil).

23 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:

	2022 AED	*2021 AED*
Attendance expenses for Board of Directors and committees' meetings (note 7)	**1,059,099**	539,447
Profit on the release of a plot of land owned by the Ras Al Khaimah government (note 9)	**-**	6,691,655

b) Compensation of key management personnel

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

	2022 AED	*2021 AED*
Salaries and other short-term benefits (note below)	**4,409,170**	3,784,432
Employees' end of service benefits	**316,289**	295,252
	4,725,459	4,079,684

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 2022 and 2021 related to key management personnel.

24 CONTINGENT LIABILITIES AND COMMITMENTS

	2022 AED	*2021 AED*
Letters of credit	**29,442,760**	61,973,294
Letters of guarantee	**36,725**	36,725
Capital commitment	**974,162**	-

25 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.

	2022			*2021*		
	Manufacturing AED	***Investments AED***	***Total AED***	*Manufacturing AED*	*Investments AED*	*Total AED*
Segment revenue	**348,112,911**	**-**	**348,112,911**	340,637,382	-	340,637,382
Segment result	**(53,511,490)**	**(891,808)**	**(54,403,298)**	(64,196,660)	11,208,335	(52,988,325)
Segment assets	**814,763,813**	**19,794,499**	**834,558,312**	798,728,699	83,666,274	882,394,973
Segment liabilities	**234,089,124**	**-**	**234,089,124**	241,047,786	-	241,047,786

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 2022, revenue from customers located in the Company's country of domicile (UAE) is AED 120.7 million (2021: AED 75.4 million) and revenue from customers outside UAE (foreign customers) is AED 227.4 million (2021: AED 265.2 million).

b) Major customers

Revenue includes AED 259.0 million which represents 74% of total revenue (2021: AED 313.8 million which represents 92% of total revenue) from 7 customers (2021: 7 customers).

26 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 2021.

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					
Financial assets	***2022 AED (audited)***	*2021 AED (audited)*	***Fair value hierarchy***	***Valuation techniques and key inputs***	***Significant unobservable input***	***Relationship of unobservable inputs to fair value***
Quoted equity investments carried at FVTOCI	**1,604,728**	30,518,920	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	**9,915,102**	37,024,967	Level 1	Quoted bid prices in an active market	None	N/A
	12,138,203	68,162,260				

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

26 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.

2022

	Level 1 AED	***Level 2 AED***	***Level 3 AED***	***Total AED***
Investment property	**-**	**-**	**6,430,000**	**6,430,000**
Investments carried at FVTPL	**9,915,102**	**-**	**-**	**9,915,102**
Investments carried at FVTOCI:				
- Quoted equities	**1,604,728**	**-**	**-**	**1,604,728**
- Unquoted equities	**-**	**-**	**618,373**	**618,373**
	11,519,830	**-**	**7,048,373**	**18,568,203**

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

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.

27 CORPORATE INCOME TAX

On 9 December 2022, the UAE Ministry of Finance released Federal Decree-Law No. 47 of 2022 on the Taxation of Corporations and Businesses (Corporate Tax Law or the Law) to enact a Federal corporate tax (CT) regime in the UAE. The CT regime will become effective for accounting periods beginning on or after 1 June 2023.

Generally, UAE businesses will be subject to a 9% CT rate. A rate of 0% will apply to taxable income not exceeding a particular threshold to be prescribed by way of a Cabinet Decision (expected to be AED 375,000 based on information released by the Ministry of Finance). In addition, there are several other decisions that are yet to be finalised by way of a Cabinet Decision that are significant in order for entities to determine their tax status and the taxable income. Therefore, pending such important decisions by the Cabinet as at 31 December 2022, the Company has considered that the Law is not substantively enacted from IAS 12 – Income Taxes perspective as at 31 December 2022. The Company shall continue to monitor the timing of the issuance of these critical cabinet decisions to determine their tax status and the application of IAS 12 – Income Taxes.

The Company is currently in the process of assessing the possible impact on financial statements, both from current and deferred tax perspective, once these critical cabinet decisions are issued.

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.

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 2022 and 2021.

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 2022 and 2021.

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*
2022	**+50**	**(255,311)**
	-50	**255,311**
2021	+50	(131,224)
	-50	131,224

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.

28 FINANCIAL INSTRUMENTS RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Market risk (continued)

b) Foreign currency risk (continued)

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

	Liabilities		***Assets***	
	2022 AED	*2021 AED*	***2022 AED***	*2021 AED*
US Dollars	**77,896,087**	112,100,300	**-**	-
Euro	**3,229,753**	1,095,782	**-**	-
Kuwaiti Dinar	**-**	-	**2,654,109**	42,161,805
Japanese Yen	**1,228,655**	11,796	**-**	-
Norwegian Krone	**-**	-	**-**	8,777,387
	82,354,495	113,207,878	**2,654,109**	50,939,192

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 against the AED.

The following table shows the sensitivity of the statement of profit or loss to reasonable possible changes in currency rates, with all other parameters being unchanged.

	Increase/ Decrease in currency rate %	*Effect on the results of the year AED*
2022	**+10%**	**(180,430)**
	-10%	**180,430**
2021	+10%	4,983,161
	-10%	(4,983,161)

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:

	2022			*2021*		
	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%**	**948,375**	**-**	±10%	1,706,090	16,215
Other GCC countries	**±10%**	**43,135**	**222,310**	±10%	1,996,407	3,035,677

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.

28 FINANCIAL INSTRUMENTS RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

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.

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:

	2022		
	Gross value AED	***Allowance for expected credit losses AED***	***Expected credit loss (ECL)***
Secured trade receivables	**26,870,249**	**27,787**	**0.10%**
Unsecured trade receivables	**27,503,185**	**4,021,764**	**14.72%**
	54,373,434	**4,049,551**	

	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	21,462,902	2,912,695	13.57%
	40,409,884	2,941,224	

28 FINANCIAL INSTRUMENTS RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

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

	2022 ***AED***	*2021* *AED*
In UAE	**54,363,887**	40,366,642
In other GCC countries	**9,547**	43,242
	54,373,434	40,409,884

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 5 years AED***	***Total AED***
2022				
Trade and other payables	**34,226,784**	**125,839,562**	**-**	**160,066,346**
Bank borrowings	**14,575,459**	**38,526,069**	**-**	**53,101,528**
Term loans	**18,608**	**110,399**	**-**	**129,007**
	48,820,851	**164,476,030**	**-**	**213,296,881**

	Less than 1 month AED	*2 to 12 months AED*	*1 to 5 years AED*	*Total AED*
2021				
Trade and other payables	43,017,116	157,717,037	-	200,734,153
Bank borrowings	10,071,574	19,176,412	-	29,247,986
Term loans	17,803	195,833	124,621	338,257
	53,106,493	177,089,282	124,621	230,320,396

28 FINANCIAL INSTRUMENTS RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Capital risk management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt. Consistent with others in the industry, the Company monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as bank borrowings (including 'current and non-current borrowings' as shown in the statement of financial position) less bank balances and cash. Total capital is calculated as 'equity' as shown in the statement of financial position.

