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

# Integrated Report

# 2024

# Integrated Report Content

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# Board of Directors` Report

**Board of Directors' Report,**

**On the Company's Activities and Financial Position**

**For the Period Ending December 31, 2024**

Dear shareholders of Gulf Cement Company,

May the peace, blessings, and mercy of God be upon you,,,

On your behalf, we extend our greetings to His Highness

**Sheikh Mohammed bin Zayed Al Nahyan**, President of the UAE,

May God protect him,,

And to His Highness Sheikh **Mohammed bin Rashid Al Maktoum**, Vice President of the UAE,

May God protect him,,

And to His Highness Sheikh **Saud bin Saqr Al Qasimi**, Member of the Supreme Council - Ruler of Ras Al Khaimah,

May God protect him,,

My deepest gratitude and appreciation for their continued support to the industry and the economy.

On my own behalf and on behalf of my fellow members of the Board of Directors, I am pleased to welcome you to the 50th General Assembly meeting. I am also pleased to present to you our report on the company's activity and financial position for the period ending December 31, 2024.

**Company performance during the year 2024**

The continued repercussions of the global situation and its negative impact on the cement sector in all markets, in addition to the major challenges locally resulting from the continued excess supply over demand and the decline in cement and clinker prices in the local and foreign markets, this increased the responsibilities placed on the Council, which adopted a package of strategic directions that included strict cost control, raising operational efficiency by returning to full production lines, Beginning to use fuel alternatives to reduce costs, improving the management of technical human resources, the proposal to withhold distributions for this year and utilize financial solvency to carry out its activities and projects, and move beyond this phase, will enable the company to fulfill its obligations.

The unlimited support of the local government also contributed to the company's continued progress and its ability to face difficult challenges, the company successfully navigated this period, balancing production and marketing according to market demands, and maintaining its strategic relationship with all stakeholders with complete transparency and integrity.

The commitment of the company's executive management and employees to these directions has led to the desired results and a 100% increase in earnings before interest, taxes, depreciation, and amortization compared to the previous year.

**Community Mission**

The wise leadership of the United Arab Emirates is keen to deepen the social security umbrella and has made it a top priority by working to deepen community cohesion and consolidate social solidarity among various segments and groups of society. Corporate social responsibility (CSR) for Gulf Cement Company has become a national priority linked to sustainable development goals, in accordance with laws and regulations, ensuring the stimulation of institutional giving and enhancing contribution to community development.

**Environmental conservation**

The company is committed to implementing decisions, laws, and best practices related to environmental conservation and sustainability under the slogan "Sustainable Environment and Green Products." The company devotes the utmost attention and efforts to environmental sustainability projects that contribute to the preservation of natural resources. The company also actively participated in the preparatory workshops and key events of the Conference of the Parties and the Carbon Neutrality Summit (COP28), which the UAE successfully hosted and organized, reflecting the prestigious status of the United Arab Emirates and its Vision 2030.

**Governance rules**

The company is committed to a set of controls, rules, and charters that ensure institutional discipline in the company's management, in accordance with international standards and methods. It also supports the culture of corporate governance for all its employees through continuous review of its policies and programs with the aim of continuously developing them. The company believes in the importance of implementing these rules to establish the principles of transparency, justice, and accountability, based on best practices and standards.

**Vision 2024**

Market indicators point to a relative improvement in local demand and stable global prices, while intense competition continues in the market. However, this requires careful planning, strategy formulation, and implementation of the Board's vision to support the company's progress and establish long-term strategic relationships with major suppliers of raw materials and fuel, as well as with the company's strategic customers, ensuring the company's sustainability. This is in line with our goal of achieving the desired results by 2025.

**Conclusion**

In conclusion, I would like to extend my sincere thanks to the company's esteemed shareholders, governmental, local, and community bodies and institutions, financial institutions and markets, our valued customers, and all of the company's employees.

God is the Grantor of success

**Omar Saqer Khaled Humaid Alqasimi**

**Chairman of the Board of Directors**

شركة أسمنت الخليج
Gulf Cement Company P.S.C.

الإمارات
The Emirates

# Audited financial statements 2024

# Gulf Cement Company P.S.C.

## FINANCIAL STATEMENTS

### 31 DECEMBER 2024

## REPORT OF THE BOARD OF DIRECTORS

The Board of Directors hereby submit the report and audited financial statements of Gulf Cement Company P.S.C. (the "Company") for the year ended 31 December 2024.

## INCORPORATION AND REGISTERED OFFICE

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).

## PRINCIPAL ACTIVITIY

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

## FINANCIAL POSITION AND RESULTS

The Company recorded revenue of AED 480.8 million for the year ended 31 December 2024 which is 3.91% higher than revenue of AED 462.7 million in the prior year. The Company incurred net loss amounting to AED 41.5 million (2023: AED 51.6 million) and generated positive net cash flows from operating activities of AED 56.9 million (2023: AED 29.6 million). The financial position and results of the Company for the year ended 31 December 2024 are set out in the accompanying financial statements.

## AUDITORS

The independent auditors, Ernst & Young Middle East (Sharjah Branch), have served as the Company's auditor for its sixth year of their engagement. The appointment and remuneration of the new auditor will be proposed at the Annual General Meeting of the Company.

## ACKNOWLEDGMENTS

The Board would like to express their gratitude and appreciation to all shareholders, customers and business partners, government agencies, banks and financial institutions and employees, whose continued commitment, support and co-operation has been a great strength and encouragement.

On behalf of the Board,

Sheikh Omar Saqer Khaled Humaid Alqassimi
Chairman

17 February 2025

Ras Al Khaimah, United Arab Emirates

EY
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P.L. No. 2845

# 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 2024, and the statement of profit or loss, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2024, and its financial performance and its cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IASB).

Basis for opinion
We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' *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.

Emphasis of matter
We draw attention to note 1.1 in the financial statements, which indicates that the Company incurred a net loss of AED 41.5 million during the year ended 31 December 2024 and, as of that date, the Company's current liabilities exceeded its current assets by AED 112.7 million. As stated in note 1.1, these events or conditions, along with other matters set forth in note 1.1, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our conclusion is not modified in respect of this matter.

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.

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**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 |
|---|---|
| ***Impairment of property, plant and equipment***<br>The Company has property, plant and equipment ("PPE") amounting to AED 615.7 million as at 31 December 2024. A history of recurrent gross and net losses has led to indicators of impairment.<br><br>As at 31 December 2024, management conducted an impairment test by discounting the future cash flows generated from operating the business (value in use "VIU" approach). Management has concluded that there is no impairment of PPE as at 31 December 2024 based on the test performed.<br><br>Since significant judgement, assumptions and estimation uncertainty is involved in assessing the impairment, we have identified this as a key audit matter.<br><br>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:<br><br>We obtained an understanding of the management's process and controls designed thereof over the test of impairment of PPE.<br><br>▪ We examined the methodology to assess the VIU of the PPE in accordance with IFRS Accounting Standards.<br><br>▪ We assessed the appropriateness of the assumptions and judgments used including input data used to estimate the cash flow forecasts.<br><br>▪ We assessed the reasonableness of management's forecasts for certain key assumptions such as (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 and (3) external sources of information.<br><br>▪ We assessed the external valuer's competence, capabilities and objectivity including the scope of the engagement.<br><br>▪ We assessed the appropriateness of the computation of Weighted Average Cost of Capital ("WACC") and terminal growth rate used in the determination of cash flow forecasts by engaging our internal valuation specialists.<br><br>▪ We assessed the appropriateness of the disclosures in the financial statements. |

## Report on the audit of the financial statements (continued)

Other information

Other information consists of Director'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 IFRS Accounting Standards, 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.

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 judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

**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 (continued)

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- 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.

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 2024:

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 Director's Report is consistent with the books of account of the Company;

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

**Report on other legal and regulatory requirements (continued)**

v) investments in shares and stocks during the year ended 31 December 2024, 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;

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 year ended 31 December 2024, 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 2024; and

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

For Ernst & Young

Wardah Ebrahim
Registration No.: 1258

17 February 2025

Sharjah, United Arab Emirates

# STATEMENT OF PROFIT OR LOSS
For the year ended 31 December 2024

| | Notes | ***2024 AED*** | *2023 AED* |
|---|---|---|---|
| Revenue | 5 | **480,822,562** | 462,720,111 |
| Cost of sales | | **(489,751,639)** | (484,561,100) |
| **GROSS LOSS** | | **(8,929,077)** | (21,840,989) |
| Other operating income | 6 | **14,118,152** | 12,110,533 |
| Selling, general and administrative expenses | 7 | **(39,609,756)** | (40,356,940) |
| **OPERATING LOSS** | | **(34,420,681)** | (50,087,396) |
| Investment income | 8 | **4,619,625** | 3,517,862 |
| Finance costs | 9 | **(11,754,252)** | (5,605,496) |
| Finance income | | **104,090** | 583,090 |
| **LOSS FOR THE YEAR** | | **(41,451,218)** | (51,591,940) |
| **Earnings per share (EPS):** | | | |
| Basic and diluted loss per share | 22 | **(0.10)** | (0.13) |

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

# STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2024

| | *Notes* | ***2024 AED*** | *2023 AED* |
|---|---|---|---|
| **LOSS FOR THE YEAR** | | **(41,451,218)** | (51,591,940) |
| **OTHER COMPREHENSIVE INCOME:** | | | |
| *Other comprehensive income that will not be reclassified to profit or loss in subsequent years* | | | |
| Loss on disposal of investments carried at fair value through other comprehensive income (FVTOCI) | 12(a) | **(31,238)** | (85,346) |
| Net change in fair value of investments carried at FVTOCI | 12(b) | **(3,778)** | (705,284) |
| Total other comprehensive loss | | **(35,016)** | (790,630) |
| **TOTAL COMPREHENSIVE LOSS FOR THE YEAR** | | **(41,486,234)** | (52,382,570) |

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 2024

| | *Notes* | *2024 AED* | *2023 AED* |
|---|---|---|---|
| **ASSETS** | | | |
| **Non-current assets** | | | |
| Property, plant and equipment | 10 | **615,709,065** | 634,577,268 |
| Right-of-use asset | 24 | **2,300,833** | - |
| Investment property | 11 | **7,936,000** | 7,250,000 |
| Investment carried at fair value through other comprehensive income (FVTOCI) | 12(a) | **1,844,244** | 1,837,426 |
| Trade and other receivables | 13 | **897,902** | 1,315,763 |
| **Total non-current assets** | | **628,688,044** | 644,980,457 |
| **Current assets** | | | |
| Inventories | 14 | **106,610,996** | 102,955,802 |
| Trade and other receivables | 13 | **114,806,984** | 85,426,080 |
| Investment carried at fair value through profit or loss (FVTPL) | 12(b) | **13,664,856** | 11,697,497 |
| Bank balances and cash | 15 | **347,012** | 579,863 |
| **Total current assets** | | **235,429,848** | 200,659,242 |
| **TOTAL ASSETS** | | **864,117,892** | 845,639,699 |
| **EQUITY AND LIABILITIES** | | | |
| **Equity** | | | |
| Share capital | 16 | **410,548,410** | 410,548,410 |
| Reserves | 17 | **166,482,312** | 166,482,312 |
| Fair value reserves | 12(a) | **(12,947,338)** | (12,955,211) |
| Accumulated losses | | **(57,483,000)** | (15,988,893) |
| **Total equity** | | **506,600,384** | 548,086,618 |
| **Non-current liabilities** | | | |
| Provision for employees' end of service indemnity | 18 | **7,877,614** | 8,344,938 |
| Lease liability | 24 | **1,531,227** | - |
| Trade and other payables | 20 | **-** | 577,108 |
| **Total non-current liabilities** | | **9,408,841** | 8,922,046 |
| **Current liabilities** | | | |
| Bank borrowings | 19 | **37,469,657** | 56,267,388 |
| Trade and other payables | 20 | **310,152,844** | 232,363,647 |
| Lease liability | 24 | **486,166** | - |
| **Total current liabilities** | | **348,108,667** | 288,631,035 |
| **Total liabilities** | | **357,517,508** | 297,553,081 |
| **TOTAL EQUITY AND LIABILITIES** | | **864,117,892** | 845,639,699 |

Sheikh Omar Saqer Khaled Humaid Alqassimi

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

# STATEMENT OF CHANGES IN EQUITY
For the year ended 31 December 2024

| | *Share capital AED* | *Reserves AED* | *Fair value reserve AED* | *Accumulated losses AED* | *Total AED* |
|---|---|---|---|---|---|
| Balance at 1 January 2024 | 410,548,410 | 166,482,312 | (12,955,211) | (15,988,893) | 548,086,618 |
| Loss for the year | - | - | - | (41,451,218) | (41,451,218) |
| Other comprehensive loss for the year | - | - | (3,778) | (31,238) | (35,016) |
| Total comprehensive loss for the year | - | - | (3,778) | (41,482,456) | (41,486,234) |
| Transfer of fair value reserve of equity instruments designated at FVTOCI (note 12(a)) | - | - | 11,651 | (11,651) | - |
| **Balance at 31 December 2024** | **410,548,410** | **166,482,312** | **(12,947,338)** | **(57,483,000)** | **506,600,384** |

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

## STATEMENT OF CHANGES IN EQUITY (continued)
For the year ended 31 December 2024

| | *Share capital AED* | *Reserves AED* | *Fair value reserve AED* | *Accumulated losses AED* | *Total AED* |
|---|---|---|---|---|---|
| Balance at 1 January 2023 | 410,548,410 | 348,663,041 | (12,274,202) | (146,468,061) | 600,469,188 |
| Loss for the year | - | - | - | (51,591,940) | (51,591,940) |
| Other comprehensive loss for the year | - | - | (705,284) | (85,346) | (790,630) |
| Total comprehensive loss for the year | - | - | (705,284) | (51,677,286) | (52,382,570) |
| Transfer of fair value reserve of equity instruments designated at FVTOCI (note 12(a)) | - | - | 24,275 | (24,275) | - |
| Offsetting of accumulated losses against reserves (note 17) | - | (182,180,729) | - | 182,180,729 | - |
| Balance at 31 December 2023 | 410,548,410 | 166,482,312 | (12,955,211) | (15,988,893) | 548,086,618 |

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

# STATEMENT OF CASH FLOWS

For the year ended 31 December 2024

| | Notes | ***2024 AED*** | *2023 AED* |
|---|---|---|---|
| **OPERATING ACTIVITIES** | | | |
| Loss for the year | | **(41,451,218)** | (51,591,940) |
| Adjustments to reconcile loss to cash flows: | | | |
| Depreciation of property, plant and equipment | 10 | **57,979,914** | 60,259,604 |
| Amortisation of right-of-use asset | 24 | **209,167** | - |
| Finance costs | | **11,690,859** | 5,605,496 |
| Interest on lease liability | 24 | **63,393** | - |
| Provision for slow-moving inventories | 14 | **2,128,864** | - |
| Provision for employees' end of service indemnity | 18 | **777,262** | 625,950 |
| Reversal of provision for expected credit losses | 13 | **(1,094,222)** | (120,527) |
| Fair value gain on investment property | 8 | **(686,000)** | (820,000) |
| Unrealized gain on investments carried at FVTPL | 8 | **(2,198,059)** | (2,213,736) |
| (Gain)/ loss on sale of investments in securities | 8 | **(131,728)** | 85,645 |
| Interest and dividend income | 8 | **(1,603,838)** | (569,771) |
| Finance income | | **(104,090)** | (583,090) |
| | | **25,580,304** | 10,677,631 |
| Working capital adjustments: | | | |
| Trade and other receivables | | **(27,764,731)** | (24,520,609) |
| Inventories | | **(5,784,058)** | (12,022,859) |
| Trade and other payables | | **72,816,087** | 61,894,116 |
| Cash flows from operations | | **64,847,602** | 36,028,279 |
| Employees' end of service indemnity paid | 18 | **(1,244,586)** | (860,283) |
| Finance costs paid | | **(6,719,179)** | (5,605,496) |
| Net cash flows from operating activities | | **56,883,837** | 29,562,500 |
| **INVESTING ACTIVITIES** | | | |
| Additions to property, plant and equipment | 10 | **(39,111,711)** | (35,420,509) |
| Purchase of investments carried at FVTOCI | 12 | **(251,124)** | (1,431,866) |
| Proceeds on disposal of investment in securities | | **571,718** | 1,372,607 |
| Dividends received | | **1,602,732** | 568,490 |
| Interest income | | **1,106** | 1,281 |
| Net cash flows used in investing activities | | **(37,187,279)** | (34,909,997) |
| **FINANCING ACTIVITIES** | | | |
| Proceeds from bank borrowings | | **142,896,250** | 156,741,757 |
| Repayments of bank borrowings | | **(161,693,981)** | (151,536,489) |
| Payment of principal portion of lease liability | | **(556,000)** | - |
| Dividends paid | | **(575,678)** | (2,929,264) |
| Repayments of term loans | | **-** | (123,428) |
| Net cash flows (used in)/ from financing activities | | **(19,929,409)** | 2,152,576 |
| **NET DECREASE IN CASH AND CASH EQUIVALENTS DURING THE YEAR** | | **(232,851)** | (3,194,921) |
| Cash and cash equivalents at the beginning of the year | | **579,863** | 3,774,784 |
| **CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR** | 15 | **347,012** | 579,863 |

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 2024, the Company incurred a loss of AED 41.5 million and, as of that date, the Company's accumulated losses amounted to AED 57.5 million, and current liabilities exceeded current assets by AED 112.7 million. Slowdown in the overall economic situation arising from the consequences of the changing geopolitical situation, competitive prices and a continuous excess supply pressure have negatively impacted the operating results.

