Sharjah Cement & Industrial Development Co.
(PJSC)
Established by the Emiri Decree No. 31/79
Paid up Capital AED 608,253,747
Regist No. 312

شركة الشارقة للأسمنت والتنمية الصناعية
(شركة مساهمة عامة)
تأسست بموجب المرسوم الأميري ٧٩/٣١
رأس المال المدفوع ٦٠٨،٢٥٣،٧٤٧
رقم السجل التجاري ٣١٢

Integrated Report 2021

التقرير المتكامل 2021

Sharjah Cement and Industrial Development Company (PJSC) - Sharjah, is pleased to submit the **Integrated Report 2021** (according to the above content) in accordance with the regulatory controls and directives issued by the Securities and Commodities Authority - Abu Dhabi. (SCA).

يطيب لشركة الشارقة للأسمنت والتنمية الصناعية (ش.م.ع)- الشارقة ، أن تتقدم بالتقرير المتكامل (وفق المحتوى أعلاه) عملاً بالضوابط التنظيمية والتوجيهات الصادرة عن هيئة الأوراق المالية والسلع – أبوظبي .

Contents:

المحتويات:

شركة الشارقة للاسمنت والتنمية الصناعية
المكتب الرئيسي
ص.ب: ٢٠٨٣
الشارقة . ا.ع.م.
VIII
VIII
P. O. Box: 2083
SHARJAH
HEAD OFFICE
Sharjah Cement & Industrial Devl. Co.

ص. ب: ٢٠٨٣، برج الحصن الطابق ١٤، شارع البنوك الروله – الشارقة، الامارات العربية المتحدة
P.O. Box 2083, Al Hisn Tower - 14th Floor, Bank Street, Rolla - Sharjah, United Arab Emirates
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E-mail: scidcho@eim.ae, Website: www.sharjahcement.com

Directors' Report

The Board of Directors has the pleasure in presenting the audited consolidated financial statements of Sharjah Cement & Industrial Development Co. (PJSC) ("the Company") and its subsidiary (collectively referred to as the "Group") for the year ended 31 December 2021.

Principal activities

The Group is engaged in the manufacture and supply of cement, paper sacks and plastic ropes. The Group invests its surplus funds in investment securities, private equities and properties. The Group operates from Sharjah, United Arab Emirates and sells its products in the UAE and certain other countries in the Middle East, Africa and Asia.

Results for the year ended 31 December 2021

Consolidated Income Statement of the Group for the year ended 31 December 2021 is presented on page 8 and Consolidated Balance Sheet of the Group as of 31 December 2021 is presented on page 10 of the consolidated financial statements.

The Group has reported sales of AED 493,894 thousand (2020: AED 431,627 thousand) while the net Loss for the year was AED 33,802 thousand (2020: Loss AED 70,636 thousand). Shareholders' equity at 31 December 2021 was AED 1,318,371 thousand (2020: AED 1,320,601 thousand).

Going concern basis

The Board of Directors has reasonable expectation that the Group has adequate resources and support to continue its operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the consolidated financial statements for the year ended 31 December 2021.

Transactions with related Parties

The consolidated financial statements disclose related party transactions and balances in note 26. All transactions are carried out as part of our normal course of business and in compliance with applicable laws and regulations.

Auditors

Ernst & Young were appointed as external auditors for the Group for the year ended 31 December 2021, and they have expressed their willingness to continue in office once elected at the forthcoming Annual General Meeting.

Chairman
7 March 2022

Sharjah Cement & Industrial Development Co. (PJSC) and its subsidiary

CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2021

Sharjah Cement & Industrial Development Co. (PJSC) and its subsidiary

Consolidated financial statements

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(شركة مساهمة عامة)
تأسست بموجب المرسوم الأميري ٧٩/٣١
رأس المال المدفوع ٦٠٨،٢٥٣،٧٤٧
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Chairman
7 March 2022

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INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF SHARJAH CEMENT & INDUSTRIAL DEVELOPMENT CO. (PJSC)

Report on the audit of the Consolidated financial statements

Opinion

We have audited the consolidated financial statements of Sharjah Cement & Industrial Development Co. PJSC (the "Company"), and its subsidiary (the "Group"), which comprise the consolidated statement of financial position as at 31 December 2021, and the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2021, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs").