The gearing ratio at the year end was as follows:

	2022 AED	*2021 AED*
Bank borrowings	**51,062,120**	28,996,574
Less: Bank balances and cash	**(3,774,784)**	(7,182,161)
Net debt	**47,287,336**	21,814,413
Total equity	**600,469,188**	641,347,187
Net debt to equity ratio (times)	**0.08**	0.03

In order to achieve this overall objective, the Company's capital management, among other things, aims to ensure that it meets financial covenants attached to the banks borrowings that define capital structure requirements. Breaches in meeting the financial covenants would permit the bank to immediately call borrowings.

No changes were made in the objectives, policies or processes for managing capital during the years ended 31 December 2022 and 2021.

Changes in liabilities arising from financing activities

	1 January 2022 AED	***Cash inflows AED***	***Cash outflows AED***	***Other changes AED***	***31 December 2022 AED***
Bank borrowings	**28,996,574**	**174,647,781**	**(152,582,235)**	**-**	**51,062,120**
Dividends payable	**29,387,071**	**-**	**(496,557)**	**-**	**28,890,514**
Term loans	**323,418**	**-**	**(199,990)**	**-**	**123,428**
	58,707,063	**174,647,781**	**(153,278,782)**	**-**	**80,076,062**

	1 January 2021 AED	*Cash inflows AED*	*Cash outflows AED*	*Other changes AED*	*31 December 2021 AED*
Bank borrowings	55,498,001	140,704,544	(167,205,971)	-	28,996,574
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

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 13 February 2023.

30 COMPARATIVE FIGURES

Some of the corresponding figures in the statement of cashflows for previous year have been reclassified in order to conform to the presentation for the current year. Such reclassifications do not affect previously reported profit or equity. These changes have been made to improve the comparability of information presented.

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

الإمارات
THE EMIRATES

Governance Report

2022

Gulf Cement Company P.S.C

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 2022

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.

Gulf Cement Company P.S.C

B. The table below shows the shares owned by the Board of Directors and transactions as of 31 December 2022 as follows:

S/N	Name	Position /Relationship	Shares Held as at 31/12/2022	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	--	-- --
5	Mr. Hammed Fahad Hamad Alwnais	MEMBER	53,850	--	-- --
6	Mr. Husam Mohammed El-Sayed Hussein Represented by (Al-Khair National For Stocks & Real Estate Co.)	MEMBER	-- 5,000	-- --	-- --
7	Ms. Dalya Mohammed Al Shehhi	MEMBER	5,000	--	-- --

Based on the above table and controls:

- There is no trading during 2022 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 untill Nov 2022	-	-
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 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	-	-

• Resignation of Mr. Hamad Ahmed Hamad Alameeri (representative of the National Investments Company) Vice Chairman of the Board of Directors on November 09, 2022, and Mr. Husam Mohammed El-Sayed Hussein was appointed as Vice-Chairman of the Board on November 09, 2022.

B. Women's representation in the Board of Directors for 2022

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 2021

There are no remuneration paid to the members of the Board of Directors for the financial year ended December 31, 2021.

2. Total remuneration of Board members proposed for 2022

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, 2022, after deduction of all the depreciation and reserves. Since the company has not attained profits for the year 2022 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 2022

There are no allowances paid to members of the BOD for attending the meetings of the committees for the year 2022.

4. Additional allowances, salaries or fees received by a board member other than the allowances for attending the committees for the year 2022

There are no additional allowances, salaries or fees paid to members of the BOD for the year 2022.

D. Board of Directors' meetings during the financial year ended 31 December 2022

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 2022, 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	14/02/2022	7	-	-
2	28/03/2022	6	-	1
3	17/05/2022	7	-	-
4	11/08/2022	7	-	-
5	09/11/2022	6	-	Resigned member (1)