The Company meets day-to-day working capital and other funding requirements through advance cash sales, maintaining optimum inventory level, strong credit control management and revolving banking facilities, which include an overdraft facility. The highly concentrated supplier's obligations are satisfied in accordance with the agreed timelines. The Company is in compliant with all bank covenants and other terms of its borrowing agreements during the year and maintained its track record of positive earnings before interest, taxes, depreciation, and amortisation (EBITDA, a non-IFRS measure), with an overall EBITDA for the year of AED 28.5 million (2023: AED 14.3 million).

As at 31 December 2024, the total revolving credit facilities of AED 112 million are sufficient to meet the Company's funding needs. The undrawn borrowing facilities available as at 31 December 2024 are AED 40.8 million (2023: AED 25.4 million), which indicates that the Company has required liquidity to meet its supplier obligations and other financial commitments and provides a strong buffer for operational flexibility in the next 12 months. Historically, the Company's utilization of these facilities has consistently ranged between 50% and 60%, reflecting a prudent approach to liquidity management. Even in the unlikely event of a 20% decrease in the total limit, the Company's ability to continue as a going concern in the next 12 months would remain unaffected in view of the stable cash flows, conservative utilization levels, and a concentration of trade payables with related parties.

The Company's gearing ratio is reduced to 7.8% of equity (2023: 10.3%) with no long-term borrowings or commitments whereas the current ratio of the Company is also maintained at 0.7x.

Management has thoroughly reviewed the detailed projected cash flow forecasts in the next 12 months which considers the following factors:

- Current working capital position and operational requirements;
- Agreed timeline with strategic suppliers;
- Increased rates of machine production and any risks that may impact the levels of production;
- Securing energy sources at competitive price, and consideration for implementation of alternative and renewable energy sources;
- Continuation of current sales contracts and the Company's ability to satisfy these from existing production;
- Continuation of existing pricing mechanism and growth in domestic market;
- Increased proportion of good margin product in diversified sales mix;
- Timing of expected sales receipts including collection from outstanding debtors;
- Timing and magnitude of maintenance capital expenditures; and
- The Company's level of indebtedness and the timing of when these liabilities are due.

Management has conducted a sensitivity analysis to evaluate the impact of changes in the assumptions used to determine the recoverable amount of the Company's property, plant and equipment as at 31 December 2024. For further details, refer to note 10(a).

**1.1 ASSESSMENT OF GOING CONCERN ASSUMPTION (continued)**

These forecasts assume that the Company's production will continue to operate in good order. The Company also anticipates domestic revenue growth through the realisation of existing sales contracts and finding strategic partner through offtake agreements, as well as from newly generated sales in local market.

The Company has also available contingent plans to mitigate the impact of potential downside scenarios if cash receipts from sales are lower than anticipated. These include utilising undrawn borrowing facilities, leveraging existing sale agreements, reviewing capital expenditures, reducing overheads and renegotiation of the terms on its existing suppliers' obligations.

Based on the Company's expectation related to the forecasts and facilities in place, management with its new members of the Board of Directors believe that the Company will 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 IFRS Accounting Standards, 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.

**Changes in accounting policies and disclosures**
The accounting policies used in the preparation of the financial statements are consistent with those used in the preparation of the financial statements for the year ended 31 December 2023, 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 2023 (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.

- Disclosures: Supplier Finance Arrangements - Amendments to IAS 7 and IFRS 7
- Classification of Liabilities as Current or Non-current and Non-current Liabilities with Covenants - Amendments to IAS 1
- Lease Liability in a Sale and Leaseback – Amendments to IFRS 16

***Standards issued but not yet effective***
The new and amended standards and interpretations that are issued, but not yet effective, up to the year ended 31 December 2024 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.

- Lack of exchangeability – Amendments to IAS 21 (The amendments will be effective for annual reporting periods beginning on or after 1 January 2025. Early adoption is permitted, but will need to be disclosed.)
- Classification and Measurement of Financial Instruments - Amendments to IFRS 9 and IFRS 7 (The amendments will be effective for annual reporting periods beginning on or after 1 January 2026. Entities can early adopt the amendments that relate to the classification of financial assets plus the related disclosures and apply the other amendments later)
- Hedge Accounting by a First-time Adopter - IFRS 1 First-time Adoption of International Financial Reporting Standards (The amendments will be effective for annual reporting periods beginning on or after 1 January 2026. Earlier application is permitted)

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

**Changes in accounting policies and disclosures (continued)**

***Standards issued but not yet effective (continued)***

- Gain or Loss on Derecognition **-** IFRS 7 Financial Instruments: Disclosures (The amendments will be effective for annual reporting periods beginning on or after 1 January 2026. Earlier application is permitted)
- Lessee Derecognition of Lease Liabilities **-** IFRS 9 Financial Instruments (The amendments will be effective for annual reporting periods beginning on or after 1 January 2026. Earlier application is permitted)
- Transaction Price **-** IFRS 9 Financial Instruments (The amendments will be effective for annual reporting periods beginning on or after 1 January 2026. Earlier application is permitted)
- Determination of a 'De Facto Agent'**-** IFRS 10 Consolidated Financial Statements (The amendments will be effective for annual reporting periods beginning on or after 1 January 2026. Earlier application is permitted)
- Cost Method – IAS 7 Statement of Cash Flows (The amendments will be effective for annual reporting periods beginning on or after 1 January 2026. Earlier application is permitted)
- Contracts Referencing Nature-dependent Electricity – Amendments to IFRS 9 and IFRS 7 (The amendments will be effective for annual reporting periods beginning on or after 1 January 2026. Earlier application is permitted, but will need to be disclosed)
- IFRS 18 Presentation and Disclosure in Financial Statements (The amendments will be effective for annual reporting periods beginning on or after 1 January 2027. Earlier application is permitted and must be disclosed. IFRS 18 will apply retrospectively)
- IFRS 19 Subsidiaries without Public Accountability: Disclosures (The amendments will be effective for annual reporting periods beginning on or after 1 January 2027. Earlier application is permitted and must be disclosed. IFRS 18 will apply retrospectively)
- 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).

**3 MATERIAL ACCOUNTING POLICY INFORMATION**

The material accounting policy information 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 income 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).

**3 MATERIAL ACCOUNTING POLICY INFORMATION (continued)**

**Revenue recognition (continued)**

***Contract balances (continued)***

*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 profit or loss 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.

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal (i.e., at the date the recipient obtains control) 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 profit of loss in the year the asset is derecognised.

The 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).

**3 MATERIAL ACCOUNTING POLICY INFORMATION (continued)**

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

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

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

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

**i) Financial assets**

**Initial recognition and measurement**
Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, FVTOCI and 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 FVTPL, 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 FVTOCI, 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 FVTPL, 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 FVTOCI are held within a business model with the objective of both holding to collect contractual cash flows and selling.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the marketplace (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 FVTOCI with recycling of cumulative gains and losses
- Financial assets designated at FVTOCI with no recycling of cumulative gains and losses upon derecognition
- Financial assets at FVTPL

**3 MATERIAL ACCOUNTING POLICY INFORMATION (continued)**

**Financial instruments (continued)**

**i) Financial assets (continued)**

**Subsequent measurement (continued)**

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

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

*Financial assets designated at FVTOCI (equity instruments)*
Upon initial recognition, the Company can elect to classify irrevocably its equity investments as equity instruments designated at FVTOCI 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 FVTOCI 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 FVTPL*
Financial assets at FVTPL 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 FVTOCI. 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; or
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

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

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

**3 MATERIAL ACCOUNTING POLICY INFORMATION (continued)**

**Financial instruments (continued)**

**i) Financial assets (continued)**

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

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

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

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 FVTPL, 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, other payables and lease liability.

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

- Financial liabilities at FVTPL
- Financial liabilities at amortised cost (loans and borrowings)

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

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

This category generally applies to trade payables, bank borrowings, other payables and lease liability.

**3 MATERIAL ACCOUNTING POLICY INFORMATION (continued)**

**Financial instruments (continued)**

**ii) Financial liabilities (continued)**

**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 profit or loss.

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

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

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

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

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

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

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

## 3 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

**Investment property**
Investment property is measured initially at cost, including transaction costs. Subsequent to initial recognition, investment property is stated at fair value, which reflects market conditions at the reporting date. Gains or losses arising from changes in the fair values of investment property 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 property is derecognised either when they have been disposed of or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in profit or loss in the year of derecognition. In determining the amount of consideration from the derecognition of investment property, the Company considers the effects of variable consideration, existence of a significant financing component, non-cash consideration, and consideration payable to the buyer (if any).

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

**Fair value measurement**
Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

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

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

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

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

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

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

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

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

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

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

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

**3 MATERIAL ACCOUNTING POLICY INFORMATION (continued)**

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

- Expected to be realised or intended to be 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 in accordance with the rules, resolutions and circulations issued by the Securities and Commodities Authority.

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

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

**Employee benefits**
*Defined contribution plan*
UAE national employees of the Company are members of the Government-managed retirement pension and social security benefit scheme pursuant to the applicable Federal Labour Law. The Company is required to contribute 12.5% of the "contribution calculation salary" of payroll costs to the retirement benefit scheme to fund the benefits. The employees and the Government contribute 5% and 2.5% of the "contribution calculation salary" respectively, to the scheme. For the new employees after 31 October 2023, employee contribution has increased from 5% to 11%. 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.

**3 MATERIAL ACCOUNTING POLICY INFORMATION (continued)**

**Employee benefits (continued)**
*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.

**Leases**
The Company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

*Company as a lessee*
The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Company recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

*i) Right-of-use assets*
The Company recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful life of the asset of 5 years.

If ownership of the leased asset transfers to the Company at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset. The right-of-use assets are also subject to impairment.

*ii) Lease liabilities*
At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating the lease, if the lease term reflects the Company exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Company uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

*iii) Short-term leases and leases of low-value assets*
The Company applies the short-term lease recognition exemption to its short-term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

**3 MATERIAL ACCOUNTING POLICY INFORMATION (continued)**

**Taxes**

*Current income tax*

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date in the countries where the Company operates and generates taxable income.

Current income tax relating to items recognised directly in equity is recognised in equity and not in the statement of profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

*Deferred tax*

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

In assessing the recoverability of deferred tax assets, the Company relies on the same forecast assumptions used elsewhere in the financial statements and in other management reports, which, among other things, reflect the potential impact of climate-related development on the business, such as increased cost of production as a result of measures to reduce carbon emission.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

The Company offsets deferred tax assets and deferred tax liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

## 3 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

**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.

**Events after the reporting period**
If the Company receives information after the reporting period, but prior to the date of authorisation for issue, about conditions that existed at the end of the reporting period, it will assess whether the information affects the amounts that it recognises in its financial statements. The Company will adjust the amounts recognised in its financial statements to reflect any adjusting events after the reporting period and update the disclosures that relate to those conditions in light of the new information. For non-adjusting events after the reporting period, the Company will not change the amounts recognised in its financial statements but will disclose the nature of the non-adjusting event and an estimate of its financial effect, or a statement that such an estimate cannot be made, if applicable.

## 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 and the Board of Directors believe that the Company will be able to continue as a going concern for the foreseeable future, and accordingly, the financial statements of the Company have been prepared on a going concern basis.

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

**Judgements (continued)**

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

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

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

***Deferred tax***
Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits.

The Company has AED 42.1 million of tax losses carried forward. These losses do not expire and may be used to offset taxable income in future years. The utilisation of these losses is subject to the Company generating substantial taxable profits in the future years.

**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 2020. 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 12 and note 27.

As at 31 December 2024, gross trade receivables amounted to AED 100.6 million (2023: AED 75.4 million) and the provision for expected credit losses amounted to AED 2.8 million (2023: AED 3.9 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 121.8 million (2023: AED 116.0 million) with provision for old and obsolete inventories of AED 15.1 million (2023: AED 13.0 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 property***

The Company carries its investment property at fair value, with changes in fair value being recognised in the statement of profit or loss. For investment property, 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 value as at 31 December 2024. The key assumptions used to determine the fair value of the property 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:

| | ***2024 AED*** | *2023 AED* |
|---|---|---|
| **Type of revenue** | | |
| Sale of goods | **480,822,562** | 462,720,111 |
| **Geographical markets** | | |
| Within UAE | **262,752,210** | 186,490,276 |
| Outside UAE | **218,070,352** | 276,229,835 |
| | **480,822,562** | 462,720,111 |
| **Timing of revenue recognition** | | |
| Goods transferred at a point in time | **480,822,562** | 462,720,111 |

Revenue includes AED 311.2 million which represents 65% of total revenue from 7 customers (2023: AED 360.4 million which represents 78% of total revenue from 7 customers).

## 5 REVENUE FROM CONTRACT WITH CUSTOMERS (continued)

### b) Contract balances

| | ***2024*** | *2023* |
|---|---|---|
| | ***AED*** | *AED* |
| **Asset** | | |
| Trade receivables (note 13) | **97,755,538** | 71,506,364 |
| **Liability** | | |
| Advances from customers (note 20) | **13,377,660** | 4,192,422 |

Revenue amounting to AED 2.8 million (2023: AED 2.5 million) was recognised from amounts included in advances from customers at the beginning of the year.

### 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 (2023: 150 to 180 days).

## 6 OTHER OPERATING INCOME

Other operating income mainly consists of income earned on electricity generated by the Company and distributed to a customer and income from scrap sales amounting to AED 11.4 million (2023: AED 11.0 million) and AED 2.6 million for the year ended 31 December 2024 (2023: AED 1.0 million), respectively.

## 7 SELLING, GENERAL AND ADMINISTRATIVE EXPENSES

| | ***2024*** | *2023* |
|---|---|---|
| | ***AED*** | *AED* |
| Loading charges | **21,443,948** | 24,011,201 |
| Salaries and employee-related costs (note (b)) | **9,865,960** | 11,537,069 |
| Professional charges | **2,134,809** | 1,312,298 |
| Provision for slow-moving inventories (note 14(c)) | **2,128,864** | - |
| Rent expenses (note 24) | **1,624,821** | - |
| Director expenses (note 23) | **921,971** | 964,510 |
| Sales promotion | **152,158** | 36,381 |
| Reversal of provision for expected credit losses (note 13(a)) | **(1,094,222)** | (120,527) |
| Others | **2,431,447** | 2,616,008 |
| | **39,609,756** | 40,356,940 |

a) There were no social contributions (including donations and charity) made during the year (2023: Nil).

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

| | ***2024*** | *2023* |
|---|---|---|
| | ***AED*** | *AED* |
| Cost of sales | **21,896,397** | 20,211,577 |
| Selling, general and administrative expenses | **9,865,960** | 11,537,069 |
| | **31,762,357** | 31,748,646 |

c) Others include postage and telephone costs, environmental expenses, loss on PPE disposal and other administrative costs, among others.

## 8 INVESTMENT INCOME - NET

| | ***2024 AED*** | *2023 AED* |
|---|---|---|
| Unrealised gain on investments carried at FVTPL (note 12) | **2,198,059** | 2,213,736 |
| Gain on fair value of investment property (note 11) | **686,000** | 820,000 |
| Dividend income | **1,602,732** | 568,490 |
| Interest income | **1,106** | 1,281 |
| Realised gain/ (loss) on disposal of investments carried at FVTPL | **131,728** | (85,645) |
| | **4,619,625** | 3,517,862 |

## 9 FINANCE COSTS

| | ***2024 AED*** | *2023 AED* |
|---|---|---|
| Interest on overdue payables | **6,135,211** | 264,310 |
| Interest on bank borrowings | **3,756,687** | 4,055,646 |
| Interest on unwinding of long-term payables | **149,114** | 208,378 |
| Interest on lease liability (note 24) | **63,393** | - |
| Others | **1,649,847** | 1,077,162 |
| | **11,754,252** | 5,605,496 |

## 10 PROPERTY, PLANT AND EQUIPMENT

| | *Building and roads AED* | *Plant and machinery AED* | *Power stations AED* | *Vehicles and equipment AED* | *IT computer hardware & software AED* | *Capital work in progress AED* | *Spare parts AED* | *Total AED* |
|---|---|---|---|---|---|---|---|---|
| Cost | | | | | | | | |
| At 1 January 2023 | 125,242,726 | 1,207,567,203 | 495,824,232 | 17,772,257 | 11,470,350 | 1,873,451 | 129,479,740 | 1,989,229,959 |
| Additions | - | - | - | - | 1,366,913 | - | 34,053,596 | 35,420,509 |
| Transfers | - | 28,257,162 | - | - | 1,873,451 | (1,873,451) | (28,257,162) | - |
| At 31 December 2023 | 125,242,726 | 1,235,824,365 | 495,824,232 | 17,772,257 | 14,710,714 | - | 135,276,174 | 2,024,650,468 |
| Additions | - | - | - | 169,962 | - | - | 38,941,749 | 39,111,711 |
| Transfers | - | 42,715,579 | - | - | 177,382 | - | (42,892,961) | - |
| At 31 December 2024 | **125,242,726** | **1,278,539,944** | **495,824,232** | **17,942,219** | **14,888,096** | **-** | **131,324,962** | **2,063,762,179** |
| Depreciation and impairment | | | | | | | | |
| At 1 January 2023 | 110,456,606 | 949,024,715 | 214,868,741 | 16,840,989 | 10,750,716 | - | 27,871,829 | 1,329,813,596 |
| Charge for the year | 1,591,539 | 49,759,371 | 8,137,379 | 50,474 | 720,841 | - | - | 60,259,604 |
| At 31 December 2023 | 112,048,145 | 998,784,086 | 223,006,120 | 16,891,463 | 11,471,557 | - | 27,871,829 | 1,390,073,200 |
| Charge for the year | 1,546,577 | 46,883,938 | 8,458,787 | 417,105 | 673,507 | - | - | 57,979,914 |
| At 31 December 2024 | **113,594,722** | **1,045,668,024** | **231,464,907** | **17,308,568** | **12,145,064** | **-** | **27,871,829** | **1,448,053,114** |
| Net carrying value | | | | | | | | |
| **At 31 December 2024** | **11,648,004** | **232,871,920** | **264,359,325** | **633,651** | **2,743,032** | **-** | **103,453,133** | **615,709,065** |
| At 31 December 2023 | 13,194,581 | 237,040,279 | 272,818,112 | 880,794 | 3,239,157 | - | 107,404,345 | 634,577,268 |

**10 PROPERTY, PLANT AND EQUIPMENT (continued)**

a) During the year ended 31 December 2024, no impairment losses (2023: Nil) has been recognised against property, plant and equipment ("PPE"), to adjust the carrying value to its recoverable amount. The recoverable amount assessed as at 31 December 2024 and 2023 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:

| | ***2024*** | *2023* |
|---|---|---|
| Discount rate | **10%** | 10.6% |
| Growth rate on price per ton | **2.5%** | 3% |
| Terminal year growth rate | **1.5%** | 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 including by reference to agreement entered with the supplier.