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report. We are independent of the Group in accordance with the *International Code of Ethics for Professional Accountants (including International Independence Standards)* (the "IESBA Code") together with the ethical requirements that are relevant to our audit of the consolidated financial statements in the United Arab Emirates, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current year. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our 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 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 consolidated 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 consolidated 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 consolidated financial statements.

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

Key Audit Matters (continued)

Key audit matter	**How the Matter Was Addressed in the Audit**
Classification and valuation of Assets held for sale *(refer to note 11 of the consolidated financial statements)*	
In December 2018, the Group divested 50% of the investment in Autoline Industrial Parks Limited (AIPL) for a total gross consideration of AED 39,526 thousand which was receivable over 33 months. In 2020, the Group signed the cancellation agreement with Autoline Industries for sale of its 50% share in AIPL. Accordingly, the profit on sale of shares as well as the finance income total amounting to AED 8,456 thousand recognized in 2019 had been reversed in 2020. and the cost of investment was transferred back to held for sale investment. During the current year, AIPL has entered into a joint development agreement with a developer to develop the land for industrial purposes. For this the due diligence has been completed and this transaction has been approved by the BOD. AIPL and the developer have indicated their willingness to buyout the investment once the legal formalities to develop the land are completed. Since significant judgement is involved in classification and valuation of the same, this is considered as key audit matter.	The work that we performed to address this key audit matter included the following procedures. • We have read the board minutes for approval of selling the assets and correspondence with third party for exit of investment. As the intention is to sell the investment, it has been classified as asset held for sale in the consolidated financial statements. • We have reviewed the valuation of land for which proposal is received for development. We observed that the valuation of land is more than the carrying amount of asset held for sale. • We have verified the shares held by the Company in AIPL as of the reporting date. • We have assessed the adequacy of the disclosures of the transaction in Note 11 to the consolidated financial statements.

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF SHARJAH CEMENT AND INDUSTRIAL DEVELOPMENT CO. (PJSC)

Report on the Audit of the Financial Statements (continued)

Key audit matter	**How the Matter Was Addressed in the Audit**
Existence and valuation of inventories *(refer to note 13 of the consolidated financial statements)*	
Inventories comprises 12% of Group's total assets as on 31 December 2021. Inventories on hand comprise of purchased raw materials consisting mainly of limestone, coal, slag, gypsum, iron ore and bauxite, and work in progress comprising mainly of clinkers which are stored in purpose built shed and stockpiles. Since the weighing of these inventories is not practicable, management assesses the reasonableness of the quantities on hand at the year-end by obtaining measurements of the stockpiles and converting these measurements to unit of volumes by using an angle of repose and the bulk density. Management has relied upon expert for physical verification of inventory. Due to the significance of the inventory balances and related estimations involved in existence and valuation of the same, this is considered a key audit matter.	The work that we performed to address this key audit matter included the following procedures. • We inquired of the management to understand the procedures undertaken as a part of the inventory review and assessment of allowance for slow moving inventory. • We evaluated the analysis and assessment made by the management with respect to the carrying value and slow and obsolete inventories considering the expected demand and market value related to the finished goods. • We observed the physical inventory count performed by the Group. We assessed the reasonableness of the management's measurements of stockpiles during the physical count and reviewed the conversion to the unit of volumes. We also obtained and reviewed the inventory count report of an external surveyor's for the major stock items. • We tested the valuation of year end inventory for a sample of selected inventory items, including review of judgements considered regarding obsolescence and net realizable value. • We tested the ageing of the inventory for the sample of selected inventory items. • We have also assessed the adequacy of the management's disclosure in note 13 to the consolidated financial statements.

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF SHARJAH CEMENT AND INDUSTRIAL DEVELOPMENT CO. (PJSC)

Report on the Audit of the Financial Statements (continued)

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

Our opinion on the consolidated financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed on the other information that we obtained prior to the date of this auditors' report, 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 Those Charged with Governance for the Consolidated Financial Statements
Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRSs and in compliance with the applicable provisions of the Company's Articles of Association and of the UAE Federal Law No. (2) of 2015 (as amended), and for such internal control as management determines is necessary to enable the preparation of consolidated 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.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements
Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit.