E. Resolutions of the Board of Directors issued by passing during the year 2022

There are no resolutions issued by passing during the fiscal year 2022

F. Board of Directors' tasks and functions, which were performed by the Executive Management during the year 2022

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 2022

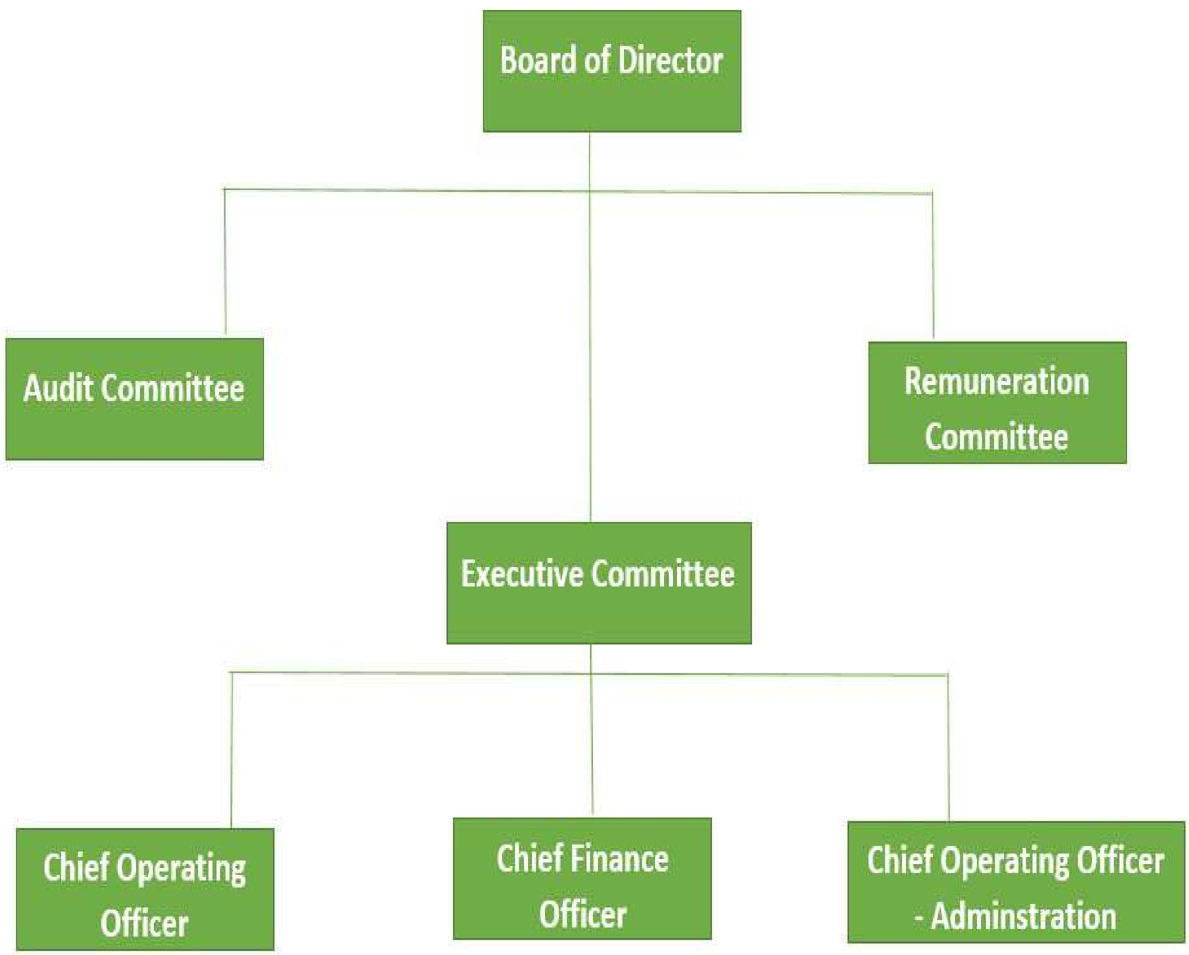
According to Federal Law No. 2 of 2015 for Commercial Companies and SCA resolution no. (3/Chairman) of 2020 concerning Approval of Joint Stock Companies Governance Guide and Company's Articles of Association:

- 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 2022, 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 2022.

Position	Appointment date	Total Salaries and Allowances paid for 2022 (AED)	Total Bonuses paid for 2022 (AED)	Any other Cash/in-kind bounses for 2022 or due in the future
Cheif Operating Officer	2013	**631,060**	-	-
Cheif Operating Officer - Adminstration	1995	**560,443**	-	-
Cheif Financial Officer	2016	**519,563**	-	-

(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 2022 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 2022

Name of Auditing Firm	Ernst & Young
Partner Name	Wardah Ebrahim
Number of years served as an external auditor for the Company	4 Year's
Number of years served as an the partner auditor for the Company	1 Year
Total audit fees for 2022 (in AED)	AED 248,000
Fees and costs of other private services other than auditing the financial statements for 2022 (in AED)	-
Details and nature of the other services (if any). If there are no other services, this matter shall be stated expressly	-
Statement of other services that an external auditor other than the Company accounts auditor provided during 2022	-

C. Reservations that the company auditor included in the interim and annual financial statements for 2022

There are no reservations that the company's auditor included in the interim and annual financial statements for 2022.

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 2022.

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 2022

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 2022 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	14/02/2022	3	-
2	17/05/2022	3	-
3	11/08/2022	3	-
4	09/11/2022	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 2022.

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 2022

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 2022 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	14/02/2022	3	-
2	11/08/2022	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 2022.

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 2022

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.

(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 2022 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 2022

Number of meeting	Date of the meeting	Number of Attendees	Names of absent members
1	**30/06/2022**	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 2022.

(10) Violations during the year 2022

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 2022, 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 (2021 & 2022), it did not Cash contributions are to be made during the year 2022, 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:

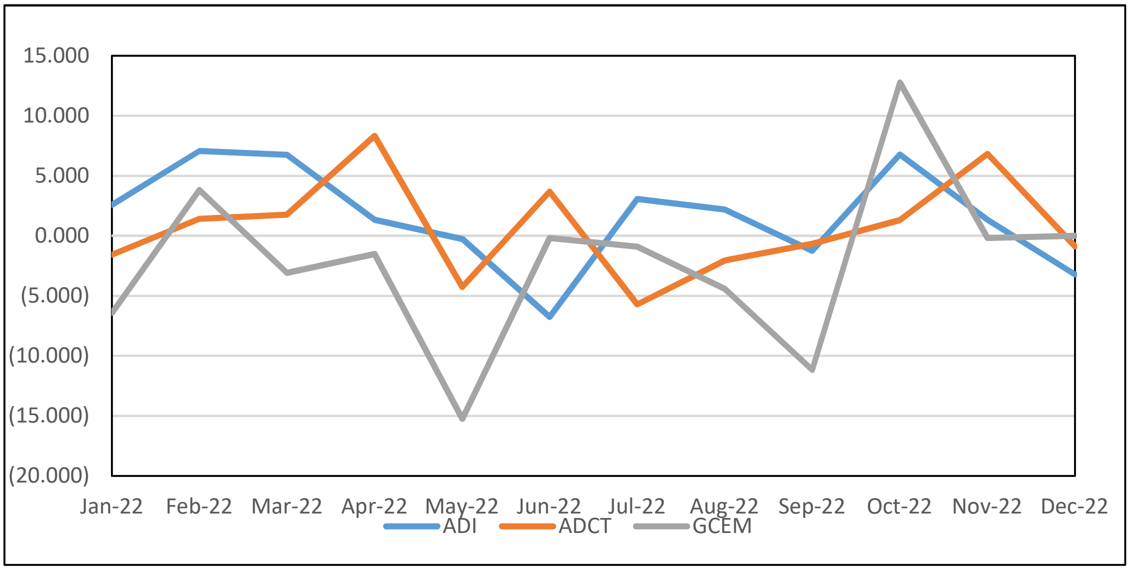
The company is keen to adhere to the implementation of the laws and decisions issued by the Ministry of Climate Change and Environment and the Environmental Protection Authority in Ras Al Khaimah, and to implement the policy of the Board of Directors that the company is a pioneer in its field of work 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 2022