Value in use is higher than the carrying amount of the PPE as at 31 December 2024. 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 11.65% (2023: 12%) in the CGU, keeping all other assumptions constant, would result in impairment of AED 2.7 million.

On average, the revenue of the CGU over the next five years is projected to grow in line with the economy or with real Gross Domestic Product. Historically, cement industry growth had a direct correlation with economic growth. A reduction by 2% (2023: 1%) in the growth rate on price per ton in the CGU, keeping all other assumptions constant, would result in impairment of AED 0.5 million.

The terminal year growth rate is based on the projected growth of the Company, which is in line with its historical experience, economic conditions of the countries where the Company operates, and the Company's future plans. A reduction by 2% (2023: 2.1%) in the terminal year growth rate in the CGU, keeping all other assumptions constant, would result in impairment of AED 0.2 million.

If prices of fuel and power increase on average by 3.8% (2023: 4%), keeping all other assumptions constant, the Company would result in impairment of AED 3.5 million.

b) At 31 December 2024, the cost of fully depreciated property, plant and equipment that is still in use amounted to AED 731.5 million (2023: AED 725.3 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 are located in the UAE.

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

f) 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

| | ***2024 AED*** | *2023 AED* |
|---|---|---|
| At the beginning of the year | **7,250,000** | 6,430,000 |
| Change in fair value (note 8) | **686,000** | 820,000 |
| At the end of the year | **7,936,000** | 7,250,000 |

Investment property represents plots of land in Ras Al Khaimah.

The fair value of the Company's investment property at 31 December 2024 and 2023 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 2024 and 2023, the Company's investment property is classified as Level 3 in the fair value hierarchy and there were no transfers between the Levels 1, 2 and 3 during 2024 and 2023.

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

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

| | ***Valuation techniques*** | ***Significant unobservable input*** | ***Range (weighted average)*** | |
|---|---|---|---|---|
| | | | ***2024*** | *2023* |
| Plot of land | Current market rate for comparable properties that have been sold in nearby area | Rate per sq. ft. | **AED 37** | AED 35 |

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

## 12 INVESTMENT IN SECURITIES

### a) Investments carried at FVTOCI

| | ***2024 AED*** | *2023 AED* |
|---|---|---|
| Quoted | **1,949,076** | 1,950,131 |
| Unquoted | **12,842,506** | 12,842,506 |
| Total gross investments at FVTOCI at cost | **14,791,582** | 14,792,637 |
| Less: accumulated fair value reserve, net | **(12,947,338)** | (12,955,211) |
| | **1,844,244** | 1,837,426 |

The geographical spread of the above investments is as follows:

| | ***2024*** | | | *2023* | | |
|---|---|---|---|---|---|---|
| | ***Concentration percentage on fair value*** | ***Cost AED*** | ***Fair value AED*** | *Concentration percentage on fair value* | *Cost AED* | *Fair value AED* |
| Kuwait | **100%** | **14,791,582** | **1,844,244** | 100% | 14,792,637 | 1,837,426 |

**12 INVESTMENT IN SECURITIES (continued)**

**a) Investments carried at FVTOCI (continued)**

The cumulative change in fair value of investments carried at FVTOCI amounted to negative AED 12.9 million as at 31 December 2024 (2023: negative AED 13.0 million) and is shown under equity. During the year ended 31 December 2024, the Company has transferred AED 11,651 (2023: AED 24,275) from fair value reserve to accumulated losses arising from the disposal of investments carried at FVTOCI. The total proceeds from the disposal of investments carried at FVTOCI amounted to AED 0.21 million (2023: AED 1.03 million) resulting to a loss of AED 0.03 million (2023: loss of AED 0.09 million) which is shown in the statement of comprehensive income.

Equity instruments designated at FVTOCI 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 FVTOCI as the Company considers these investments to be strategic in nature.

**b) Investments carried at FVTPL**

| | ***2024 AED*** | *2023 AED* |
|---|---|---|
| Quoted investments at cost | **7,409,192** | 8,077,946 |
| Unquoted | **8,299,928** | 8,299,928 |
| Total gross investments at FVTPL at cost | **15,709,120** | 16,377,874 |
| Less: cumulative changes in fair value | **(2,044,264)** | (4,680,377) |
| Fair value of investments | **13,664,856** | 11,697,497 |

The geographical spread of the above investments is as follows:

| | ***2024*** | | | *2023* | | |
|---|---|---|---|---|---|---|
| | ***Concentration percentage on fair value*** | ***Cost AED*** | ***Fair value AED*** | *Concentration percentage on fair value* | *Cost AED* | *Fair value AED* |
| UAE | **100%** | **7,409,192** | **13,664,856** | 100% | 8,077,946 | 11,697,497 |
| Other GCC countries | **0%** | **8,299,928** | **-** | 0% | 8,299,928 | - |
| | **100%** | **15,709,120** | **13,664,856** | 100% | 16,377,874 | 11,697,497 |

The total proceeds from the disposal of investments carried at FVTPL amounted to AED 0.36 million (2023: AED 0.35 million) resulting to a gain of AED 0.13 million (2023: loss of AED 0.09 million) which is shown in the statement of profit or loss.

Movement in investment in securities is as follows:

| | ***2024 AED*** | *2023 AED* |
|---|---|---|
| Fair value of investments at the beginning of the year | **13,534,923** | 12,138,203 |
| Additions made during the year | **251,124** | 1,431,866 |
| Disposals made during the year at carrying value | **(471,228)** | (1,543,599) |
| Unrealized gain on revaluation of investments carried at FVTPL (note 8) | **2,198,059** | 2,213,736 |
| Unrealized loss on revaluation of investments carried at FVTOCI | **(3,778)** | (705,283) |
| Fair value of investments at the end of the year | **15,509,100** | 13,534,923 |

## 13 TRADE AND OTHER RECEIVABLES

| | 2024 AED | 2023 AED |
|---|---|---|
| Trade receivables | **100,590,340** | 75,435,388 |
| Less: provision for expected credit losses (note (a)) | **(2,834,802)** | (3,929,024) |
| | **97,755,538** | 71,506,364 |
| Prepayments | **3,547,780** | 1,662,676 |
| Advance to suppliers | **6,484,440** | 3,899,298 |
| Other receivables | **6,511,067** | 7,871,534 |
| Receivable from sale of an associate | **1,406,061** | 1,801,971 |
| | **115,704,886** | 86,741,843 |
| Less: receivable from sale of an associate due after one year | **(897,902)** | (1,315,763) |
| | **114,806,984** | 85,426,080 |

a) Movement in provision for expected credit losses during the year is as follows:

| | 2024 AED | 2023 AED |
|---|---|---|
| Balance at the beginning of the year | **3,929,024** | 4,049,551 |
| Reversal for the year (note 7) | **(1,094,222)** | (120,527) |
| | **2,834,802** | 3,929,024 |

b) In determining the recoverability of trade receivables, the Company considers any significant change in the credit quality of the trade receivables from the date credit was initially granted up to the reporting date.

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

| | 2024 AED | 2023 AED |
|---|---|---|
| Secured against unconditional bank guarantees | **29,271,069** | 28,059,535 |
| Secured against letter of credit | **2,169,311** | 4,311,669 |
| Unsecured | **69,149,960** | 43,064,184 |
| | **100,590,340** | 75,435,388 |

d) The average credit period on sale of goods is 150 days to 180 days (2023: 150 days to 180 days).

e) Trade receivables amounting to AED 83.4 million (2023: AED 63.6 million) is due from the Company's five largest customers representing 83% (2023: 84%) of the total outstanding balance at 31 December 2024.

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* |
| ***2024*** | **100,590,340** | **84,876,827** | **13,489,017** | **328,225** | **1,896,271** |
| *2023* | 75,435,388 | 69,277,199 | 2,741,199 | 295,171 | 3,121,819 |

g) Assignment of trade receivables in relation to banking facilities obtained by the Company (note 19).

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

## 14 INVENTORIES

| | *2024* *AED* | *2023* *AED* |
|---|---|---|
| Finished goods | **9,623,268** | 9,719,041 |
| Raw materials | **8,662,483** | 7,012,981 |
| Work in progress | **34,998,424** | 30,246,825 |
| Bags, fuel and lubricants | **31,024,104** | 34,779,988 |
| Spare parts | **26,043,373** | 23,744,528 |
| Consumable items | **10,951,860** | 10,041,480 |
| Tools | **461,903** | 436,514 |
| | **121,765,415** | 115,981,357 |
| Less: provision for slow-moving and obsolete inventories (note (c)) | **(15,154,419)** | (13,025,555) |
| | **106,610,996** | 102,955,802 |

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).

c) Movement in provision for slow-moving and obsolete inventories during the year is as follows:

| | *2024* *AED* | *2023* *AED* |
|---|---|---|
| Balance at the beginning of the year | **13,025,555** | 13,025,555 |
| Provision during the year | **2,128,864** | - |
| | **15,154,419** | 13,025,555 |

## 15 BANK BALANCES AND CASH

| | *2024* *AED* | *2023* *AED* |
|---|---|---|
| Cash on hand | **24,119** | 26,593 |
| Bank balances: | | |
| Current accounts | **281,320** | 495,249 |
| Call deposits (note (a)) | **41,573** | 58,021 |
| Total bank balances | **322,893** | 553,270 |
| | **347,012** | 579,863 |

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

b) Bank balance amounting to AED 0.06 million (2023: AED 0.06 million) is under the legal ownership of the Company but for the beneficial interest of its employees. Therefore, the bank balance is not included in the statement of financial position of the Company.

## 16 SHARE CAPITAL

| | ***2024*** | *2023* |
|---|---|---|
| | ***AED*** | *AED* |
| Issued and fully paid: | | |
| 410,548,410 (2023: 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 at 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.

On 14 November 2023, the Company’s Board of Directors has resolved to set off the accumulated losses of AED 182,180,729 by utilizing an equivalent amount standing to the credit of available reserves, which is approved by the shareholders in the general meeting held on 20 December 2023 and Securities and Commodities Authority (SCA). This resulted in a decrease in the accumulated losses and a corresponding reduction in the statutory and voluntary reserves of the Company.

Movement of the Company’s reserves is as follows:

| | ***Statutory reserve AED*** | ***Voluntary Reserve AED*** | ***Total AED*** |
|---|---|---|---|
| Balance at 1 January 2023 | 343,930,557 | 4,732,484 | 348,663,041 |
| Accumulated losses offset against reserves | (177,448,245) | (4,732,484) | (182,180,729) |
| Balance at 31 December 2023 and 31 December 2024 | **166,482,312** | **-** | **166,482,312** |

## 18 PROVISION FOR EMPLOYEES’ END OF SERVICE INDEMNITY

| | ***2024*** | *2023* |
|---|---|---|
| | ***AED*** | *AED* |
| Provision as at 1 January | **8,344,938** | 8,579,271 |
| Provided during the year | **777,262** | 625,950 |
| Payments made during the year | **(1,244,586)** | (860,283) |
| Provision as at 31 December | **7,877,614** | 8,344,938 |

## 19 BANK BORROWINGS

| | *2024* *AED* | *2023* *AED* |
|---|---|---|
| Bank overdraft facilities | **8,830,331** | 8,214,414 |
| Short-term loans | **28,639,326** | 48,052,974 |
| Total bank borrowings | **37,469,657** | 56,267,388 |

a) 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 rates based on EIBOR and SOFR 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(f)), assignment of trade receivables (note 13) and pledge over inventories (note 14(b)) and a negative pledge over property, plant and equipment (note 10(e)).

b) Bank overdrafts are considered a form of financing and hence not included as a component of cash and cash equivalents in the statement of cash flows.

c) The Company had covenants on EBITDA to debt service ratio, leverage ratio and minimum tangible net worth which had to be complied with as per the underlying facility agreements. These covenants were complied with as at 31 December 2024 and 2023.

## 20 TRADE AND OTHER PAYABLES

| | *2024* *AED* | *2023* *AED* |
|---|---|---|
| Trade payables | **255,085,983** | 188,520,735 |
| Dividend payable | **25,385,572** | 25,961,250 |
| Accrued expenses | **9,480,297** | 12,564,425 |
| Advances from customers (note 5) | **13,377,660** | 4,192,422 |
| Interest payable | **5,461,491** | 489,811 |
| VAT payable | **836,336** | 825,388 |
| Other payables | **525,505** | 386,724 |
| | **310,152,844** | 232,940,755 |
| Trade payables (non-current) | **-** | (577,108) |
| | **310,152,844** | 232,363,647 |

Terms and conditions of the above financial liabilities:

- Trade payables are non-interest bearing and are normally settled on and average of 150 days (2023: 120-day terms).
- 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 27.

## 21 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.

Decision No. 116 of 2022 (published in December 2022 and considered to be effective from 16 January 2023) specifies that taxable income not exceeding AED 375,000 would be subject to a 0% UAE CT rate, and taxable income exceeding AED 375,000 would be subject to the 9% UAE CT rate. With the publication of this Decision, the UAE CT Law is considered to have been substantively enacted for the purposes of accounting for Income Taxes.

Subsequently, the UAE CT Law has been supplemented by a number of Decisions of the Cabinet of Ministers of the UAE (Decisions). Such Decisions and other interpretive guidance of the UAE Federal Tax Authority provide important details relating to the interpretation of the UAE CT Law and are required to fully evaluate the impact of the UAE CT Law on the Company. The Company is subject to the provisions of the UAE CT Law for the year ended 31 December 2024.

Reconciliation of tax expense and accounting loss for the year ended 31 December 2024 is as follows:

| | ***31 December 2024 AED (unaudited)*** |
|---|---|
| Accounting loss before tax | **(41,451,218)** |
| At United Arab Emirates’ statutory corporate tax rate of 9% (2023: nil) | |
| Adjustments for amounts which are non-deductible / (taxable) in calculating taxable income: | |
| Non-deductible expenses for tax purposes | **-** |
| Exempt income | **(616,713)** |
| Loss on disposal of investments carried at FVTOCI | **(31,238)** |
| Net change in fair value of investments carried at FVTOCI | **(3,778)** |
| Transfer of fair value reserve of equity instruments designated at FVTOCI | **(11,651)** |
| Taxable loss | **(42,114,598)** |
| At the effective income tax rate of 0% | **-** |

## 22 BASIC AND DILUTED EARNINGS PER SHARE

| | ***2024*** | *2023* |
|---|---|---|
| Loss for the year (in AED) | **(41,451,218)** | (51,591,940) |
| Weighted average number of shares | **410,548,410** | 410,548,410 |
| Basic and diluted loss per share (in AED) | **(0.10)** | (0.13) |

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

## 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.

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

| | ***2024 AED*** | *2023 AED* |
|---|---|---|
| **Revenue** | | |
| RAKNOR LLC (an affiliate) | **10,698,957** | 12,910,032 |

| | ***2024 AED*** | *2023 AED* |
|---|---|---|
| **Other operating income** | | |
| Stevin Rock LLC (an affiliate) | **33,857,280** | 32,696,280 |

| | ***2024 AED*** | *2023 AED* |
|---|---|---|
| **Purchases** | | |
| RAK Rock LLC (an affiliate) | **(46,675,954)** | (46,724,241) |
| RAK Gas LLC (an affiliate) | **(286,986,340)** | (275,174,096) |
| | **(333,662,294)** | (321,898,337) |

| | ***2024 AED*** | *2023 AED* |
|---|---|---|
| **Attendance expenses** | | |
| Board of Directors and committees' meetings (note 7) | **921,971** | 964,510 |

Balances with related parties included in the statement of financial position are as follows:

| | ***2024 AED*** | *2023 AED* |
|---|---|---|
| **Trade and other receivables (note 13)** | | |
| Stevin Rock LLC (an affiliate) | **6,110,998** | 7,572,468 |
| RAKNOR LLC (an affiliate) | **3,556,370** | 1,956,503 |
| | **9,667,368** | 9,528,971 |
| **Trade and other payables (note 20)** | | |
| RAK Rock LLC (an affiliate) | **(13,480,990)** | (11,614,591) |
| RAK Gas LLC (an affiliate) | **(175,127,958)** | (117,804,286) |
| | **(188,608,948)** | (129,418,877) |

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

| | ***2024 AED*** | *2023 AED* |
|---|---|---|
| Salaries and other short-term benefits (note below) | **4,176,650** | 4,057,160 |
| Employees' end of service benefits | **236,029** | 312,809 |
| | **4,412,679** | 4,369,969 |

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 2024 and 2023 related to key management personnel.