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF SHARJAH CEMENT AND INDUSTRIAL DEVELOPMENT CO. (PJSC)

Report on the Audit of the Financial Statements (continued)

Auditor's responsibilities for the audit of the consolidated financial statements (continued)
We also:

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

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

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

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated 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 consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance 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 those charged with governance 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, related safeguards.

From the matters communicated with those charged with governance, 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 auditors' 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.

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF SHARJAH CEMENT AND INDUSTRIAL DEVELOPMENT CO. (PJSC)

Report on other legal and regulatory requirements

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

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

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

iii) the financial information included in the Directors' report is consistent with the books of account of the Group;

iv) the Group has maintained proper books of account;

v) investments in shares and stocks during the year ended 31 December 2021, are disclosed in note 12 to the consolidated financial statements;

vi) note 26 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 financial year ended 31 December 2021, any of the applicable provisions of the UAE Federal Law No. (2) of 2015 (as amended) or of its Articles of Association which would have a material impact on its activities or its financial position as at 31 December 2021; and

viii) note 31 to the consolidated financial statements reflects the social contributions made during the year.

For Ernst & Young

Signed by:
Ashraf Abu Sharkh
Partner
Registration No: 690

8 March 2022

Sharjah, United Arab Emirates

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2021

	Notes	***2021 AED'000***	*2020 AED'000*
Revenue from contract with customers	6	**493,894**	431,627
Cost of sales		**(501,165)**	(436,989)
Gross Loss		**(7,271)**	(5,362)
Administrative and general expenses		**(20,937)**	(18,463)
Selling and distribution expenses		**(6,737)**	(6,146)
Investment income/(loss)	7	**10,709**	(6,314)
Impairment loss on investment properties	10	**-**	(11,325)
Finance expenses	8	**(12,447)**	(17,543)
Reversal of gain on sale of assets held for sale	11	**-**	(8,457)
Other income		**2,881**	2,974
LOSS FOR THE YEAR	8	**(33,802)**	(70,636)
Loss attributable to:			
Owners of the Group		**(33,802)**	(70,636)
Basic and diluted earnings per share (AED)	22	**(0.056)**	(0.116)

The attached notes 1 to 32 form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME
For the year ended 31 December 2021

	Notes	***2021 AED'000***	*2020 AED'000*
Loss for the year		**(33,802)**	(70,636)
Other comprehensive income:			
Items that will not be reclassified to profit or loss:			
Investments carried at FVTOCI – net change in fair value	12	**30,104**	(22,545)
Items that may be reclassified to profit or loss:			
Change in fair value of interest rate swap	12	**1,468**	(2,054)
Other comprehensive Income/(loss) or the year		**31,572**	(24,599)
TOTAL COMPREHENSIVE LOSS FOR THE YEAR		**(2,230)**	(95,235)
Total comprehensive loss attributable to:			
Equity holders of the parent		**(2,230)**	(95,235)

The attached notes 1 to 32 form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2021

	Notes	*2021* *AED'000*	*2020* *AED'000*
ASSETS			
Non-curent assets			
Property, plant and equipment	9	**917,023**	970,643
Investment properties	10	**250,849**	259,664
Investments carried at FVTOCI	12	**164,563**	125,614
		1,332,435	1,355,921
Current assets			
Inventories	13	**220,003**	236,690
Trade and other receivables	14	**185,431**	183,743
Investments carried at FVTPL	12	**33,660**	22,651
Cash in hand and at bank	15	**13,795**	26,643
Asset held for sale	11	**47,293**	45,016
		500,182	514,743
TOTAL ASSETS		**1,832,617**	1,870,664
EQUITY AND LIABILITIES			
Equity			
Share capital	19	**608,254**	608,254
Statutory reserve	20	**334,091**	334,091
General reserve	21	**226,373**	226,373
Fair value reserve	12	**18,764**	(12,314)
Retained earnings		**130,889**	164,197
Total equity		**1,318,371**	1,320,601
Non-current liabilities			
Long term borrowings	17	**113,876**	183,306
Provision for staff terminal benefits	18	**27,955**	27,453
		141,831	210,759
Current liabilities			
Trade and other payables	16	**106,394**	97,489
Short term borrowings	17	**266,021**	241,815
		372,415	339,304
Total liabilities		**514,246**	550,063
TOTAL EQUITY AND LIABILITIES		**1,832,617**	1,870,664