Date	Highest price (AED)	Lowest price (AED)	Closing price (AED)	Quantity (Shares)	Value (AED)
January	0.719	0.632	0.655	,633,7276	4,498,800
February	0.714	0.643	0.680	6,380,116	4,347,297
March	0.706	0.620	0.659	4,200,936	2,752,732
April	0.668	0.625	0.649	5,192,468	3,286,559
May	0.669	0.512	0.550	2,567,645	1,540,502
June	0.645	0.495	0.549	1,318,189	710,787
July	0.550	0.450	0.544	653,505	333,260
August	0.560	0.481	0.520	2,524,629	1,293,667
September	0.520	0.462	0.462	4,752,809	2,370,809
October	0.644	0.459	0.521	35,581,196	19,826,329
November	0.578	0.500	0.520	3,109,242	1,658,370
December	0.550	0.490	0.520	2,495,817	1,251,372

B. The comparative performance of the company's shares with the general market index and the industrial index during year 2022



C. Distribution of shareholding of the Company as at 31 December 2022

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	67,234,260	16.38%	35,298,237	8.60%	29,819,631	7.26%	132,352,128	32.24%
GCC	58,176,460	14.17%	208,479,408	50.78%	-	-	266,655,868	64.95%
Arab	9,754,407	2.38%	285,000	0.07%	-	-	10,039,407	2.45%
Others	1,237,878	0.30%	263,129	0.06%	-	-	1,501,007	0.36%
Total	136,403,005	33.23%	244,325,774	59.51%	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 2022

S/N	Name	Number of Shares Held	%
1	National Investment Co. – Clients (*)	154,225,626	% 37.57
2	Salem Abdulla Salem Al Hosani	32,049,011	% 7.81
3	Government of Rak Al Khaimah	30,000,000	% 7.31
4	Al Salem Limited Company	29,819,631	% 7.26

(*) Al-Khair National Company for Stocks and Real Estate owns 33.89% of the company's capital (indirect ownership).

E. Shareholders Distribution according to the volume of ownership as at 31 December 2022

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	1,528	9,958,845	%2.43
2	From 50,000 to less than 500,000	283	43,703,582	%10.65
3	From 500,000 to less than 5,000,000	49	59,675,608	%14.53
4	More than 5,000,000	11	297,210,375	%72.39
	Total	1,871	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

The General Assembly, in its meeting "46" held on March 28, 2022, approved the following:

There are no special resolutions that were presented in the General Assembly "46" which held on March 28, 2022.

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 2022

There are no significant or Major events during the year 2022.

J. The deals that the company made during the year 2022 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 2022 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
2022	٪9.8
2021	٪8.8
2020	٪8.8

L. Innovative projects and initiatives implemented by the company or which were under development during 2022.

There are no innovative projects and initiatives undertaken by the company or under development during 2022.

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

شركة اسمنت الخليج ش.م.ع

Gulf Cement Company P.S.C.

SUSTAINABILITY

REPORT
2022

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.

CONTENTS

CHAPTER 1

CHAPTER 1

1.1 FOREWORD

Gulf Cement Company (GCC) takes pride in being a pioneer for sustainability and modelling sustainable environment and effective Environmental, Social and Governance (ESG) mirroring the vison of UAE towards performance par excellence in Environmental Management..

The report is prepared to align with and fulfil ADX's ESG Disclosure Guidance and incorporating highlights our performance for the year 2022.

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 2022.

1.2 SCOPE

The development of our 2022 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.

1.3 Chairman Message

Gulf Cement Company (GCC) has completed 42 years of its incorporation. We salute all our stakeholders who built this company and the remarkable heritage and unremitting tradition of good governance makes GCC stand out as an outstanding organization in the region this is the challenge that guides us in steering the organization's affairs .

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

The year 2022 was remained yet another challenging time for Gulf Cement Company due to sluggish markets and have strived hard to control the operation by effectively promoting highest operational efficiency in the plant and promoted the culture towards excellency in achieving set targets and define new goals with an eye on Sustainability 2023 will be a historic year for the UAE. The country is going to host the 28th session of the Conference of Parties (COP 28) to the UNFCCC (United Nations Framework Convention on Climate Change). Achieving sustainability and encouraging global cooperation to address global issues and GCC will wholeheartedly participate in the initiatives taken by the Federal Government towards and achieve the goals .
GCC also firmly place their support and contribute for the UAE Net Zero by 2050 strategic initiative, which will be a national drive to achieve net-zero emissions by 2050, making the Emirates the first Middle East and North Africa (MENA) nation to do so.

With profound pleasure, I take this opportunity to thank Gulf Cement Company for actively participating in all the initiatives taken towards sustainability promotion campaigns organized by both Federal and Local Government and wish the very best in the years to come and operate with goals in line with Standard practices.

1.4 Executive Management Message

Gulf Cement Company, a four-decade-old company founded in UAE has always evinced keen interest in Development and was a pioneer in contributing towards a better living society and immense participation in the developments as vision by the leadership of Federal and Local authorities.

GCC remain once again on the top while contributing towards betterment in production of world-class quality products with a sustainable marketing strategy with promoting preservation of natural resources, saving Electrical and Thermal Energy, production of Green Power lookout for continual improvements in line with the UAE government initiatives.

We thank our honorable Chairman and Board of directors for placing full faith on us to pursue our Sustainable goals & always supported our initiative's taken towards improvements of environment and society.

We also provide best wishes for our team in bringing out this Sustainability report as a road map for visionary Management by principles and activities with an aim to improve the society, and the environment we live in.

During the year 2022, GCC was committed to sustainable growth with a higher degree of energy efficiency and saw a reduction in terms of emission of greenhouse gas GHG due to the initiatives taken by the company. We continue to improve upon environmental impact and safeguard the safety working of our employees. GCC has attached utmost priority and promoted always a good harmonious relations with our local communities and set goals to improve energy efficiency and resource management.

The board of Directors have entrusted the implementation of Environmental improvement schemes in the plant to the Executive Management.

Executive Management

CHAPTER 2

ORGANISATION PROFILE

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.

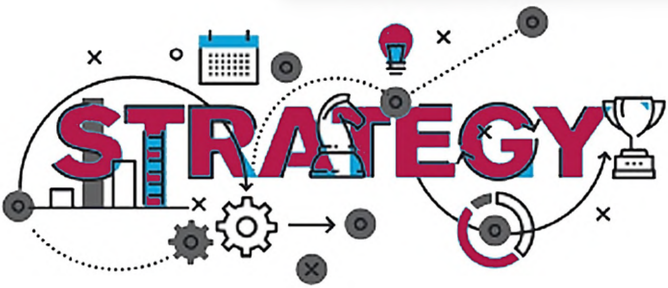
2.1.1 OUR POLICY

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.