**24 LEASES**

*Company as a lessee*

a) The Company has a lease contract for use of plant and machinery for its operations with lease term of four years.

b) The Company also has certain lease with lease term of 12 months or less. The Company applies the 'short-term lease' recognition exemption for this lease.

c) Set out below is the carrying amount of right-of-use asset recognised and the movements during the year:

| | ***2024*** |
|---|---|
| | ***AED*** |
| Balance at the beginning of the year | **-** |
| Additions during the year | **2,510,000** |
| Amortised during the year | **(209,167)** |
| Balance at the end of the year | **2,300,833** |

d) Set out below is the carrying amount of lease liability recognised and the movements during the year:

| | ***2024*** |
|---|---|
| | ***AED*** |
| Balance at the beginning of the year | **-** |
| Additions during the year | **2,510,000** |
| Accretion of interest during the year | **63,393** |
| Payment during the year | **(556,000)** |
| Balance at the end of the year | **2,017,393** |
| Classified as: | |
| Current liabilities | **486,166** |
| Non-current liabilities | **1,531,227** |
| | **2,017,393** |

e) Following are the amounts recognised in the statement of profit or loss for the year ended 31 December 2024:

| | ***2024*** |
|---|---|
| | ***AED*** |
| Amortisation of right-of-use asset | **209,167** |
| Interest on lease liability | **63,393** |
| Expense relating to short-term lease (note 7) | **1,624,821** |
| | **1,897,381** |

f) The Company had total cash outflows for its leases of AED 2,180,821 in 2024 (2023: nil). The Company also had non-cash additions to right-of-use assets and lease liabilities of AED 2,510,000 in 2024 (2023: nil).

**25 CONTINGENT LIABILITIES AND COMMITMENTS**

| | ***2024*** | *2023* |
|---|---|---|
| | ***AED*** | *AED* |
| Letters of credit | **33,629,127** | 28,387,370 |
| Letters of guarantee | **36,725** | 36,725 |

## 26 SEGMENT INFORMATION

The Company is organised into two main business segments:

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

| | ***2024*** | | | *2023* | | |
|---|---|---|---|---|---|---|
| | ***Manufacturing AED*** | ***Investments AED*** | ***Total AED*** | *Manufacturing AED* | *Investments AED* | *Total AED* |
| Segment revenue | **480,822,562** | **-** | **480,822,562** | 462,720,111 | - | 462,720,111 |
| Segment result | **(46,070,843)** | **4,619,625** | **(41,451,218)** | (55,109,802) | 3,517,862 | (51,591,940) |
| Segment assets | **840,631,219** | **23,486,673** | **864,117,892** | 824,796,755 | 20,842,944 | 845,639,699 |
| Segment liabilities | **357,517,508** | **-** | **357,517,508** | 297,553,081 | - | 297,553,081 |

There are no transactions between the business segments.

Additional information required by IFRS 8 Segment Reporting relating to geographical segments and major customers are disclosed in note 5(a).

## 27 FAIR VALUE MEASUREMENT

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

*Fair value of financial instruments carried at amortised cost*
Management considers that the carrying amounts of financial assets and financial liabilities recognised at amortised cost in the financial statements approximate their fair values, mainly due to their 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 2023.

*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;

| ***Financial assets*** | ***Fair value*** ***2024 AED*** | ***Fair value*** *2023 AED* | ***Fair value hierarchy*** | ***Valuation techniques and key inputs*** | ***Significant unobservable input*** | ***Relationship of unobservable inputs to fair value*** |
|---|---|---|---|---|---|---|
| Quoted equity investments carried at FVTOCI | **1,844,244** | 1,837,426 | Level 1 | Quoted bid prices in an active market | None | N/A |
| Quoted equity instruments carried at FVTPL | **13,664,856** | 11,697,497 | Level 1 | Quoted bid prices in an active market | None | N/A |
| | **15,509,100** | 13,534,923 | | | | |

*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

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.

## 27 FAIR VALUE MEASUREMENT (continued)

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.

***2024***

| | ***Level 1 AED*** | ***Level 2 AED*** | ***Level 3 AED*** | ***Total AED*** |
|---|---|---|---|---|
| Investment property | **-** | **-** | **7,936,000** | **7,936,000** |
| Investments carried at FVTPL | **13,664,856** | **-** | **-** | **13,664,856** |
| Investments carried at FVTOCI: | | | | |
| - Quoted equities | **1,844,244** | **-** | **-** | **1,844,244** |
| | **15,509,100** | **-** | **7,936,000** | **23,445,100** |

*2023*

| | *Level 1 AED* | *Level 2 AED* | *Level 3 AED* | *Total AED* |
|---|---|---|---|---|
| Investment property | - | - | 7,250,000 | 7,250,000 |
| Investments carried at FVTPL | 11,697,497 | - | - | 11,697,497 |
| Investments carried at FVTOCI: | | | | |
| - Quoted equities | 1,837,426 | - | - | 1,837,426 |
| | 13,534,923 | - | 7,250,000 | 20,784,923 |

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

## 28 FINANCIAL INSTRUMENTS RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company's principal financial liabilities compose of bank borrowings, trade and other payables and lease liability. 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 FVTPL or FVTOCI.

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 review and agree policies for managing each of these risks, which are summarised in the next page.

**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 2024 and 2023.

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 2024 and 2023.

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

**Market risk (continued)**
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 bank borrowings at floating rates of interest linked to EIBOR and SOFR for its 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 at the reporting date:

| | *Increase/ decrease basis points* | *Effect on results for the year in AED* |
|---|---|---|
| ***2024*** | **+50** | **(187,438)** |
| | **-50** | **187,438** |
| *2023* | +50 | (281,337) |
| | -50 | 281,337 |

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

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

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

| | *Liabilities* | | *Assets* | |
|---|---|---|---|---|
| | ***2024 AED*** | *2023 AED* | ***2024 AED*** | *2023 AED* |
| US Dollars | **193,372,443** | 137,493,251 | **-** | - |
| Euro | **624,883** | 3,290,272 | **-** | - |
| Kuwaiti Dinar | **1,496,007** | - | **1,891,103** | 1,837,426 |
| | **195,493,333** | 140,783,523 | **1,891,103** | 1,837,426 |

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.

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

**Market risk (continued)**

***b) Foreign currency risk (continued)***
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* |
|---|---|---|
| ***2024*** | **+10%** | **(22,979)** |
| | **-10%** | **22,979** |
| *2023* | +10% | (145,285) |
| | -10% | 145,285 |

***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:

| | ***2024*** | | | *2023* | | |
|---|---|---|---|---|---|---|
| | ***Change in equity price %*** | ***Effect on profit or loss AED*** | ***Effect on OCI AED*** | *Change in equity price %* | *Effect on profit or loss AED* | *Effect on OCI AED* |
| ***Market indices*** | | | | | | |
| UAE | **±10%** | **1,366,486** | **-** | ±10% | 1,169,750 | - |
| Other GCC countries | **±10%** | **-** | **184,424** | ±10% | - | 183,743 |

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

*Method and assumptions for sensitivity analysis*

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

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

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

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.

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

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

| | ***2024*** | | |
|---|---|---|---|
| | ***Gross value AED*** | ***Provision for expected credit losses AED*** | ***Expected credit losses (ECL)*** |
| Secured trade receivables | **31,440,380** | **47,095** | **0.15%** |
| Unsecured trade receivables | **69,149,960** | **2,787,707** | **4.03%** |
| | **100,590,340** | **2,834,802** | |

| | *2023* | | |
|---|---|---|---|
| | *Gross value AED* | *Provision for expected credit losses AED* | *Expected credit losses (ECL)* |
| Secured trade receivables | 32,371,204 | 48,948 | 0.15% |
| Unsecured trade receivables | 43,064,184 | 3,880,076 | 9.01% |
| | 75,435,388 | 3,929,024 | |

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

| | ***2024 AED*** | *2023 AED* |
|---|---|---|
| In UAE | **99,509,901** | 74,547,894 |
| In other GCC countries | **1,080,439** | 887,494 |
| | **100,590,340** | 75,435,388 |

Credit risk on bank balances is 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 is 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.

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

**Liquidity risk (continued)**

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*** |
|---|---|---|---|---|
| *2024* | | | | |
| Trade and other payables | **85,727,625** | **210,218,896** | **-** | **295,946,521** |
| Bank borrowings | **14,531,884** | **23,620,269** | **-** | **38,152,153** |
| Lease liability | **54,000** | **594,000** | **1,728,000** | **2,376,000** |
| | **100,313,509** | **234,433,165** | **1,728,000** | **336,474,674** |

| | *Less than 1 month AED* | *2 to 12 months AED* | *1 to 5 years AED* | *Total AED* |
|---|---|---|---|---|
| *2023* | | | | |
| Trade and other payables | 37,995,849 | 189,349,988 | 584,781 | 227,930,618 |
| Bank borrowings | 29,022,573 | 27,396,957 | - | 56,419,530 |
| | 67,018,422 | 216,746,945 | 584,781 | 284,350,148 |

**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. 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 less bank balances and cash. Total capital is calculated as 'equity' as shown in the statement of financial position.

The gearing ratio at the yearend was as follows:

| | ***2024 AED*** | *2023 AED* |
|---|---|---|
| Bank borrowings | **37,469,057** | 56,267,388 |
| Less: bank balances and cash | **(347,012)** | (579,863) |
| **Net debt** | **37,122,645** | 55,687,525 |
| **Total equity** | **506,600,384** | 548,086,618 |
| **Net debt to equity ratio (times)** | **0.07** | 0.10 |

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 2024 and 2023.

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

**Changes in liabilities arising from financing activities**

| | ***1 January 2024 AED*** | ***Cash inflows AED*** | ***Cash outflows AED*** | ***Others AED*** | ***31 December 2024 AED*** |
|---|---|---|---|---|---|
| Bank borrowings | **56,267,388** | **142,896,250** | **(161,693,981)** | **-** | **37,469,657** |
| Dividends payable | **25,961,250** | **-** | **(575,678)** | **-** | **25,385,572** |
| Lease liability | **-** | **-** | **(556,000)** | **2,573,393** | **2,017,393** |
| | **82,228,638** | **142,896,250** | **(162,825,659)** | **2,573,393** | **64,872,622** |

| | *1 January 2023 AED* | *Cash inflows AED* | *Cash outflows AED* | *Others AED* | *31 December 2023 AED* |
|---|---|---|---|---|---|
| Bank borrowings | 51,062,120 | 156,741,757 | (151,536,489) | - | 56,267,388 |
| Dividends payable | 28,890,514 | - | (2,929,264) | - | 25,961,250 |
| Term loans | 123,428 | - | (123,428) | - | - |
| | 80,076,062 | 156,741,757 | (154,589,181) | - | 82,228,638 |

The ‘Others’ column includes the new leases and the effect of interest on lease liability. The Company classifies interest paid as cash flows from operating activities.

## 29 COMPARATIVE INFORMATION

Certain corresponding figures 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 shareholder's equity.

These changes have been made to improve the quality of information presented.

## 30 APPROVAL OF ANNUAL AUDITED FINANCIAL STATEMENTS

The financial statements were approved by the Board of Directors and authorised for issue on 17 February 2025.

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

# Governance Report 2024

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 and it's amendments, 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 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.
7. 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.
8. Provide information to shareholders and investors accurately and clearly and at the specified times.
9. 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.
10. 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.
11. 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.
12. 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.
13. 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.
14. 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 2024

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

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

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

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

- Before ten (10) working days from the announcement of any material information, unless the information is the result of sudden events.
- Before fifteen (15) days from the end of the quarter, semi-annual or annual financial period until disclosure of the financial statements.

**B. The table below shows the shares owned by the Board of Directors and transactions as of 31 December 2024 as follows:**

| S/N | Name | Position /Relationship | Shares Held as at 31/12/2024 | Total Sale Transactions | Total Purchase Transactions |
|---|---|---|---|---|---|
| 1 | Sheikh Omar Saqr Khaled Alqassimi | CHAIRMAN | -- | -- -- | -- -- |
| 2 | Mr. Husam Mohammed El-Sayed Hussein Represented by (Al-Khair National For Stocks & Real Estate Co.) | VICE CHAIRMAN | -- 5,000 | -- -- | -- -- |
| 3 | Mr. Abdulla Mohammed Hassan Mohammed Al Hosani | MEMBER | 5,000 | -- | -- |
| 4 | Mr. Hammed Fahad Hamad Alwnais | MEMBER | 53,850 | -- | -- |
| 5 | Mr. Yusef Ali Muhammad Ghuloom Al Balushi | MEMBER | 5,000 | -- | 5,000 |
| 6 | Mr. Esmaeel Hasan Esmaeel Mohammed Alblooshi | MEMBER | 5,000 | -- | 5,000 |
| 7 | Ms. Aarefa Saleh Hareb Alfalahi | MEMBER | 5,000 | -- | 5,000 |

**Based on the above table and controls:**

- There is no trading during 2024 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 18, 2024 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:

#### Sheikh Omar Saqer Khaled Humaid Alqssimi (Chairman)

| | |
|---|---|
| **Category** | Independent |
| **Experience** | - Director of Procurement Department at Ras Al Khaimah Cement Company<br>- Executive Director of Issuance of Bonds with the Government of Ras Al Khaimah<br>- Chairman of the Credit Rating Review Committee responsible for managing ratings for the Government of Ras Al Khaimah<br>- Chairman of the Investment Portfolio Review Committee of the Government of Ras Al Khaimah |
| **Qualifications** | Bachelor of Arts in International Studies with Concentration in International Economics |
| **BOD Member from** | 2021 |
| **Memberships and positions in any other joint-stock companies** | Rak Insurance |
| **Positions in any other important supervisory, governmental or business entities** | - |

#### Mr. Husam Mohammed El-Sayed Hussein (Vice Chairman) Represented by (Al-Khair National For Stocks & Real Estate Co.)

| | |
|---|---|
| **Category** | Non-Independent / Non-executive |
| **Experience** | - Executive Director of Alkhair national Co. - Alkharafi group<br>- CEO of Gulf National Holding<br>- CFO of Alkharafi group in Syria and Lebanon |
| **Qualifications** | Bachelor of Commerce |
| **BOD Member from** | 2018 |
| **Memberships and positions in any other joint-stock companies** | - |
| **Positions in any other important supervisory, governmental or business entities** | - |

## Mr. Abdulla Mohammed Hassan Mohammed Al Housani (Board Member)

| | |
|---|---|
| **Category** | Independent |
| **Experience** | - Banking experience (NBAD, FGB, CBD & MB)<br>- Investments experience - Alsahel Shares Centre |
| **Qualifications** | Bachelor of Accounting and Economy |
| **BOD Member from** | 2018 |
| **Memberships and positions in any other joint-stock companies** | - BOD Member at Ajamn bank<br>- BOD Member at Union Insurance Company<br>- BOD Member at Amanat Holdings PJSC |
| **Positions in any other important supervisory, governmental or business entities** | - |

## Mr. Hammed Fahad Hamad Alwnais (Board Member)

| | |
|---|---|
| **Category** | Independent |
| **Experience** | - Investment Recruitment Manager for GFH<br>- Asset Management Analyst at Audi Capital<br>- Administrative Assistant in the Finance and Administration Department at the United Arab Bank |
| **Qualifications** | Bachelor of Business Administration in Accounting |
| **BOD Member from** | 2021 |
| **Memberships and positions in any other joint-stock companies** | - |
| **Positions in any other important supervisory, governmental or business entities** | - |

## Mr. Yousef Ali Mohammed Ghuloom Al blooshi (Board Member)

| | |
|---|---|
| **Category** | Independent |
| **Experience** | - Governance of Ras AlKhaimah Finance Department –General Manager<br>- Etisalat Group – VP Financial Audit<br>- Meraas Holding – Head of Internal Review and Compliance<br>- Dubai World – Head of Fraud Prevention Department<br>- Etisalat UAE – Head of Billing and Revenue Assurance<br>- Adwea – Financial Controller<br>- NDC –Adnoc Group of companies – Internal Auditor |
| **Qualifications** | Bachelor of Accounting |
| **BOD Member from** | 2023 |
| **Memberships and positions in any other joint-stock companies** | - BOD Member of the Federal Tax Authority<br>- BOD Member in the Executive Council of Ras Al Khaimah<br>- BOD Member of Ras Al Khaimah Hotels Holding Company |
| **Positions in any other important supervisory, governmental or business entities** | - |

## Mr. Esmaeel Hasan Esmaeel Mohammed Alblooshi (Board Member)

| | |
|---|---|
| **Category** | Independent |
| **Experience** | - Director General – RAK Transport Authority – Government of Ras AL Khaimah.<br>- General Manager of the Ras Al Khaimah Transport Investment Company<br>- Director of Strategic and Planning Department – Road & Transport Authority, RTA – Dubai<br>- Senior Manager - Strategy & QHSE – Road & Transport Authority, RTA – Dubai<br>- Senior Quality Assurance/Quality Control Engineer - Abu Dhabi Distribution Company-ADDC |
| **Qualifications** | Master’s degree in engineering management<br>Bachelor's degree in civil engineering<br>Higher diploma in sports management |
| **BOD Member from** | 2024 |
| **Memberships and positions in any other joint-stock companies** | - |
| **Positions in any other important supervisory, governmental or business entities** | - |

## Ms. Aarefa Saleh Hareb Alfalahi (Board Member)

| | |
|---|---|
| **Category** | Independent |
| **Experience** | - Banking Experience – HSBC, First Gulf Bank and Mashreq Bank |
| **Qualifications** | Bachelor of Applied Science - Business Administration<br>Master of Business Administration |
| **BOD Member from** | 2024 |
| **Memberships and positions in any other joint-stock companies** | - Ras Al Khaimah Chamber of Commerce and Industry<br>- Ras Al Khaimah Insurance<br>- Sheikh Saud Foundation for Youth Projects<br>- Villas for Housing<br>- Al Mataf Association for Marine Crafts<br>- Ras Al Khaimah Scouts |
| **Positions in any other important supervisory, governmental or business entities** | - |

### B. Women's representation in the Board of Directors for 2024

As per Article (18) 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 (171) of Federal Decree Law No. 32 of 2021 of Commercial Companies and the provisions of Article (29) of the SCA Chairman's Resolution No. (3/Chairman) of 2020 and it's amendments and the 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 2023

There are no remuneration paid to the members of the Board of Directors for the financial year ended December 31, 2023.