These financial statements were approved and authorized for issue on behalf of the Board of Directors on 7 March 2022

Chairman

Chief Executive

The attached notes 1 to 32 form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS
For the year ended 31 December 2021

	Notes	***2021*** ***AED'000***	*2020* *AED'000*
OPERATING ACTIVITIES			
Loss for the year		**(33,802)**	(70,636)
Adjustments for:			
Depreciation on property, plant and equipment	9	**69,777**	69,296
Depreciation on investment properties	10	**8,815**	8,794
Provision for staff terminal benefits	18	**2,210**	2,355
Allowance for expected credit loss	14	**(10)**	750
Provision for inventory (net off)	13	**5,838**	(1,351)
Gain on disposal of property, plant and equipment		**(53)**	-
Reversal of gain on sale of assets held for sale	11	**-**	8,457
(gain)/ loss on change in fair value of investments carried at FVTPL	12	**(4,965)**	3,148
Realised loss on disposal of investments carried at FVTPL	12	**199**	769
Rental income from investment properties	10	**(6,024)**	(1,053)
Dividend income	7	**(3,995)**	(5,132)
Impairment loss on Investment properties	10	**-**	11,325
Finance expense	8	**12,447**	17,543
		50,437	44,265
Changes in:			
- inventories	13	**10,849**	122,394
- trade and other receivables	14	**(1,678)**	85,585
- trade and other payables	16	**10,374**	(86,134)
Staff terminal benefits paid	18	**(1,708)**	(3,621)
Net cash generated from operating activities		**68,274**	162,489
INVESTING ACTIVITIES			
Acquisition of property, plant and equipment	9	**(16,157)**	(34,046)
Additions to investment	11	**(2,277)**	-
Additions to investment properties	10	**-**	(7,893)
Proceeds from disposal of property, plant and equipment		**53**	-
Purchase of investments carried at FVTOCI	12	**(10,997)**	(2,021)
Proceeds from disposal of investments carried at FVTOCI	12	**2,152**	1,926
Dividend income	7	**3,995**	5,132
Rental income from investment properties	10	**6,024**	1,053
Purchase of investments carried at FVTPL	12	**(11,010)**	(8,027)
Proceeds from disposal of investments carried at FVTPL	12	**4,767**	9,139
Net cash used in investing activities		**(23,450)**	(34,737)
FINANCING ACTIVITIES			
Loan repaid	28	**(422,188)**	(553,233)
Loan taken	28	**376,963**	449,174
Interest paid	8	**(12,447)**	(17,543)
Net cash used in financing activities		**(57,672)**	(121,602)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		**(12,848)**	6,150
Cash and cash equivalents at the beginning of the year	15	**26,643**	20,493
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR		**13,795**	26,643
Cash and cash equivalents comprise:			
Cash in hand and at bank	15	**13,795**	26,643

STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2021

	Share capital AED' 000	*Statutory reserve AED'000*	*General reserve AED'000*	*Proposed dividend AED'000*	*Fair value reserve AED'000*	*Retained earnings AED'000*	*Total AED'000*
At 1 January 2021	608,254	334,091	226,373	-	(12,314)	164,197	1,320,601
Total comprehensive loss for the year							
Loss for the year	-	-	-	-	-	(33,802)	(33,802)
Other comprehensive income for the year	-	-	-	-	31,572	-	31,572
Total comprehensive loss for the year	-	-	-	-	31,572	(33,802)	(2,230)
Other equity movement							
Transfer of realised gain from fair value reserve to retained earnings on disposal of investments carried at FVTOCI (note 12)	-	-	-	-	(494)	494	-
Total other equity movement	-	-	-	-	(494)	494	-
Transactions with owners of the Group							
Contribution by and distributions to owners							
Directors' fee (note 26)	-	-	-	-	-	-	-
Total transactions with owners of the Group	-	-	-	-	-	-	-
At 31 December 2021	**608,254**	**334,091**	**226,373**	**-**	**18,764**	**130,889**	**1,318,371**

The attached notes 1 to 32 form part of these consolidated financial statements.