Our Quality, Health, Safety and Environment Policy is dealt in details under Section 4.

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.



2.1.3 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

2.1.4 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 MANAGEMENT SYSTEM CERTIFICATION

ISO 9001: 2015 & ISO 14001: 2015 & ISO 45001

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)
was successfully obtained in year 2017, the company has thus became globally certified for the production and marketing of this type of cement..

THE GLOBAL ACCREDITATION CERTIFICATE OF CARBON FOOTPRINT LABEL FROM THE CARBON TRUST-UK IN 2016

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

IN-COUNTRY VALUE CERTIFICATE

Certificate ID: 118052
Issue Date: 19.09.2022
Valid Until: 13.04.2023

Gulf Cement Co

65.90%

Company General Information
License No.: 32
Company Type: Non SME in UAE
Financial Year End Date: 31.12.2021
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:
Designation:

Verified as per ICV Agreed Upon Procedures (AUP)
On behalf of Certification Body
Name:
Raju Menon
Designation:
Approver
Electronically signed by
Raju Menon
Company:
Kreston Menon Chartered Accountants
Certificate Issued Based on ICV Version: 3.0

ABU DHABI QUALITY & CONFORMITY COUNCIL

Successfully registered under Registration scheme for Pre Packaged Cement Product .

CERTIFICATE OF PRODUCT CONFORMITY (DUBAI MUNICIPALITY)

Dubai Central Laboratory Department (DCLD) attestation for Composition, Specification and Conformity Assessment for common cements .

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.

2.2.1 Board of Directors

Name	Membership status		BOD Member from
Sheikh Kayed Omar Saqer Mohamed Alqassimi Represented by (Government of Ras Al Khaimah)	Independent	Non-executive	2018
Mr. Hamad Ahmed Hamad Alameeri, Represented by (National Investments Company)	Non-independent	Non-executive	2004
Sheikh Omar Saqer Khaled Humaid Alqssimi	Independent	Non-executive	**2021**
Mr. Abdulla Mohammed Hassan Mohammed Al Hosani	Independent	Non-executive	2018
Mr. Hamad Fahad Hamad Alwnais	Independent	Non-executive	**2021**
Mr. Husam Mohammed El-Sayed Hussein, Represented by (Al-Khair National For Stocks & Real Estate Co.)	Non-independent	Non-executive	2018
Ms. Dalya Mohammed Ali Al Shehhi	Non-independent	Executive	**2021**

- Notes:
- Resignation of Mr. Hamad Ahmed Hamad Alameeri (representative of the National Investments Company) Vice-Chairman of the Board of Directors on 09 November 2022.
- The Board of Directors has appointed Mr. Husam Mohammed El-Sayed Hussein Vice Chairman of the Board of Directors on 09 November 2022.
- The perentage of Independent Board of Directors constitute 57% .

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.

2.2.2 Gender diversity in the Board

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%

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.

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

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.

- 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.

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.

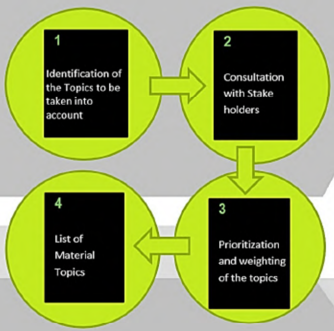
GCC was never involved in any litigation cases concerning corruption, bribery, since its inception and no any such cases reported for Financial Years 2021 & 2022.

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, best practices and adopting code of conduct for the suppliers.
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 2022 toward the local community development and environmental conservation

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 (2020 & 2021), no cash contributions were made during the year 2022, 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.

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 t he Board of Directors that the company to be a l eader 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 also addressed in our Corporate Governance Report 2022 for 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.

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.

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 for the year 2020

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.

2.2.12
GCC cybersecurity- data storage and security

Data privacy has become increasingly important in recent years, as the amount of personal data being collected and shared has grown dramatically. In response to the rise in cyberattacks & in-house data privacy policies implemented, Our Company has carried out a cleanup of their entire IT infrastructure and implemented measures such as setting up MFA, enhancing endpoint security, and conducting IT awareness training. We have also performed a vulnerability assessment and penetration testing, and implemented various security measures including a firewall, VPN with MFA, and threat monitoring for Office 365. Additionally, Company has digitized important documents and implemented data and analytics tools. Moving forward our IT strategy for 2023 focuses on security and risk management, application upgrades infrastructure and operations improvements, and building an in-house techno-functional team to enhance data security capabilities. As per Federal Decree-Law No. 45/2021 On The Protection of Personal Data (PPDL) The employee sensitive data like personal details, Family details, Bank details and other sensitive data have restricted authorization and managed by strict authorization matrix in SAP.

Gulf Cement are upgrading to SAP S/4 HANA solution to have the following advantages in the Business processes.


حافـــظ على البيئـــة
SAVE ENVIRONMENT
شركة اسمنت الخليج
Gulf Cement Company P.S.C
صناعة نظيفة بيئة مستدامة
CLEAN INDUSTRY SUSTAINABLE ENVIRONMENT
ENVIRONMENT
Development Department

2.3 HUMAN RESOURCES

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

2.3 HUMAN RESOURCES

Employee Wellbeing being always focused in the work culture and GCC takes pride as a company to be acknowledged as one of the “Best Places to Work” in the UAE cement industry. At GCC we believe people are the pillars of the company and thus must be well taken care of. The company strive to create an environment where employees realize their full potential, values, and contribute their best they are adequately recognized and rewarded for their efforts .

The workforce representing all parts of the world and a variety of ethnic, cultural and religious backgrounds. GCC employees display a strong sense of loyalty to the Company. The employee strength remain stable. The high satisfaction score indicated that a significant share of employees is satisfied with various work related initiatives, people processes, training and learning opportunities.

The strategy of the Ministry of Human Resources and Emiratization was based and formulated on the UAE Vision 2022 through its initiatives; the Ministry has sought to achieve the government’s strategic goals giving priority to increasing efficiency, flexibility, and productivity in the business market conforming to international standards and conventions in the field of work and labour organization.

Taking a lead from the above, GCC practice a highly comprehensive system for protecting labour rights, while safeguarding employers’ interests; by providing excellent services in order to make the GCC as one of the best destinations in the work area and for living for their employees GCC also strengthened its base by providing full safety, security and stability for the workforce and are deploying many cultures and nationalities, so that the GCC remains a favorable work place in UAE.