#### 2. Total remuneration of Board members proposed for 2024

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, 2024, after deduction of all the depreciation and reserves. Since the company has not attained profits for the year 2024 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 2024

<table>
<tr><th rowspan="3">No.</th><th rowspan="3">Name</th><th colspan="5">Allowances for attending sessions of committees of the Board of Directors</th></tr>
<tr><th colspan="3">Committee Name/Meeting</th><th rowspan="2">No. Meeting</th><th rowspan="2">Total value of the allowance (AED)</th></tr>
<tr><th>Audit</th><th>Nomination & Remuneration</th><th>Executive</th></tr>
<tr><td>1.</td><td>Sheikh Omar Saqer Khaled Humaid Alqssimi</td><td>-</td><td>Head (1) (13.02.2024) Before election</td><td>Head (5) Meetings</td><td>6</td><td>45,000</td></tr>
<tr><td>2.</td><td>Mr. Husam Mohammed El-Sayed Hussein<br>Represented by (Al-Khair National For Stocks & Real Estate Co.)</td><td>Member (4) Meetings</td><td>-</td><td>Member (7) Meetings</td><td>11</td><td>55,000</td></tr>
<tr><td>3.</td><td>Mr. Abdulla Mohammed Hassan Mohammed Al Housani</td><td>Head (3) Meetings</td><td>-</td><td>Member (7) Meetings</td><td>10</td><td>57,500</td></tr>
<tr><td>4.</td><td>Mr. Hamad Fahad Hamad Alwnais</td><td>Member (1) Meetings</td><td>Head (5) Member (1) Meeting</td><td>-</td><td>7</td><td>47,500</td></tr>
<tr><td>5.</td><td>Mr. Yousef Ali Mohammed Ghuloom Al blooshi</td><td>-</td><td>Member (5) Meetings</td><td>Member (6) Meetings</td><td>11</td><td>55,000</td></tr>
<tr><td>6.</td><td>Mr. Esmaeel Hasan Esmaeel Mohammed Alblooshi</td><td>Member</td><td>-</td><td>-</td><td>3</td><td>15,000</td></tr>
<tr><td>7.</td><td>Ms. Aarefa Saleh Hareb Alfalahi</td><td>-</td><td>Member</td><td>-</td><td>5</td><td>25,000</td></tr>
</table>

**Also, the Board of Directors members from outside the United Arab Emirates receive an accommodation for travel and expenses as follows:**

Mr. Husam Mohammed El-Sayed Hussein – AED 64,000
Mr. Hamad Bin Fahad Bin Hamad Alwnais – AED 64,000
**Notes:** Allowances for attending the sessions of the committees emanating from the Board of Directors as follows:
Committee's Head: AED 7,500 /Meeting
Committee's Member : AED 5,000 /Meeting

### 4. Additional allowances, salaries or fees received by a board member other than the allowances for attending the committees for the year 2024

Nill .

### D. Board of Directors' meetings during the financial year ended 31 December 2024

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 (27) 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 2024, as shown in the following table:

| Number of meeting | Date of the meeting | Number of Attendees | Number of attendance by proxy | Absents |
|---|---|---|---|---|
| 1 | 13/02/2024 | 7 | - | - |
| 2 | 18/04/2024 | 6 | - | 1 |
| 3 | 15/05/2024 | 5 | - | 2 |
| 4 | 12/08/2024 | 7 | - | - |
| 5 | 12/11/2024 | 7 | - | - |

### E. Resolutions of the Board of Directors issued by passing during the year 2024

Submitting a recommendation to the General Assembly No. (49) held on Thursday, April 18, 2024, to add an item to the agenda by deleting Article (7 - Ownership Percentage) from the company’s Articles of Association.

# 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.

## (4) 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 2024.

### 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 18, 2024 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. Esmaeel Hasan Esmaeel Mohammed Alblooshi | 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 2024

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 4 meetings during the fiscal year ended 31 December 2024 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 | Absents |
|---|---|---|---|
| 1 | 13/02/2024 | 3 | - |
| 2 | 15/05/2024 | 2 | 1 |
| 3 | 12/08/2024 | 3 | - |
| 4 | 12/11/2024 | 3 | - |

## D. Annual Audit Committee report:

1. Significant matters reviewed by the committee concerning the financial statements and the manner in which these matters were addressed.

The Audit Committee has reviewed key areas of concern within the financial statements, including but not limited to going concern assumption, revenue recognition, impairment assessments, Provision for inventory obsolescence, tax provision, related party transactions, and any other significant estimates and judgments made by management. The committee engaged with both management and the external auditors to ensure that these matters were thoroughly discussed, risks identified were properly mitigated, and compliance with relevant accounting standards was adhered to. As part of the review process, the committee received detailed briefings and independent assessments from the auditors, followed by in-depth discussions to address any issues raised. The external auditors Ernst & Young Middle East (Sharjah Branch) were allowed direct access to the Audit Committee.

2. An explanation of how the committee assessed the independence and effectiveness of the external audit process, the approach taken for appointing or reappointing the external auditor, and information on the tenure of the current audit firm.

- 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.
- A key element of maintaining auditor independence is the enforcement of a structured rotation policy:
    - Partner Rotation: The committee mandates that the lead audit partner be rotated every three years.
    - Firm Rotation: The external audit firm is rotated every six years.

The current audit firm has been in place for six years, and the committee, adhering to the rotation policy, has undertaken a competitive bidding process for appointment of an external auditor for the year 2025.

- Being one of the Big Four, Audit firms, the Audit Committee was satisfied with the integrity, objectivity and effectiveness of the services provided by the current audit firm.

3. A statement outlining the committee’s recommendation regarding the appointment, reappointment, or dismissal of the external auditor, along with reasons why the Board of Directors may reject this recommendation.

    - The Audit Committee will recommend the appointment of auditor as the company’s external auditor for the year 2025, following the expiration of the current auditor’s tenure. As per the company's auditor rotation policy, the lead audit partner and audit firm have completed their respective restricted tenures of three and six years. Consequently, the company initiated a competitive bidding process to ensure a transparent and objective selection. After careful evaluation of the proposals and assessing the qualifications, expertise,sector knowledge and independence of the bidders, the committee will proposed the recommended auditor.
    - However, the Board of Directors may reject this recommendation if they have concerns regarding the qualifications or independence of the recommended auditor, or if they believe a different course of action is more suitable for the company’s needs.

4. An explanation of how the independence of the external auditor is maintained when providing non-audit services to the company.

    - The committee ensures that the independence of the external auditor is not compromised by reviewing all non-audit services provided and ensuring they are pre-approved by the committee. The audit firm is prohibited from performing services that could create conflicts of interest or impair their objectivity, such as consulting or internal audit services. The committee receives periodic updates on the non-audit services rendered and assesses their impact on the external auditor’s independence.

5. Actions taken or planned by the committee to address any deficiencies or weaknesses in the event of failures in internal control or risk management.

    - In the event of identified deficiencies in the internal control systems, the Audit Committee works closely with management to address these concerns.
    - No cases of material complaints regarding accounting, internal accounting controls or audit matters, or Whistle Blowing were received by the Committee.

6. Evidence that the committee has reviewed all internal audit reports with medium and high risks, issued from the internal audit, to determine whether they stem from significant violations or weaknesses in internal controls.

- Internal audit function operates under the charter approved by the Audit Committee and head of the internal audit function has direct access to the Audit Committee.
- The Internal Audit Department carried out independent audits in accordance with an internal audit plan which was approved by the Board Audit Committee
- The committee reviews all internal audit reports. These reports are discussed in detail at each meeting, and the committee ensures that any significant findings are addressed with management.
- The Audit Committee, on the basis of the internal audit reports, reviewed the adequacy of controls and compliance shortcomings in areas audited and discussed corrective actions in the light of management's responses. This has ensured the continual evaluation of controls and improved compliance.

7. Comprehensive information about the corrective action plan to address substantial deficiencies in risk management and internal control systems.

- The Committee oversee plan to enhance control measures, improve oversight, and ensure that risk management frameworks are more robust. We have also directed management to engaged an expert for risk register refinement and enhancing control over financial reportings & adopt COSO framwork.
- The Committee regularly reviews the mechanism for employees and management such as whistles blown to report concerns to the Audit Committee and ensures that any allegations are scrutinized seriously.

8. Documentation demonstrating that the committee has audited all transactions made with related parties, the observations or results thereof, and the extent of compliance with applicable laws in this regard.

- The committee has reviewed all transactions with related parties as disclosed in notes 23 to the financial statements. A key focus was placed on ensuring that these transactions complied with the relevant laws, regulations, and company policies.

## (5) 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. **Mr. Hammed Fahad H, Alwnais -** Head 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 2024.

### 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 18, 2024 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 |
|---|---|---|
| Mr. Hammed Fahad Hamad Alwnais | HEAD | Independent |
| Mr. Yusef Ali Muhammad Ghuloom Al Balushi | Member | Independent |
| Ms. Aarefa Saleh Hareb Alfalahi | 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.

### C. Nomination and Remuneration Committee meetings during 2024

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 6 meetings during the fiscal year ended 31 December 2024 were attended by all its members, as the following table:

| Number of meeting | Date of the meeting | Number of Attendees | Absents |
|---|---|---|---|
| 1 | 13/02/2024 | 3 | - |
| 2 | 15/05/2024 | 3 | - |
| 3 | 22/05/2024 | 3 | - |
| 4 | 04/07/2024 | 3 | - |
| 5 | 05/08/2024 | 3 | - |
| 6 | 12/11/2024 | 2 | 1 |

## (6) 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 - Head 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 2024.

### B. Committee Members:

| | | |
|---|---|---|
| **1.** | **Ms. Dalya Mohammed Al-shehhi** | **HEAD** |
| **2.** | **Ms. Badreyya Mohammed** | **Member** |

### ➢ 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 insiders 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 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 2024

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. After reviewing the insiders register, the committee confirmed that there were no transactions in the company's shares by the members of the Board of Directors and their relatives (spouses and children) except for Mr. Yusef Ali Muhammad Ghuloom Al Balushi (Board Member), Esmaeel Hasan Esmaeel Mohammed Alblooshi (Board Member), Ms. Aarefa Saleh Hareb Alfalahi (Board Member), they bought 5,000 shares Gulf Cement each, in fulfillment of the membership condition according to Article (18) of the company's Articles of Association after the elections of the Board of Directors through the General Assembly on April 18, 2024. And the Committee has made sure of the following:

- Reviewing the company's main share register.
- Reviewing a statement from the Abu Dhabi Securities Exchange and the Kuwait Clearing Company.
- A disclosure form for the shares owned by board members.

1. Updating the list of permanent insiders immediately on the website of the Abu Dhabi Securities Exchange and the SCA.
2. Confirm the monthly balances of insider's through the company's main register at the end of each month.
3. 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.
4. Notify the insiders of the prohibition periods, as it was confirmed to address the chairman, members of the board of directors and all the insiders regarding the prohibition periods for trading in the company's shares until the financial statements are disclosed as the ban periods began (March 17, June 16, September 16 and December 17) of the year 2024.
5. Sending a circular by e-mail to the company's employees, regarding the necessity of notifying the Investor Relations Department in the event that the employee/insider issues an investor number with the Abu Dhabi Securities Market or trades in the company's shares, provided that the employee bears responsibility for not notifying.

## (7) 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. 36". 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 Omar Saqer Khaled Humaid Alqssimi - Head 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 2024 as follows:

### B. Committee members

| Name | Position |
| --- | --- |
| Sheikh Omar Saqer Khaled Humaid Alqssimi | HEAD |
| Mr. Husam Mohammed El-Sayed Hussein | Member |
| Mr. Abdulla Mohammed Hassan Mohammed Al Hosani | Member |
| Mr. Yusef Ali Muhammad Ghuloom Al Balushi | 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 2024

| Number of meeting | Date of the meeting | Number of Attendees | Names of absent members |
|---|---|---|---|
| 1 | 26/03/2024 | 4 | - |
| 2 | 30/05/2024 | 4 | - |
| 3 | 25/06/2024 | 4 | - |
| 4 | 12/08/2024 | 3 | 1 |
| 5 | 24/09/2024 | 4 | - |
| 6 | 30/09/2024 | 4 | - |
| 7 | 10/12/2024 | 4 | - |

### D. Board of Directors' tasks and functions, which were performed by the Executive Management during the year 2024

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 (24) 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.

### F. Details of transactions with related parties (stakeholders) during the year 2024

According to the Federal Decree Law No. (32) of 2021 of 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.

| No. | Statement of the Relevant Party | Explanation of the Nature of the Relationship | Transaction Type | Transaction Volume |
|---|---|---|---|---|
| 1 | RAKNOR LLC | an affiliate | Sales | 10,698,957 |
| 2 | Stevin Rock LLC | an affiliate | Other Operating Income | 33,857,280 |
| 3 | RAK Rock LLC | an affiliate | Purchases | 46,675,954 |
| 4 | RAK Gas LLC | an affiliate | Purchases | 286,986,340 |

## G. Assessment of the Board of Directors:

In implementation of Board of Directors Resolution No. (03/R.M) regarding the approval of the Governance Guide for Public Joint Stock Companies, which includes the annual performance evaluation of the company's board of directors, its members, and its committees. This evaluation was conducted by the Chairman of the Board of Directors with the support of the Board Secretary. At the end of each third year of the Board of Directors of public joint stock companies, an independent professional entity must be contracted to evaluate the performance of the board, its members, and its committees. Therefore, an independent review was conducted to evaluate the Board of Directors of Gulf Cement Company and the performance of its members and committees during the past year, 2023. This review was conducted by an independent external entity with no interest or relationship with the company, any of its board members, or its executive management.

**The evaluation was conducted in three areas:**

**First**: A questionnaire was sent to the members of the Board of Directors for the purpose of self-assessment of each member.