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

	Share capital AED' 000	*Statutory reserve AED'000*	*General reserve AED'000*	*Proposed dividend AED'000*	*Fair value reserve AED'000*	*Retained earnings AED'000*	*Total AED'000*
At 1 January 2020	608,254	334,091	226,373	-	12,324	234,794	1,415,836
Total comprehensive loss for the year							
Loss for the year	-	-	-	-	-	(70,636)	(70,636)
Other comprehensive loss for the year	-	-	-	-	(24,599)	-	(24,599)
Total comprehensive loss for the year	-	-	-	-	(24,599)	(70,636)	(95,235)
Other equity movement							
Transfer of realised gain from fair value reserve to retained earnings on disposal of investments carried at FVTOCI (note 12)	-	-	-	-	(39)	39	-
Total other equity movement	-	-	-	-	(39)	39	-
Transactions with owners of the Group							
Contribution by and distributions to owners							
Directors' fee (note 26)	-	-	-	-	-	-	-
Total transactions with owners of the Group	-	-	-	-	-	-	-
At 31 December 2020	608,254	334,091	226,373	-	(12,314)	164,197	1,320,601

The attached notes 1 to 32 form part of these consolidated financial statements.

1 REPORTING ENTITY

Sharjah Cement and Industrial Development Co. (PJSC) ("the Company") was incorporated in Sharjah, United Arab Emirates in 1977 under an Emiri Decree issued by H.H The Ruler of Sharjah and has since been registered as a public joint stock company. The registered office of the Company is P.O. Box 2083 Sharjah, United Arab Emirates. The shares of the Company are listed on Abu Dhabi Securities Market. . Shareholders have resolved at the Annual General Meeting held on 30 April 2020 to delist the company's shares from Kuwait Stock Exchange and authorized the Board of Directors to complete all formalities for the delisting. Kuwait Capital Market Authority has approved the voluntary withdrawal of the Company from Kuwait Stock Exchange and 26 August 2021 was the last date for trading of Company's shares on Kuwait Stock Exchange.

The consolidated financial statements as at and for the year ended 31 December 2021 ("the current year") comprises the financial statements of the Company and its subsidiary (collectively referred to as "the Group").

The Group is engaged in the manufacture and supply of cement, paper sacks and plastic ropes. The Group invests its surplus funds in investment securities, private equities and properties. The Group operates from Sharjah, United Arab Emirates and sells its products in the UAE and certain other countries in the Middle East, Africa and Asia.

2 BASIS OF PREPARATION

Statement of compliance
The consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards ("IFRSs") and comply with relevant Articles of the Company and the UAE Federal Law No. (2) of 2015 (as amended).

Federal Law Decree No. 32 of 2021 which repeals and replaces Federal Law No. 2 of 2015 (as amended) on Commercial Companies was issued on 20 September 2021 and is effective from 2 January 2022. The Group is in the process of reviewing the new provisions and will apply the requirements thereof no later than one year from the date on which the new Decree Law came into effect.

Details of the Group's accounting policies are included in Note 4.

Basis of measurement
The consolidated financial statements have been prepared on the historical cost basis except for investments carried at fair value through other comprehensive income ("FVTOCI"), investments carried at fair value through profit or loss ("FVTPL") and derivative financial instruments which are measured at fair value.

Functional and presentation currency
These consolidated financial statements are presented in United Arab Emirate Dirham ("AED"), which is the Group's functional currency. All amounts have been rounded to the nearest thousand, unless otherwise indicated.