2.3.1 EMPLOYEE TRAINING

The growing importance of continuous training the workforce is recognized as a major competitive advantage in business today. The emergence of Big Data and Artificial Intelligence has just accelerated the need for skills within this discipline. The foundation for success in this new paradigm is the establishment of practices dedicated to the discipline of data management. GCC has now a full-scale upgradation of their SAP stem to S4-Hana and expected to go live in 2023, which will enable the organization into a paperless work culture and have disciplined workforce for smart work.

TRAINING DETAILS	Year 2022
Training Imparted (No of hours)	519
No of Employees covered	361

2.3.2 EMIRATIZATION

GCC has always complied with the roles and regulation and have recruited the Emirati employees' percentage proportion as per the directives of the Ministry of Human Resources & Emiratization (MOHRE).For the year 2022; the following table summarize the Emirati employee count in the organization

By Gender	Year 2022
Emirati Male	**19**
Emirati Female	**14**

2.3.3 EMPLOYEE COUNT

GCC attracts the best talents from all parts of the world and currently have multinational global workforce to balance the need of the work inputs.

Fair practices are adopted in treating all the employees alike irrespective of their origin and widely respect their culture while adopting the work standards in order to derive the best out of these talents.

The split of employee counts in the company are as given below:

By Gender	**Year 2022**
Male	424
Female	**14**

2.3.4 GENDER DISTRIBUTION

GCC has a wide spectrum of nationalities constituting the work force, which includes both Emirati and Expatriates and this year and the ratio of the Emirati employees to the total employee's stands at 9.8% and follows the directives of Ministry of Human Resources & Emiratization (MOHRE).

As a part of sustainable goals, GCC is doing well to encourage the Emirati personnel's to develop as per the initiatives of the Federal and Local Government

The development of Emirati employees will remain in the prime focus for the company in years to come. As per the work demand, employees are regularly recruited in place of those who have left the organization either due to Termination of Service/Sickness resignation from service.

By Nationality	Year 2022
Emirati	**43**
Expatriates	**395**
By Gender	**Year 2022**
Emirati Male	**29**
Emirati Female	**14**
Expatriate Male	**395**
Expatriate Female	**None**

2.3.5 EMPLOYEE TURNAROUND

Particulars	Year 2022
No of employees who have joined newly in the Organization	**33**
No of employees who have left the Organization (Termination of Service/sick/resignation)	26

"In recent years the company is taking active steps to introduce Emirati women workforce for appropriate jobs. I am particularly impressed to see young women executives in frontline holding senior positions in the company "

Chief Operating Officer

2.3.6 Human Rights and Child Labour

The company doesn't encourage anything relating to child labour, forced labour, involuntary labour, human rights abuse or discriminatory employment. During the year, there are no any complaints regarding the Human Rights abuse or use of any prohibited labour.

2.3.7 Employee Appraisal and Incentivized Pay system

The Human Resource management system provides due processes for employee consultation and participation in organizational development and policy formulation. Every year annual appraisal system for all the permanent employees are done with the employee participation. Due incentivized pay system is linked directly linked to the performance of the individual employee and rating system enables fair deal for the employees.

CHAPTER 3

ENVIRONMENT ASPECTS

CHAPTER 3
ENVIRONMENT ASPECTS

"We firmly believe on high standards of Corporate Governance and operate our unit with responsibility and contribute to Sustainable development and commitment to preserve natural resources by Promoting Reduce, Recycle and Reuse policy"

Executive Management

3.0 ENVIRONMENTAL ASPECTS

3.1.1 Federal laws

3.1.2 Local regulations

3.2 Conservation of natural resources & usage of Alternate fuels

3.2.a Raw water consumption, alternate fuels & recycled water for Steam Turbine Generator

3.2.b Generation of Captive Green Power

3.2.c Alternate fuels for Pyro processing

3.2.d Environment Performance

3.3 Sustainability Measurement

3.3.1 CO2 emission from cement plant for years 2020, 2021 & 2022

3.3.2 Sustainable Development Goals

3.1.1 FEDERAL LAWS

The applicable federal laws are referred here:

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.

3.1.2 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

3.2 CONSERVATION OF NATURAL RESOURCES & USAGE OF ALTERNATE FUELS.

The raw materials used for year 2021 and 2022 are tabled below:

Year 2021	Limestone	White Silica	Red Silica	Copper Slag	Total
Qty,MT	3,173,411	155,411	466,472	104,534	3,899,828
%	81.37	3.99	11.96	2.68	
Year 2022	**Limestone**	**White Silica**	**Red Silica**	**Copper Slag**	**Total**
Qty,MT	2,826,914	102,528	535,299	100,951	3,565,692
%	79.28	2.88	15.01	2.83	

GCC continues to promote the local suppliers by resourcing their materials from locally available resources and 97% of the raw materials are arranged within the country. Copper slag, an alternative material to the natural iron ore is being recycled in appreciable quantities in both the years. Usage of the locally available red silica materials is being continued and replaced bauxite raw material, which otherwise was imported into the country. As a milestone effort in preserving Natural resources, GCC actively promoted the utilization of alternate raw materials and recycling the gypsum wastes from Knauf and has signed a contract with Dubai Dry Dock World for used grits.

Utilization of Alternate Fuels in both Kilns and Boilers for the year is significantly low due one of to the manufacturing lines remained stopped most of the time as a strategy decision.

3.2. A Raw water consumption, alternate fuels & recycled water for Steam Turbine Generator

Year	2021	2022
Total Raw Water(M3)	1,595,677	1,195,806
STG Raw Water(M3)	1,085,157	832,046
Recycled Raw Water(M3)	232,306	227,522

The power generation had to be reduced owing to increase in fuel pricing and better power plan Management was prevailed which led to the stoppage of the CFBC boiler and accordingly the waste recycling was restricted during the year.

Year	2021	2022
Camel Waste Received(T)	29	10.12
Camel Waste Consumed(T)	70	26
RDF Received(T)	2,005	519.46
RDF Consumed(T)	2,005	550.68
RDF Coal Replaced (T)	1,856	493.77
Camel Waste Coal Replaced (T)	15	6.41

3.2.B Generation of Captive Green Power :

Year	2021	2022
Gross Power Generation (Kwh)	203,537,000	141,441,000
Green Power generation(Kwh)	**130,796,772**	**104,674,192**
% Green Power Generation to total	44.57%	74.01%

GCC Actively promoted the green power generation for the year and it is approximately **30%** higher than last year paving way to achieve the goals for reducing the carbon footprints of our products sold.