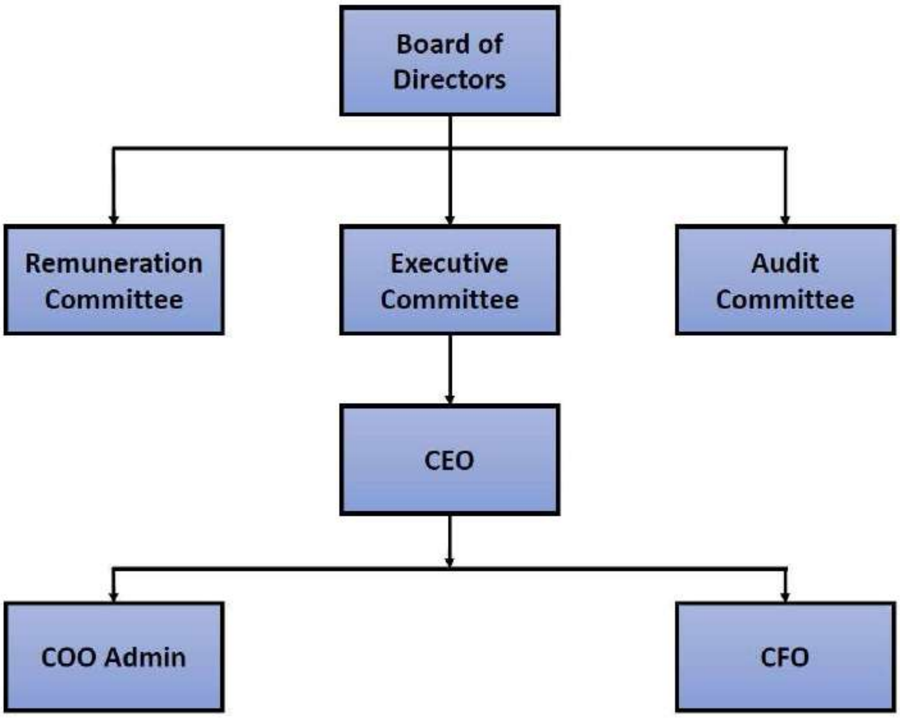
**Second**: An individual evaluation of each member by a consultant for impartial evaluation.

**Third**: A comprehensive evaluation of the board, its members, and its committees to assess the overall performance of the board and its commitment to implementing governance standards.

In general, the performance of Gulf Cement Company was found to be good according to the evaluation results applied to issue the report.

## 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 2024.

| Position | Appointment date | Total Salaries and Allowances paid for 2024 (AED) | Total Bonuses paid for 2024 (AED) | Any other Cash/in-kind bounses for 2024 or due in the future |
|---|---|---|---|---|
| Chief Executive Officer | 2013 | 767,520 | - | - |
| Cheif Operating Officer - Adminstration | 1995 | 559,286 | - | - |
| Cheif Financial Officer | 2016 | 519,564 | - | - |

## (8) 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 2024 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 2024

| | |
|---|---|
| **Name of Auditing Firm** | Ernst & Young |
| **Partner Name** | Wardah Ebrahim |
| **Number of years served as an external auditor for the Company** | (6) Year’s |
| **Number of years served as an the partner auditor for the Company** | 3 Years |
| **Total audit fees for 2024 (in AED)** | AED 371,578 |
| **Fees and costs of other private services other than auditing the financial statements for 2024 (in AED)** | AED 189,558 |
| **Details and nature of the other services (if any). If there are no other services, this matter shall be stated expressly** | • Quarterly review of the Company’s interim condensed financial statements<br>• Agreed upon procedures in relation to the Statement of Undistributed Dividends as at 31 January 2024 for FY2014 |
| **Statement of other services that an external auditor other than the Company accounts auditor provided during 2024** | - |

## C. Reservations that the company auditor included in the interim and annual financial statements for 2024

**Emphasis of matter paragraph on the Company’s assessment on going concern included in Q2 and Q3 2024 interim condensed financial statements and YE 2024 annual financial statements.**

## (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 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**.

### A. 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.

### B. 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.

### C. 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 2024.

## (10) Violations during the year 2024

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 2024, 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 to the Federal Decree Law No. 32 of 2021 of Commercial Companies, and Article No. (64) 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 (2024 & 2023), it did not Cash contributions are to be made during the year 2024, 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:**

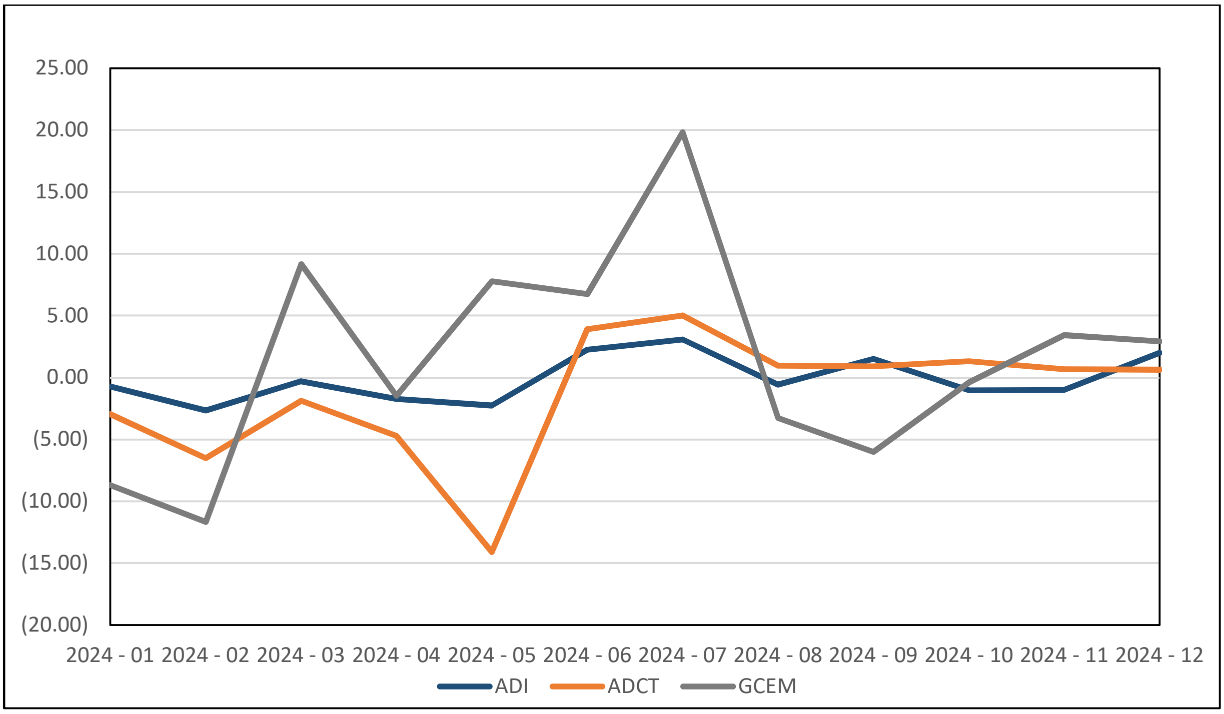
The company is keen to adhere to the implementation of the laws and decisions issued by the Ministry of Climate Change and Environment and the Environmental Protection Authority in Ras Al Khaimah, It was crowned by obtaining the ECO LABEL for the year 2024. and to implement the policy of the Board of 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 such as the waste heat utilization project and the alternative fuel use project, which 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 2024**

| Date | Highest price (AED) | Lowest price (AED) | Closing price (AED) | Quantity (Shares) | Value (AED) |
|---|---|---|---|---|---|
| January | 0.495 | 0.400 | 0.420 | 2,908,845 | 1,325,080 |
| February | 0.449 | 0.371 | 0.371 | 1,274,138 | 504,428 |
| March | 0.426 | 0.370 | 0.405 | 2,959,379 | 1,155,069 |
| April | 0.406 | 0.370 | 0.399 | 1,618,120 | 627,688 |
| May | 0.494 | 0.370 | 0.430 | 10,379,802 | 4,215,910 |
| June | 0.460 | 0.388 | 0.459 | 4,205,072 | 1,796,861 |
| July | 0.610 | 0.431 | 0.550 | 9,634,170 | 5,323,619 |
| August | 0.630 | 0.525 | 0.532 | 9,133,932 | 5,225,783 |
| September | 0.550 | 0.482 | 0.500 | 5,249,990 | 2,714,235 |
| October | 0.525 | 0.451 | 0.498 | 4,239,063 | 2,061,310 |
| November | 0.520 | 0.480 | 0.515 | 2,446,910 | 1,213,986 |
| December | 0.559 | 0.515 | 0.530 | 3,478,151 | 1,886,722 |

## B. The comparative performance of the company's shares with the general market index and the industrial index during year 2024




## C. Distribution of shareholding of the Company as at 31 December 2024

| Shareholder Classification | Percentage of Shares Owned | | | |
|---|---|---|---|---|
| | Individuals | Companies | Governments | Total |
| Local | 15.42% | 8.73% | 7.26% | 31.41% |
| GCC | 14.55% | 50.56% | - | 65.11% |
| Arab | 0.92% | 0.18% | - | 1.10% |
| Others | 2.32% | 0.06% | - | 2.38% |
| Total | 33.21% | 59.53% | 7.26% | 100% |

## D. Shareholders who own (5%) or more of the Company's capital as at 31 December 2024

| S/N | Name | Number of Shares Held | % |
|---|---|---|---|
| 1 | National Investment Co. (*) | 155,215,626 | 37.81% |
| 2 | Al Salem Limited Company | 31,950,000 | 7.78% |
| 3 | Salem Abdulla Salem Al Hosani | 30,000,000 | 7.31% |
| 4 | Government of Rak Al Khaimah | 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 2024

| 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 | 1597 | 9,455,811 | 2.30% |
| 2 | From 50,000 to less than 500,000 | 260 | 37,093,198 | 9.03% |
| 3 | From 500,000 to less than 5,000,000 | 49 | 60,294,534 | 14.69% |
| 4 | More than 5,000,000 | 11 | 303,704,867 | 73.98% |
| | **Total** | 1,917 | 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
**E-Mail**: dalya@gulfcement.ae
**Investors Relation Portal:** http://www.gulfcement.ae/investor-relations-ar/

## G. Special resolutions presented to the General Assembly

**The General Assembly Meeting "49" which held on April 18, 2024, approve the following:**

- Delete the article (7) in the Article of Association which states that " All of the company's shares are nominative, and the percentage of contributions of citizens of the United Arab Emirates and citizens of the Gulf Cooperation Council countries, whether natural individuals or legal persons wholly owned by citizens of the country and citizens of the Gulf Cooperation Council countries, at any time throughout the duration of the company's existence, must not be less than (51%) of the capital. The contribution percentage of non-citizens of the country and citizens of the Gulf Cooperation Council countries may not exceed (49%)".
- Approval to add a clause in the Article of Association "a member of the board of directors may receive fees consisting of a lump sum not exceeding (AED 200,000) two hundred thousand dirhams at the end of the financial year", in the following cases:
  A. If the company does not achieve profits.
  B. If the company achieves profits in the event that the portion of the member of the board of directors of those profits is less than (AED 200,000) two hundred thousand dirhams as, in this case, it is impermissible to combine the remuneration and the fees.

The company's Article of Association were amended after the approval of the General Assembly and obtaining the required approvals in this regard from the competent authorities.

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

| Name | Date Of Appointment | Qualifications & Experiences |
|---|---|---|
| Mr. Sherif Hassan Ali Attia Fouda | 2024 | Bachelor of Commerce |

### I. Major events during 2024

There are no significant or Major events during the year 2024.

### J. The deals that the company made during the year 2024 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 2024 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 |
|---|---|
| 2024 | %11.30 |
| 2023 | %10.90 |
| 2022 | %9.80 |

### L. Innovative projects and initiatives implemented by the company or which were under development during 2024.

As part of the company's main strategy aimed at increasing income by focusing on reducing costs, the company installed the first phase of using fuel alternatives in the fourth quarter of 2024, which enables it to use 10% of the alternatives in Furnace No. (2).

| | |
|---|---|
| **Sheikh Omar Saqr Khaled Humaid ALQasimi**<br>**Chairman** | **Mr. Abdulla Mohammed Al Housani**<br>**Head of Audit Committee** |
| **Mr. Hammed Fahad Hamad Alwnais**<br>**Head of Nomination and Remuneration Committee** | **Ms. Badreyya Mohamed Ali Al-Shehhi**<br>**Internal audit Manager** |

Gulf Cement Company P.S.C

Gulf Cement Company P.S.C

# 2024 SUSTAINABILITY REPORT

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

*We at Gulf cement are committed to:*

- *To minimize the environmental impacts of our operations.*
- *Protecting the ecosystem balances.*
- *Reducing greenhouse gas emissions*
- *Managing waste streams through responsible waste management.*
- *Sustainable water use.*

Executive Management

# CONTENTS

1.0 Chairman's Message& Foreword
2.0 Organization and Strategy
3.0 Environmental Aspects
4.0 Societal and Other Aspects
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6.0 Glossary& Abbreviation

# CHAPTER 1

1.1 Foreword
1.2 Scope
1.3 Chairman Message
1.4 Executive Management Message

CHAPTER 1

# 1.1 FOREWORD

This is Gulf Cement Company (GCC) 5th Annual Sustainability Report. The report reviews our sustainability performance and forms part of annual reporting for the financial year ended on 31st December 2024, and covers data from 1st January 2024 to 31st December 2024, unless otherwise specified.

Through this report, we provide an account of our commitments, performance and progress in relation to Environmental, Social, and Governance (ESG) on integrating sustainability practices across our company.

This report is prepared to align with and fulfil ADX's ESG Disclosure Guidance, and incorporating highlights our performance for the year 2024. This report has been prepared in accordance with GRI Standards and other frameworks include the United Nations Sustainable Development Goals (UNSDGs) and the United Nations Global Compact (UNGC) Principles, Abu Dhabi Economic Vision 2030 and the UAE National vision 2021.

We take pride in being a pioneer for sustainability and modelling sustainable environment and effective Environmental, Social and Governance (ESG) mirroring the vision of UAE towards performance par excellence in Environmental Management.

# 1.2 SCOPE

The development of our 2024 ESG report aims for our commitment to sustainability is embodied in all aspects of our business in line with our overall strategy and revolve around the key sustainability pillars i.e. Environment, People, Community and Marketplace. GCC is grossly committed for its creative thinking and innovative approach, so that we can continue in striving for excellence track record of Environmental performance and ensure Sustainable Future Happen.

Our sustainability strategy remains focused on the four pillars as outlined in our Sustainability Framework, and is aligned with the United Nations Sustainable Development Goals (UNSDGs), Policies and Code of Conduct and Business Ethics of the company. The ESG report reflects in driving sustainability forward in the country under the framework of UAE Vision 2021 and fully comply with the ADX's ESG Disclosure Guidance.

This material has been prepared for general information purposes only and are 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 on mail mebrahim@gulfcement.ae for any further information related to this report.

This report was prepared by GCC own internal Sustainability Team & did not involve any external assurance for the reporting period and will consider it where there are regulatory requirements to do so.

# 1.3 Chairman Message

Looking back, it is heartwarming to note about Gulf Cement Company (GCC) has completed 44 years of its incorporation. During this occasion, we take pride in saluting all our stakeholders who built this company and the remarkable heritage and unremitting tradition of good governance. This alone makes GCC stand out as an exemplary organization in the region and the challenge that guides us in steering the organization's affairs.

Our vision for Gulf Cement Company to be one of the world's leaders in Energy conserving and operatin in a safe sustainable, and reliable manner and provide transparency in our operations to achieve excellence. Our mission is to provide reliable, affordable, and more sustainable energy to communities around the world, and to deliver value to its shareholders through business cycles by maintaining its prominence in Cement and Clinker Production and its leading position in above materials and aim to capture value across the industry and aim for profitability growing in its portfolio.

This year Gulf Cement Company have performed better than last year in terms of Operational stability particularly in the latter half of the year and has conserved both thermal and Electrical Energy as per the budged levels and achieved excellence in operation. Also its noteworthy about the new feats in using Refused Derive fuels( RDF ) in GCC in the fourth quarter of the year and also the new contract to supply a full-fledged RDF plant to achieve a level of min 20% Thermal substitution rate from the Third quarter of 2025. The above are a standing testimony for the goals of the company in reducing the carbon foot prints of their products,

On this occasion, I thank Gulf Cement Company team for bringing out the fifth volume of Sustainability report for the year 2024 and appreciate all concerned in this regard.

"Gulf Cement is committed to build a strong & a sustainable future"

**Sheik Omar saqer Khaled Humaid AlQasimi**
**Chairman of the Board of Directors**
**Gulf Cement Company**

# 1.4 CEO Message

GCC Winner of ICV Excellance Award 2024

It gives me an immense privilege to convey our message through this Sustainability Report. We at Gulf Cement Company are extending our full support to all the initiatives taken by both Local and Federal Government and stand committed to the goals that are set in the interest of human society and all the living beings in a world with sustainable living condition for future.

During this year, in line with our Sustainable goals, we had initiated several measures to bring down the energy requirements of the plant both in thermal as well as Electrical fronts and was able to generate more Green Power from our Waste Heat Recovery systems contributing for CO2 Reductions. Carbon footprints of our products are well as per our operational targets and indirectly helping the Construction sector for reducing the CO2 counts in their concrete products and paving way for building greener societies.

Also in the third quarter of the year, we had commissioned our in-house RDF addition project and started consuming the locally available RDF in our process, and successfully completed a negotiation with ATS system, India, to boost the usage up to 600-700 TPD of the RDF Waste, both of which has a huge potential to down our Carbon foot prints of our products in the next year.

It was indeed a proud moment for Gulf Cement Company to achieve the coveted recognition by the Ministry of Industry and Advanced Technology (MOIAT) who had honored us as a Winner of the ICV Excellence Award in the specific sub category of Manufacturer's in Private Sector, which vouches for our firm commitment in serving the community at large.

We continue to support the Local Government in all their initiatives and keenly participated in the various forums organized from time to time like RAK Energy summit for panel discussion on Decarbonizing Cement / RAKEZ sponsored industrial shows and Adnoc sponsored ADIPEC Exhibition cum conference on Decarbonizing Energy Systems for a Sustainable tomorrow to name a few.