Use of judgments and estimates
In preparing these consolidated financial statements, management has made judgments, estimates and assumptions that affect the application of the Group's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

Information about judgments, assumptions and estimation uncertainties in applying accounting policies that have the most significant effect on the amounts recognised in the consolidated financial statements is discussed in note 29.

Measurement of fair values
A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

The Group has an established control framework with respect to the measurement of fair values. This includes a management team that has overall responsibility for overseeing all significant fair value measurements, including Level 3 fair values. The management team regularly reviews significant unobservable inputs and valuation adjustments.

2 BASIS OF PREPARATION (continued)

Measurement of fair values (continued)
If third party information is used to measure fair values, then the management team assesses the evidence obtained from the third parties to support the conclusion that such valuations meet the requirements of IFRS, including the level in the fair value hierarchy in which such valuations should be classified.

When measuring the fair value of an asset or a liability, the Group uses market observable market data as far as possible. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in valuation techniques as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Group recognizes transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Further information about the assumptions made in measuring fair values is included in note 10 – Investment properties and note 12 – Investments.

Basis of consolidation
The Group comprises of the Company and the under-mentioned subsidiary company.

Subsidiary	***Principal activity***	***Country of incorporation***	***Ownership***	
			2021	*2020*
Gulf Rope & Plastic Products Co. LLC	Rope and plastic products	United Arab Emirates	100%	100%

Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has:

- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee
- The ability to use its power over the investee to affect its returns

Generally, there is a presumption that a majority of voting rights result in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value.

3 CHANGES IN SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted in the preparation of the consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the period ended 31 December 2020, except for the adoption of new standards and interpretations effective as of 1 January 2021.

New and amended standards and interpretations
The Group applied for the first-time certain standards and amendments, which are effective for annual periods beginning on or after 1 January 2021 as noted below:

- Interest Rate Benchmark Reform – Phase 2: Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16
- Amendment to IFRS 16 'Leases' to provide lessees with an exemption from assessing whether a COVID-19-related rent concession is a lease modification. The effective date is 1 June 2021.

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

3.1 Standards issued but not yet effective

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

Contents	***Effective date***
IFRS 17 Insurance Contracts	1 January 2023
Amendments to IAS 1: Classification of Liabilities as Current or Non-current	1 January 2023
Reference to the Conceptual Framework – Amendments to IFRS 3	1 January 2022
Property, Plant and Equipment: Proceeds before Intended Use – Amendments to IAS 16	1 January 2022
Onerous Contracts – Costs of Fulfilling a Contract – Amendments to IAS 37	1 January 2022
IFRS 1 First-time Adoption of International Financial Reporting Standards – Subsidiary as a first-time adopter	1 January 2022
IFRS 9 Financial Instruments – Fees in the '10 per cent' test for derecognition of financial liabilities	1 January 2022
IAS 41 Agriculture – Taxation in fair value measurements	1 January 2022

The Group has not early adopted any other standards, interpretations or amendments that have been issued but are not yet effective. Management is currently assessing the impact of adopting the above standards, amendments and interpretations on the Group's financial statements in the year of their initial application, and intends to adopt these new and amended standards and interpretations, if applicable, when they become effective.

4 SIGNIFICANT ACCOUNTING POLICIES

The Group has consistently applied the following accounting policies to all periods presented in these consolidated financial statements, except if mentioned otherwise (refer also note 3).

Business combinations
The Group accounts for business combination using the acquisition method when the control is transferred to the Group. The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired. Any goodwill that arises is tested annually for impairment. Any gain on a bargain purchase is recognized in the profit or loss immediately. Transaction costs are expensed as incurred, except if related to the issue of debt or equity securities.

4 SIGNIFICANT ACCOUNTING POLICIES (continued)

Subsidiaries
Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

Non-controlling interests
Non-controlling interests ("NCI") are measured initially at their proportionate share of the acquiree's identifiable net assets at the date of acquisition. Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions

Loss of control
When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related non-controlling interest and other components of equity. Any resulting gain or loss is recognized in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

Transactions eliminated on consolidation
Intra-group balances and transactions, and any unrealized income and expenses arising from intra-group transactions, are eliminated. Unrealised gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealized losses are eliminated in the same way as unrealized gains, but only to the extent that there is no evidence of impairment.