Power Consumption

Year	GT NET POWER (kWh)	STG NET POWER (kWh)	FEWA POWER (kWh)	TOTAL (kWh)	YEARLY % OF GT POWER	YEARLY % OF STG POWER
2021	89,334,939	179,938,210	80,538,834	349,811,983	25.54	51.44
2022	74,569,329	122,969,119	100,098,640	297,637,088	25.05	41.32

Year	2021	2022
Specific Power Consumption, KWH/T of clinker	82.99	84.53
Specific Power Consumption, KWH/T of Cement	46.03	48.97
Total Power consumption, KWH/T up to Cement sales	2.46	2.78

3.2. C. Alternate fuels for Pyro processing :

In the last three years availability of alternate fuels remained a low profile, and GCC consumed lesser amounts of alternate fuels and hence the thermal substitution rates are lower. In the year, GCC had participated with RAK GAS to clear their environmental challenges by disposal of their waste and are partnering with Saqr Port for incinerating their waste in the Cement Kilns. In addition, GCC has signed a Memorandum of understanding with Waste Management Agency, RAK for the development of suitable projects in the Emirate of Ras Al Khaimah for Refused Derived Fuels.

In year 2023, Gulf Cement is targeting up to 10 % Thermal Substitution rate as a part of our sustainable goal, and working with proposals for increasing the utilization of alternate fuels in the company.

FUELS USED IN GULF CEMENT COMPANY			
	Year 2020	Year 2021	Year 2022
Total Alternate fuel used in Pyro Processing ,MT	3,711.11	1,752.21	1064.6
Total Coal used %	97.30	92.72	15.54
Total Gas used %	2.70	7.28	84.46
Total Coal Replaced, MT	3,669	768	457
Thermal Substitution Rate %	0.98	0.21	0.125

3.2.D. Environment Performance :

S.No	Description	YEAR 2022
1	New Tree Plantation	620
2	Environment induction training	693
3	Environment Awareness training for spillage control (oil spillage)	35
4	New Green belts	60

3.3 SUSTAINABILITY MEASUREMENT

Cement production makes up an important role in the global CO2 emissions from industrial and energy sources. Gulf Cement Company as a responsible producer is always committed in lowering our carbon foot prints have calculated the carbon footprints of our product in house and the CO2 emissions over a period of last three years have shown a downward trend.

The study has references to ISO 14064-1:2006 (Greenhouse gases — Part 1: Specification with guidance at the organization level for quantification and reporting of greenhouse gas emissions and removals) & ISO 14067:2018 (Greenhouse gases — Carbon footprint of products — Requirements and guidelines for quantification).

The measurements and reporting are highly transparent and truly reflect Gulf Cement Company's commitments in reducing their product carbon footprint and adhering to our goals set for Sustainability.

4.3.1. CO2 emission from cement plant for years 2020, 2021 & 2022

As a commitment to attaining specific reduction towards reduction of CO2 emissions from the company, GCC has initiated several steps towards the same as can be seen in the following trends.

Parameters	Year 2020	Year 2021	Year 2022
Total Clinker Production, MT	2,816,022	2,844,164	2,290,237
Total Volume of CO_2 Emission in MT For Scope 1&2	2,751,779	2,541,185	1,945,928
CO_2 Emission Per Ton of clinker	977.17	893.47	849.66
CO_2 Emission Per Ton of Cement	951.7	869.06	825.47

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

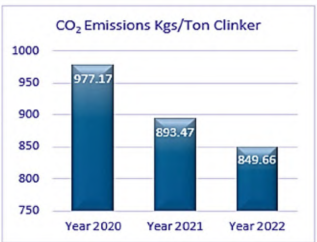
3) The tools are consistent with those proposed by the Intergovernmental Panel on Climate Change (IPCC) for compilation of emissions at the national level (IPCC, 1996).

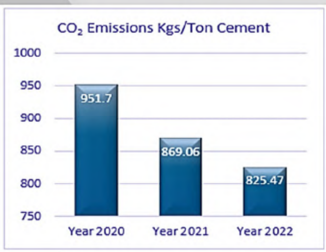
Live Continuous Emission Monitoring System (CEMS)

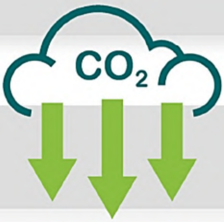
13%

CO_2

Specific Reduction in Emission/ton of our products over three years







200,000 M/T PER YEAR

Clean Industry - Sustainable Environment

Clean Industry - Sustainable Environment

3.3.2 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 & other sources in the Emirate
- ◊ 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.
- ◊ Active participation in the efforts taken by UAE Government towards achieving NETZERO by year 2050

CHAPTER 4

SOCIETY AND OTHER ASPECTS

GULF CEMENT ACTIVELY PROMOTING SAFETY, HEALTH

&

CLEAN SUSTAINABLE ENVIRONMENT

TO

ALL STAKE HOLDERS OF

THE COMPANY

4.1 SAFETY MANAGEMENT

4.1.1 Health and Safety our priority

Health and safety are our values forms an important part of our sustainability agenda. GCC has a pertinent commitment to conduct their operation with zero risk to human lives to all their employees & stakeholders by providing excellent safety standards, healthy and secured work conditions and transparency in communication on relevant health and safety issues. The company now certified to ISO 45001 standards and focus on the key elements of Safe work arena for all concerned and continuous improvement in their safety performances. It is emphasized to all concerned that the Health and Safety Rules of the company are a prime responsibility of the individual, his/her involvement and self-commitment.

Safety Meetings on a regular basis with both self and contractual work force focusing primly on the safety and health have been established at plant level, which typically represents the entire workforce within the plant. There is a well-established Management System for the contractual workforce deployed from time to time, where implementation of safety standards are constantly monitored and guided by senior management for improvements. Contractors and their employees are made a ware that their involvement and interactions in the Health & Safety process forms an integral part of the overall H&S management system While dealing with H&S matters, it is also made clear that the company treats everyone is on an equal footing & the practice the value relationship with the contract employees the same way as our own employees.

GCC provided adequate safety induction training to all workers; visitors alike & ensure strict compliance of implementation of safety measures within the factory premises at all times.

The year and last saw no fatal accidents and the total man hours put in for training has increased for the year 2022.The training agenda prioritized for Induction, Firefighting Working at Heights and summer awareness topics which promoted t he principles of our Safety Management System.