With the able support of both our honorable Chairman and the Board of directors, and my team in GCC, we are confident to lead the Gulf Cement towards improving our performance in the goals of Sustainability. I am also extending warm greetings to my team on this occasion.

**Mohammed A.Ebrahimouh Al Shehhi**
**Chief Executive Officer**
**Gulf Cement Company**

# CHAPTER 2

ORGANISATION PROFILE

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## 2.1 GULF CEMENT COMPANY (GCC)

GCC is a leading economic edifice & a pillar of the emirate 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 of 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 manufacturing and production of cement and clinker 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, islands and other vital projects in the country.

**BUILDERS OF THE NATION**

**SINCE 1982**

## 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/Blended cement), Flyash and GGBFS 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

## 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 rights 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
7- ECO FAC® Fly ash based Blended Cement

## 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

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 .

ECOLABEL CERTIFICATION

(The Environment Protection and Development Authority-Ras Al Khaimah- EPDA)

Gulf Cement Company has been awarded the EcoLabel in recognition of our outstanding commitment to environmental stewardship and sustainable practices from EPDA-RAK.

KUWAIT QUALITY COUNCIL MARK

Kuwait Quality Council Mark from Kuwait Standards & Metrology Dept, Public authority for Industries, Kuwait for our products of OPC, SRC and GGBS.

برنامج المحتوى الوطني

IN-COUNTRY VALUE CERTIFICATE

Certificate No.: 131397
Issue Date: 01.08.2024
Valid Until: 12.04.2025

GULF CEMENT CO P.S.C

78.25%

Company General Information
License No.: 32
Company Type: Non SME in UAE
Financial Year End Date: 31.12.2023
Company Based In: Within UAE
Company Business: GOOD MANUFACTURER

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

Reason for this Re-Certification

Scan the QR code to verify status

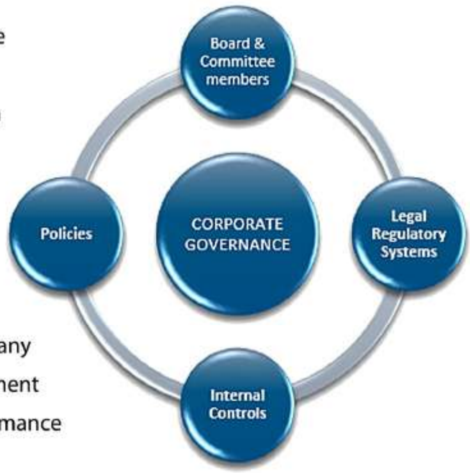
Signed By
On behalf of Supplier
Name:
Sulaiman Ali Abdulla Sallam Alshehhi
Designation:
Chief Operating Officer

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

## 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 o f directors and senior executive management of the company and taking into consideration the protection of shareholders 'and stakeholders' rights. The company is keen to c ommunicate with the related authorities and public in order to maintain its position locally, regionally and globally The company is committed to implement the SCA 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 Omar Saqer Khaled Humaid Alqssimi | Chairman | Independent | Non-executive | 2021 |
| Mr. Husam Mohammed El-Sayed Hussein, Represented by (Al-Khair National For Stocks & Real Estate Co.) | Vice Chairman | Non-independent | Non-executive | 2018 |
| Mr. Abdulla Mohammed Hassan Mohammed Al Hosani | Member | Independent | Non-executive | 2018 |
| Mr. Hamad Fahad Hamad Alwnais | Member | Independent | Non-executive | **2021** |
| Mr. Yusef Ali Muhammad Ghuloom Al Balushi | Member | Independent | Non-executive | 2023 |
| Mr. Esmaeel Hasan Esmaeel Mohammed Alblooshi | Member | Independent | Non-executive | 2024 |
| Ms. Aarefa Saleh Hareb Alfalahi | Member | Independent | Non-executive | 2024 |

## 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 of the SCA Chairman's Resolution no. (3/Chairman) of 2020 concerning Approval of Joint Stock Companies Governance Guide and its amendments, 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 (18) 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 and the Risk Management Policy and Framework is based on the principle that comprehensive risk management is the responsibility of the Board of Directors and its committees but also all company executives and employees.

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:

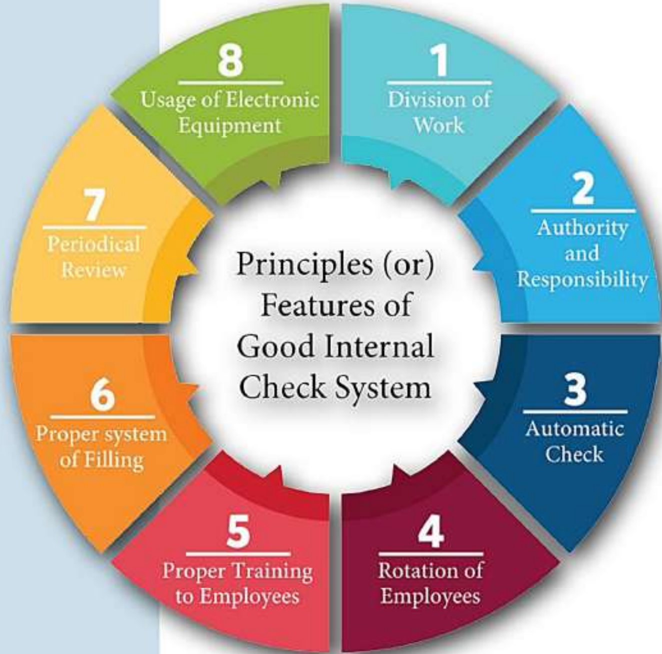
- Establish a framework for the risk management process and ensure it is implemented across the company.
- Ensure that all the current and future risk exposures of the company are identified, assessed, appropriately treated and managed.
- Ensure systematic and uniform assessment of risks across the company.
- 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.

# Risk Management


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

1. Create a risk aware culture.
2. Risks associated with operating and production.
3. Domestic and foreign market risks
4. Risks associated to laws and regulations issued by the state, the local authority, and the Securities and Commodities Authority.
5. Risks and difficulties associated with the rapidly changing and evolving technology and information security.
6. Risks and difficulties associated with maintaining human competencies.
7. Risks and difficulties related to suppliers, customers and stakeholders.
8. 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 POLICY

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 2022 & 2023 /2024.

### 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 Years 2022, 2023 & remained Nil in the financial year 2024.

### 2.2.9 GCC STAKEHOLDERS AND MATERIALITY MATRIX :

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

## 2.2.10 List of 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 2024 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 (2022 & 2023), no cash contributions were made during the year 2024, 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 2024 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 2024

ECOLABEL Certification from Environment Protection and Development Authority in Ras Al Khaimah, 2023 and renewed in 2024.

**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

A robust cybersecurity posture through the implementation of comprehensive security measures. By leveraging advanced endpoint protection, securing network devices enforcing strict server and storage policies, deploying MFA, conducting regular VAPT exercises, and ensuring the integrity of access to critical systems, we strive to protect our infrastructure and data from evolving cyber threats. Our security framework not only ensures regulatory compliance but also reinforces trust with our clients and stakeholders.

The multilayered data protection include the following:

1. Cybersecurity Posture:
2. Endpoint Protection
3. Firewall Protection
4. Server and Storage System Security
5. VLAN (Virtual Local Area Network) Policies
6. Multi-factor Authentication (MFA)
7. Email Gateway Security
8. Annual VAPT (Vulnerability Assessment and Penetration Testing)
9. SOD (Segregation of Duties) Authorization Matrix for SAP ERP System

The IT system saw Zero Breach in our data for the year 2024 due to the above-mentioned activities.

ecolabel

Environmental Sustainability

حكومة رأس الخيمة
Government of Ras Al Khaimah

هيئة حماية البيئة والتنمية
Environment Protection and Development Authority

This is to certify that:

**GULF CEMENT CO P.S.C**

Has successfully met the rigorous criteria set forth by the Environment Protection and Development Authority – Ras Al Khaimah's EcoLabel Program. The certification confirms that the company demonstrates a strong commitment to environmental sustainability and implementing innovative practices including reducing the use of energy and water and minimizing impacts to air and reducing waste generation, to create a greener and more sustainable future.

This certification grants permission to the company listed above to display the EcoLabel logo on their products and marketing materials etc. for a period of one year from the date of certification award.

February 13, 2025

Dr. Dr. Abdul Rahman Mohammed Alshayeb
Executive Director , Acting

EPDA

## 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


GCC considers happy employees on top most priority and the key essentials can be summarized as below:

- Job Satisfaction
- Knowledge Sharing
- Sense of Loyalty
- Growth Oppourtunity
- Work Empowerment
- Rewards and Recognition

During the year, GCC has hired 427 employees for Operation. The thriving operations is made possible with a mix of both Locals and as well as expatriates in appropriate proportions and volume of work equally distributed. We adopt local employment strategies to help create jobs and support the local economy as well as to ensure our people have local knowledge and incorporate cultural sensitivity to enhance our capabilities on the ground. In 2024, locals accounted for 15% of our workforce.

GCC hires employees based on their merits and capabilities, and we take professional qualifications, work experience and achievements into consideration. We do not discriminate when it comes to gender; race and age as they abide by local laws and regulations, do not jeopardize the company's reputation and do not hinder their work performance.

We have an open door policy, which allows our people to raise their concerns relating to their work, harassment human rights or discrimination through grievance mechanisms and whistleblowing channels to superiors, Heads of Departments (HODs), higher management or the HR Department. Any issues raised will be thoroughly investigated, followed by appropriate actions taken for all confirmed grievances and complaints. During the year under review, there were no material non-compliance incidents involving child labor, forced labor or discrimination. 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 labor organization.

Taking a lead from the above, GCC practice a highly comprehensive system for protecting labor 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 2024 |
|---|---|
| Training Imparted (No of hours) | 805 |
| No of Employees covered | 673 |

## 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 2024; the following table summarize the Emirati employee count in the organization

| By Gender | Year 2024 |
|---|---|
| Emirati Male | 32 |
| Emirati Female | 15 |

## 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 2024 |
|---|---|
| Male | 412 |
| Female | 15 |

## 2.3.4 Distribution of Employees

*"In recent years the company is taking active steps to introduce Emirati women workforce for appropriate jobs. I am impressed to see young women executives in frontline holding senior positions in the company The development of Emirati employees will remain in the prime focus for the company."*

Sulaiman Ali Abdullah, Chief Operating Officer (Administration)

| By Nationality | Year 2024 |
|---|---|
| Emirati | 47 |
| Expatriates | 380 |
| | |
| Emirati Male | 32 |
| Emirati Female | 15 |
| Expatriate Male | 380 |
| Expatriate Female | None |

# 2.3.5 EMPLOYEE TURNAROUND

As per the work demand, employees are regularly recruited in place of those who have left the organization either due to Termination of Service/retirement /resignation from service.

| Particulars | Year 2024 |
| --- | --- |
| No of employees who have joined newly in the Organization | **44** |
| No of employees who have left the Organization ( Termination of Service/retirement /resignation) | 46 |

## 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.

## 2.3.8 Effective Employee Engagement (EEE)

EEE-A Journey celebrating excellence in the workplace culture to create an exceptional employees loyalty by prioritizing efficient engagement driven with motivation.

*Mohammed Ebrahim, Chief Executive Officer*

EEE forms most important part, which is ensuring GCC working without boundaries. It is important that employees feel a sense of loyalty to the company and feel supported in their work place. GCC organizing encouraging practices and aims to enhance the emotional quotient of our people with the company. We provide opportunity and create a workplace place where people are empowered to optimize performance We engage with our people through various avenues, including the general meeting forums, organized outside the company, which ensures an effective flow of information, and connect them with the central principles of operation of the company.

We appreciate the voices of our people and are constantly working towards creating an engaged team, as we believe participative engagement between employees, which offers their experiences, which builds our business.

We view all types of employee feedback mechanisms gathered during such meetings wherein employee contributes in openness, which involves cost reduction, adoption of best practices, tapping AI technology improvements at Work Place, operational performance improvements and other aspects. The outcome is properly registered and followed up for continuous improvement on company's performance and loyalty improvement of the employees.

Award for achievers presented by the company

# 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

3.1.3 SUSTAINABILITY, A TOP PRIORITY COMMITMENT

3.1.4 OUR ACTIONS TOWARDS SUSTAINABILITY IMPROVEMENTS

**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

## 3.1.3 SUSTAINABILITY A TOP PRIORITY COMMITMENT

At Gulf Cement Company, being a responsible and sustainable company forms the foundation of our business. GCC will always be committed to make a significant progress in the areas of carbon footprint reduction, circular economy, protection of natural resources, and enabling progress and welfare of our communities.

## 3.1.4 OUR ACTIONS TOWARDS SUSTAINABILITY IMPROVEMENTS

GCC constantly incorporating best practices to achieve our sustainability goals and targets and during the year 2024 the following are key areas which projects GCC into Next league for environmental performances.

GCC keenly attaching priority to meet the goals of UN SDG 13 Climate Action. As pioneers in building materials company, we are committed to meeting the growing demands to develop sustainable Cities while conforming to a low-carbon circular economy. We have geared up to follow the footsteps of our MOCCAE which has been spearheading the net-zero by year 2050.

Year 2024 GCC had concentrated Green belt development in and around the community and spread awareness on Greener societies.

Actively promoting Blended cements (Brand ECO FAC ®) has dispatched consignments for Maldives and contributing towards Clinker factor Reduction. Plan for next year 5,000 MT for Maldives .

Planing to Introduce GGBFS (slag cement) market .



**SDGs IMPACTED**

Year 2024 GCC used 99% of raw materials which are locally available.
We have partnered with Dubai Dry Dock World and utilized their waste product, used Grits, replacing conventional natural resources of iron ore materials. GCC also used waste Gypsum in the production process, which was sourced from Knauff a local company operating in Free zone.

GCC achieved 3% Thermal Substitution rate replacing fossil fuels with waste RDF in Quarter 3 by in-house addition system. Contract with ATS India signed and expecting a new system to take the figure to 20% TSR from 3rd Quarter of the year 2025.

The current year also saw the Good reduction in our raw water consumption and utilized RO plants to recover the wastewater and recycle back into the system.

GCC also renewed their ECOLABEL for their Sustainable products from EPDA.

ECOLABEL AWARDS 2024

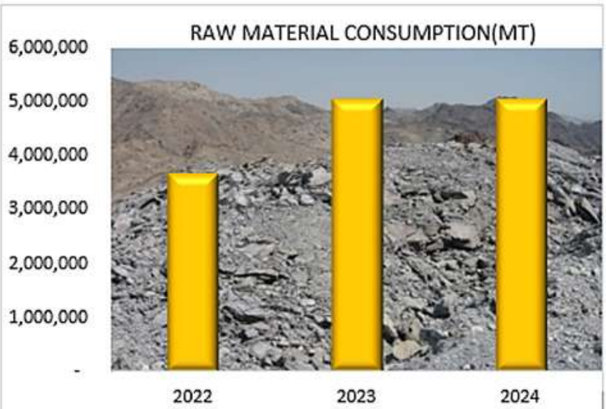
RAKIS EXHABITION 2024

# 3.2 CONSERVATION OF NATURAL RESOURCES & USAGE OF ALTERNATE FUELS.

The raw materials used for year 2024 are tabled below: We have used lesser raw materials in this year and promoted the use of alternate materials in place of Iron ore (114,738 MT) out of which a sizable portion was sourced from Dubai Dry dock world, a local company and promoted circular economy and prevented it going to the landfill. Approximately 99% of the raw materials are sourced locally to promote the in country Value (ICV)

The raw materials used for year 2024 are tabled below:

| Year 2024 | Limestone | Silica | Cu Slag & Used Grits |
|---|---|---|---|
| % Usage | 80.05 | 17.69 | 2.26 |
| In MT | 4,065,191 | 898,221 | 114,738 |



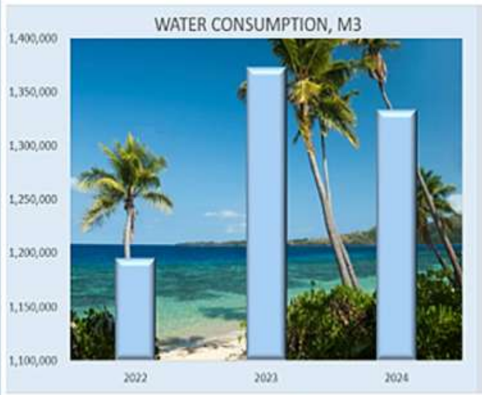

*This year we saw a slight reduction in the raw material specific consumption and efforts are continuous for preserving natural resources.*

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

We have used water in this year and promoted recycling of waste water. 13.72% waste water recycling was achieved during the year and specific water consumption of 0.39 m3/t of clinker, which is lower by 25.1% as compared to year 2022.

| RAW WATER USAGE /RECYCLING | | | |
|---|---|---|---|
| Year | 2022 | 2023 | 2024 |
| Total Raw Water($M^3$) | 1,195,806 | 1,373,539 | 1,334,108 |
| STG Raw Water($M^3$) | 832,046 | 1,014,770 | 1,070,346 |
| Recycled Raw Water($M^3$) | 227,522 | 198,039 | 183,044 |
| ALTERNATIVE FUEL USAGE | | | |
| Thermal Substitution Rate %* | 0.125 | 0.71 | 2.24 |

- A new RDF project is expected to go in line by end 2025, which will achieve 20% TSR

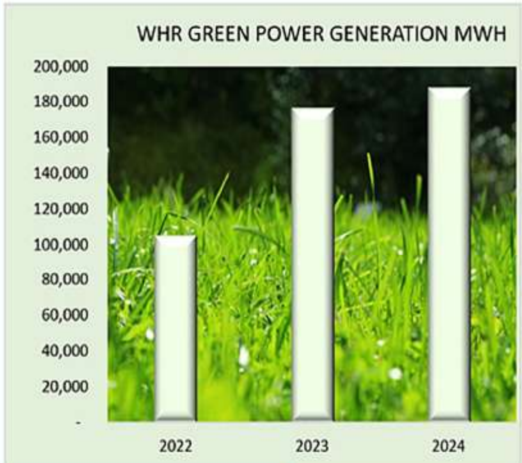



*Water most valuable natural resources are effectively monitored, wherever applicable recycled and contributed towards reduction in overall consumption in our operations.*

## 3.2. b Generation of Captive Green Power:

Year 2024 saw a growth in the generation of WHR Power (Green Power) which stood at 189416 MWH and was better by 33.91% as compared to the year 2022 and contributed significantly towards reduction of Scope 2 Emission.