Our outlined framework for Health and Safety framework puts our employees and all stakeholders at the center in all of our actaivities and actively promote zero risk for all operations".

4.1.2 High level standard work environment

The company has also introduced good workplace environment by practicing the 5S culture, which enables self-discipline amongst all employees and attaches prime values to improvement in workplace.

The 5S culture helped the company for improving the overall Safety and Health performance standards.

The 5S culture adopted by GCC is based on the Japanese principles of good housekeeping and environment and is successfully promoted throughout the company to provide acceptable health environment for safe working in the company.

4.2 Company Quality Health Safety and Environmental policy

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:

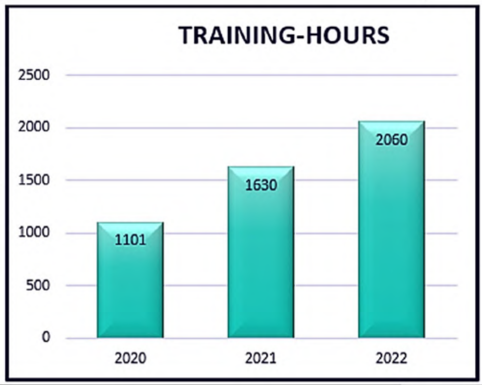
1. Proper communication and consultation with employees, other involved parties regarding company policy, procedures and commitments to improve their awareness and contribution to maintain legal compliance, client requirements and suggestions for continual improvement of IMS.
2. Careful selection, allocation 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

4.2 Training and accident statistics

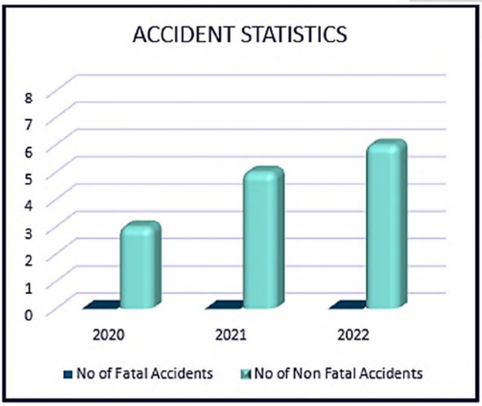


Implementation of Fatality Prevention Elements

The untiring Health & Safety practices helps develop benefits across the business and ultimately achieves great results whilst keeping our people safe.

GCC have provided adequate training for all the safety and environment related agendas to all concerned workers throughout the year and special emphasis were l aid during annual major shutdown time.

To reduce health risk factors among employees and their families a well-structured Safety Management system being established and keeps the spirit high amongst all employees.



For three consecutive years, the total no of fatal accident remained zero and GCC have maintained clean safety records and will strive hard to maintain a healthy safety statistics in years to come.

As a resut of continuous training on safety awareness, Lost time injury requency rate (LTIFR) is 0.95 for the year 2022.

CHAPTER 5

ADX INDEX (ESG Metrics)

ADX Content of Index

Category	Metric	Corresponding GRI Standards	Corresponding SDG	Page no. or Notes
ENVIRONMENT	E1. GHG Emissions	GRI 305: Emissions 2016	13	Page 39-40
ENVIRONMENT	E2. Emissions Intensity	GRI 305: Emissions 2016	13	Page 39-40
ENVIRONMENT	E3. Energy Usage	GRI 302: Energy 2016	12	Page 37
ENVIRONMENT	E4. Energy Intensity	GRI 302: Energy 2016	12	Page 37
ENVIRONMENT	E5. Energy Mix	GRI 302: Energy 2016	7	Page 37
ENVIRONMENT	E6. Water Usage	GRI 303: Water and Effluents 2018	6	Page 36
ENVIRONMENT	E7. Environmental Operations	GRI 103: Management Approach 2016		Page 23,24,32 to 43
ENVIRONMENT	E8. Management Environmental Oversight	GRI 102: General Disclosures 2016		Page 4-5
ENVIRONMENT	E9. Board Environmental Oversight	GRI 102: General Disclosures 2016		Page 4-5
ENVIRONMENT	E10. Climate Risk Mitigation		13	N/A
SOCIAL	S1. CEO Pay Ratio	GRI 102: General Disclosures 2016	10	15.8:1
SOCIAL	S2. Gender Pay Ratio	GRI 405: Diversity and Equal Opportunity 2016	5	2.75:1
SOCIAL	S3. Employee Turnover	GRI 401: Employment 2016		6%
SOCIAL	S4. Gender Diversity	GRI 102: General Disclosures 2016 GRI 405: Diversity and Equal	5	Pag 30
SOCIAL	S5. Temporary Worker Ratio	GRI 102: General Disclosures 2016		N/A
SOCIAL	S6. Non Discrimination	GRI 103: Management Approach 2016	10	Page No 30,31
SOCIAL	S7. Injury Rate	GRI 403: Occupational Health and Safety 2018	3	Page No. 48
SOCIAL	S8. Global Health and Safety	GRI 103: Management Approach 2016	3	Page No. 45-48
SOCIAL	S9. Child and Forced Labour	GRI 103: Management Approach 2016*	8	Pag 31
SOCIAL	S10. Human Rights	GRI 103: Management Approach 2016	10	Pag 31

ADX INDEX (ESG Metrics)

GOVERNANCE	G1. Board Diversity	GRI 405: Diversity and Equal Opportunity 2016	5 GENDER EQUALITY	Page 14
	G2. Board Independence			Page 13
	G3. Incentivized Pay			Company has planned to introduced incentivized pay for CO2 emission reduction in future
	G4. Supplier Code of Conduct		12 RESPONSIBLE CONSUMPTION AND PRODUCTION	Page 21
	G5. Ethics and Prevention of Corruption		16 PEACE, JUSTICE AND STRONG INSTITUTIONS	Page 20
	G6. Data Privacy			Page 25
	G7. Sustainability Reporting			Gulf Cement publish a stand-alone sustainability report as well as integrate sustainability information in its Integrated annual report.
	G8. Disclosure Practises			This year in our ESG Report SCA guidelines and the 31 ESG ADX disclosures, which are mapped against GRI Standards and the SDGs. Our previous sustainability reports were published in accordance with GRI Standards.
	G9. External Assurance	GRI 102: General Disclosures 2016		Our report is not verified by a thirdparty audit firm, but we have engaged in an internal assurance process.

CHAPTER 6
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.
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

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