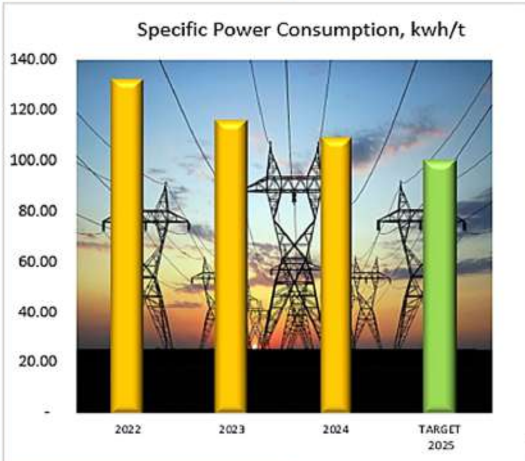
| Year | 2022 | 2023 | 2024 |
|---|---|---|---|
| Gross Power Generation (Kwh) | **141,441,000** | **180,646,000** | **189,416,000** |
| Green Power generation ( Kwh) | **104,674,192** | **176,390,328** | **187,532,451** |
| % Green Power Generation to total | **74.01%** | **97.64%** | **99.00%** |




*"As a result of stable plant running we could achieve higher green power in year 2023& 2024. Taking the opportunity to thank our team which is making these possible."*

## 3.2. c Power Generation and Consumption :

| Year | 2022 | 2023 | 2024 |
|---|---|---|---|
| Gas Turbine Power KWH | **74,569,329** | **153,869,777** | **159,602,233** |
| Steam Turbine Power, KWH | **122,969,119** | **162,354,678** | **171,268,011** |
| Etihad WE Power, KWH | **100,098,640** | **65,389,808** | **63,934,606** |
| % Gas turbine to total Power | **25.05** | **40.32** | **40.43** |
| % Steam turbine Power to total Power | **41.32** | **42.54** | **43.38** |
| Year | 2022 | 2023 | 2024 |
| Specific Power Consumption, KWH/T of clinker | **84.53** | **74.12** | **66.92** |
| Specific Power Consumption, KWH/T of Cement | **48.97** | **42.71** | **42.68** |
| Total Power consumption, KWH/T Cement sales | **2.78** | **2.22** | **2.40** |
| Overall Power Consumption KWH/T | **132.89** | **116.08** | **109.32** |




**Average specific power reduced by 17.73% bench marking with 2022 year achievement.**

One of the target for reduction in $CO_2$ emissions and in line with the RAK Emirate vision to reduce the Electrical consumption, year 2024 saw a reduction in the specific Energy consumption for cement manufacturing process.

**Target Year 2025 < 100 kwh/t for Cement Manufacturing Process**

## 3.2. d Environment Performance :

Under the Patronage of HH Sheik Saud bin Saqr Al Qasimi, UAE Supreme council member and Ruler of Ras Al Khaimah, program was organized by RAK Municipality for RAK ENERGY SUMMIT on "Create and Contribute to the Sustainable Energy Goals of the Future", GCC participated and discussed on the National Agenda on Climate change.

As a panelist in discussion for Decarbonizing Cement and way forward was attended by CEO highlighting the challenges and how cement industry in UAE is getting geared up in achieving the goals.

## 3.2. d Environment Performance :


Our approach to managing environmental impacts is based on stringent operating practices and adherence to high international standards and local regulatory requirements. We are c ommitted to minimizing negative impacts on the environment and optimizing our operational efficiency during the design, planning, construction and operation of our projects and businesses. Our environmental policies, our environmental management and compliance commitments are aligned with ISO 14001 Environmental Management Systems (EMS), which include environmental impacts and risk. assessment, laws and regulations, due diligence, planning and monitoring. A firm commitment to reduce both Thermal and Electrical Power is on the Agenda of Gulf Cement and stand committed to Environment.

Standard operating procedures are established and reviewed regularly to ensure they are up to date with the latest environmental requirements set by relevant authorities in order to manage and mitigate environmental risks arising from our operations.

Additionally, GCC conducts periodic training and awareness programs for our employees to facilitate and ensure the effective implementation of environmental management. Topics covered include environmental policy and operating procedures, environmental emergency preparedness and response, energy savings, waste recycling and water use.

We ensure all our plants and operations comply with legal and regulatory requirements. We have there were no records of chemical or oil spills into water bodies, nor were there any significant fines for non-compliance with environmental laws and regulations on environmental issues such as air emissions, effluents, pollution etc. that were administered by EPDA, Ras Al Khaimah.

## 3.3 Sustainability measurement:

### 3.3.1. CO2 emission from cement plant for years 2022, 2023 & 2024

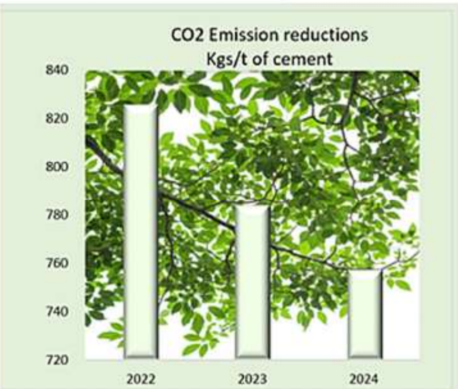
As a commitment to attaining specific reduction towards reduction of CO2 emissions from the company, GCC has initiated several steps towards the same as can be seen in the following trends.

8.24% reduction achieved bench marking with 2022 figures.

| Parameters | Year 2022 | Year 2023 | Year 2024 |
|---|---|---|---|
| Total Clinker Production MT | 2,290,237 | 3,175,170 | 3,413,271 |
| Total Volume of $CO_2$ Emission in MT ( Scope 1&2) | 1,945,928 | 2,573,999 | 2,747,676 |
| $CO_2$ Emission Per Ton of clinker | 849.66 | 810.66 | 805.12 |
| $CO_2$ Emission Per Ton of Cement | 825.47 | 783.64 | 757.98 |

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).




*"We being a responsible and sustainable company has firmly made a foundation of our business. We are committed to value added difference in the areas of carbon footprint reduction, promoting circular economy, Preservation of natural resources, and offering progress and welfare of our communities".*


# OUR POLICY

## REDUCE

## RECYCLE

## REUSE

| YEAR 2024<br>GHG ($CO_2$) Emissions, kg/t<br>bench marking with 2022 year | YEAR 2024<br>Specific Thermal Energy consumption<br>Kcal/Kg<br>bench marking with year 2022 | YEAR 2024<br>Water consumption<br>M3/t of clinker<br>benchmarking with year 2022 |
|---|---|---|
| **Reduced by** | **Reduced by** | **Reduced by** |
| **8.24%** | **10%** | **25.12%** |

Environmental Key Performances for year 2024

Participation in National Agenda on priority for all Sustainability related Initatives

Committment to reduce both Electrical and Thermal Power

Promote Sustainability in the Organisation by total Employee Participations

Achieving Plant Stability and reducing CO2 Emissiions

Drive Fuel replacement with Alternate fuels in the plant


600
New tree planation in the year
2023
120
New tree planation in the year
2024
950
Environmental Training Organised in the year 2023
500
Environmental
Training organised in year
2024
167
Green belt development done in the year
2023
500
Green belt development in the year
2024

## 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

## 3.4 Performance against SDGs of GCC

| Sustainability factors | Climate and Energy | Circular Economy | Environment betterments | Corporate Social Responsibility |
|---|---|---|---|---|
| Focus areas | CO2 Emissions Kg/t of Cement | Reuse of Waste Metric Tons | Water usage | ICV Certification |
| Objectives | Reduction of CO2 Emissions | Enhance Refused derived fuels usage sourced within Emirates | Recycling of Waste Water | Value Creations |
| 2024 Actuals | 758 | ~1,800 | 550,000 m3 | 78.25% |
| 2030 Targets | 750 | 200,000 | 660,000 m3 | 80.0% |

# 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
4.1.2 High level standard work environment
4.2 Company Quality Health Safety and Environmental policy
4.3 Training and Accident statistics

# 4.1 SAFETY MANAGEMENT


## 4.1.1 Health and Safety our priority

Our approach and strategy are framed by our on commitments to Health and Safety standards and policies. GCC developed various measures to ensure our employees, suppliers and contractors are fully protected and are enriched with the knowledge to identify and manage hazards and work towards constant improvement. Summing up, we manage our Workplace with top priority to Health, Safety and well-being of all interested parties.

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. Unfortunately GCC witnessed one Fatal Accident at the Work place due to overconfidence of the individual and time and again it is proved the Safety in all our hands. Safety Management team is instrumental in promoting the Safety culture among the entire organization and year 2025 is declared as "No Accident year"

Due to the nature of GCC businesses, some of our operations are physically demanding and heavily reliant on labor, which makes our employees exposed to occupational risks and hazards. GCC Safety Management team continuously strive to achieve the best in health and safety (H&S) s tandards to protect our employees and co-workers whilst extend their support and take care of customers and communities. Safety Management will always remain as a top priority for us as we strive towards achieving zero fatalities in our operations.

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.

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

**Together we ensure Safety for All**

**Mohammed Al Shehhi ,CEO**

SAFETY FIRST

## 4.1.2 High level standard work environment

> **"I take pride in declaring that GCC is transforming into responsible Company with abundant weightage to the People life at work and extending the same to all the Stake Holders of the Company".**
>
> **Mohammed Al Shehhi ,CEO**


# 4.2 Company Quality Health Safety and Environmental policy

شركة اسمنت الخليج ش.م.ع
**Gulf Cement Company P.S.C**
شركة مساهمة عامة
Public Shareholding Company
Commercial Reg. No. 2202 سجل تجاري رقم

الإمارات
THE EMIRATES

Clean Industry - Sustainable Environment

## Quality Health Safety and Environment policy

Gulf Cement Company is specialized in Manufacturing, Storage, Marketing and Sales of all types of cement (OPC/SRC/MSRC/OWC), Blended Cements, 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 API Specification Q1 Tenth Edition & API Specification 10A, 25th Edition requirements.

We aim to achieve the objectives by:

1. Produce highest quality of cement in timely manner, which will conform to the international standards/Specifications including Oil well cement.
2. Follow all statutory regulations and provide continuous training for all concerned employees in the required fields.
3. To demonstrate continual improvement of its product including Oil well cement and the effectiveness of QMS through measurements of Quality Objectives in line with the quality policy.
4. 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 the IMS.
5. Careful selection, allocation of competent personnel, performance evaluation, providing specific trainings, safe work procedure, proper tools and safe equipment to perform activities in utmost safety to prevent injury and ill health.
6. 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 compliances
7. Conducting proactive hazard/aspect identification, risk/impact assessment, determination and implementation of reliable control measures for continual improvements.
8. Promoting involvement of all personnel attention for emergency response and maintaining positive HSE culture on all work sites, company camps and offices.
9. 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.
10. 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 and Quality objectives are communicated , understood and implemented and maintained at all relevant functions and levels of the organization as well as being reviewed periodically for assessing the opportunities for improvement and changes if any needed to them and shall be made to any interested party or member of public on demand.

**Mohammed Ebrahimouh Al Shehhi**
**Chief Executive Officer**

Gulf Cement Company P.S.C

Rev 3 Issue date 12.12.2023

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PRODUCT CONFORMITY

AD
Abu Dhabi Trust Mark

ecolabel

ISO 9001 : 2015 & ISO 14001 : 2015 and ISO 45001 : 2018
رأس المال المصرح به والمدفوع 410,548,410 درهم الإمارات
Authorised and paid up capital : AED 410,548,410

ص.ب : 5295 – رأس الخيمة
الإمارات العربية المتحدة

هاتف : 2668222 7 971+
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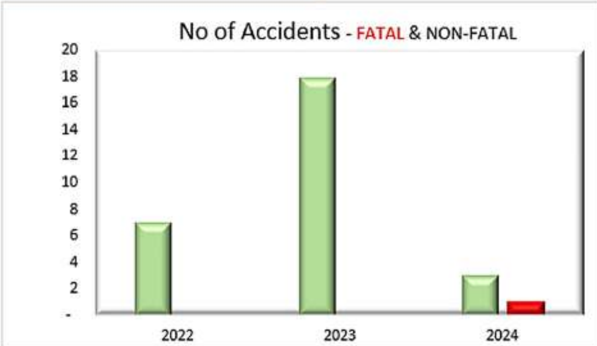
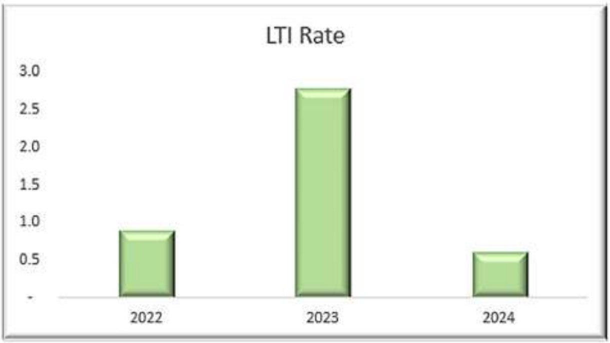
الموقع على الإنترنت : www.gulfcement.ae


## 4.3 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 laid 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.

**HIGH LIGHTS**

The No of accidents have reduced in the year 2024.

GCC Imparted 66% more training during the year 2024 as compared to year 2023.

LTI has reduced during the year 2024 @ 0.60

# 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 | Page45-46 |
| | E2. Emissions Intensity | GRI 305: Emissions 2016 | 13 | Page45-46 |
| | E3. Energy Usage | GRI 302: Energy 2016 | 12 | Page 41-42 |
| | E4. Energy Intensity | GRI 302: Energy 2016 | 12 | Page41-42 |
| | E5. Energy Mix | GRI 302: Energy 2016 | 7 | Page41-42 |
| | E6. Water Usage | GRI 303: Water and Effluents 2018 | 6 | Page 40 |
| | E7. Environmental Operations | GRI 103: Management Approach 2016 | | Page 24, 25,27,38-43,44 |
| | E8. Management Environmental Oversight | GRI 102: General Disclosures 2016 | | Page 4-5,24,25 |
| | E9. Board Environmental Oversight | GRI 102: General Disclosures 2016 | | Page 4-5 |
| | E10. Climate Risk Mitigation | | 13 | N/A |
| SOCIAL | S1. CEO Pay Ratio | GRI 102: General Disclosures 2016 | 10 | 13.73:1 |
| | S2. Gender Pay Ratio | GRI 405: Diversity and Equal Opportunity 2016 | 5 | 3.51:1 |
| | S3. Employee Turnover | GRI 401: Employment 2016 | | 10.7% |
| | S4. Gender Diversity | GRI 102: General Disclosures 2016<br>GRI 405: Diversity and Equal | 5 | Pag 31 |
| | S5. Temporary Worker Ratio | GRI 102: General Disclosures 2016 | | N/A |
| | S6. Non Discrimination | GRI 103: Management Approach 2016 | 10 | Page No 31-32 |
| | S7. Injury Rate | GRI 403: Occupational Health and Safety 2018 | 3 | Page No 54 |
| | S8. Global Health and Safety | GRI 103: Management Approach 2016 | 3 | Page No. 51-53 |
| | S9. Child and Forced Labour | GRI 103: Management Approach 2016* | 8 | Page No 32 |
| | S10. Human Rights | GRI 103: Management Approach 2016 | 10 | Page No 32 |

## ADX INDEX (ESG Metrics)

| | | | | |
|---|---|---|---|---|
| GOVERNANCE | G1. Board Diversity | GRI 405: Diversity and Equal Opportunity 2016 | | Page 14 |
| | G2. Board Independence | | | Page 13 |
| | G3. Incentivized Pay | | | N/A |
| | G4. Supplier Code of Conduct | | | Page 21 |
| | G5. Ethics and Prevention of Corruption | | | Page 20 |
| | G6. Data Privacy | | | Page 26 |
| | 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 5

## 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.

We thank you

all for a better sustainable tomorrow

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