Revenue recognition
Revenue is measured based on the consideration specified in a contract with a customer. The Group recognises revenue when it transfers control over a good or service to a customer.

The Group recognises revenue based on a five-step model as set out in IFRS 15:

Step 1 Identify the contract(s) with a customer: A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria for every contract that must be met.
Step 2 Identify the performance obligations in the contract: A performance obligation is a promise in a contract with a customer to transfer a good or service to the customer.
Step 3 Determine the transaction price: The transaction price is the amount of consideration to which the Group expects to be entitled in exchange for transferring promised goods or service to a customer, excluding amounts collected on behalf of third parties.
Step 4 Allocate the transaction price to the performance obligations in the contract: For a contract that has more than one performance obligation, the Group will allocate the transaction price to each performance obligation in an amount that depicts the amount of consideration to which the Group expects to be entitled in exchange for satisfying each performance obligation.
Step 5 Recognise revenue when (or as) the entity satisfies a performance obligation.

The Group satisfies a performance obligation and recognises revenue over time, if one of the following criteria is met:

1. The customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;
2. The Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or
3. The Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

For performance obligations where one of the above conditions are not met, revenue is recognised at the point in time at which performance obligation is satisfied.

4 SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue recognition (continued)
When the Group satisfies a performance obligation by delivering the promised goods or services, it creates a contract asset based on the amount of consideration earned by the performance. A contract asset becomes contract receivable when the Group's right to the consideration is unconditional, which is the case when only the passage of time is required before payment of the consideration is due. Where the amount of consideration received from a customer exceeds the amount of revenue recognised, this gives rise to a contract liability.

In determining the transaction price, the Group considers the effects of variable consideration, the existence of significant financing components, non-cash consideration, and consideration payable to the customer (if any).

If the consideration in a contract includes a variable amount, the Group estimates the amount of consideration to which it will be entitled in exchange for transferring the goods to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

When a significant financing component is identified the Group is required to adjust the promised amount of consideration for the effects of the time value of money. This is because the Group is required to recognise revenue at an amount that reflects the price that the customer would have paid for the promised goods or services if the customer had paid in cash for those goods or services when (or as) they transfer to the customer.

Sale of goods
Revenue is recognised when the goods are delivered and have been accepted by customers at their premises. For contracts that permit the customer to return an item, revenue is recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. Therefore, the amount of revenue recognised is adjusted for expected returns, which are estimated based on the historical data. In these circumstances, a refund liability and a right to recover returned goods asset are recognised.

The right to recover returned goods asset is measured at the former carrying amount of the inventory less any expected costs to recover goods. The refund liability is included in other payables and the right to recover returned goods is included in inventory. The Group reviews its estimate of expected returns at each reporting date and updates the amounts of the asset and liability accordingly.

Rental income
Rental income from investment property is recognised as other revenue on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income, over the term of the lease.

Dividend income and return on investments in securities
Dividend income is recognised in profit or loss on the date on which the Group's right to receive payment is established (provided that it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably).

Finance expenses and income
The Group's finance expenses comprises interest expenses on borrowings and bank charges. Finance income comprise of unwinding of discount for receivable on sale of investment. Finance income or expense is recognised using the effective interest method.

The 'effective interest rate' is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to:

– the gross carrying amount of the financial asset; or

– the amortised cost of the financial liability.

In calculating interest expense, the effective interest rate is applied to the amortised cost of the liability.

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are included in the cost of that asset. Other borrowing costs are recognised as an expense in the period in which they are incurred.

4 SIGNIFICANT ACCOUNTING POLICIES (continued)

Property, plant and equipment

Recognition and measurement
Items of property, plant and equipment are measured at cost, which includes capitalized borrowing costs, less accumulated depreciation and any accumulated impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the assets to a working condition for its intended use.

If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment is recognised in profit or loss.

Subsequent expenditure
Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Group.

Capital work in progress
Capital work in progress is stated at cost less any impairment losses and not depreciated until such time the assets are available for use.

Depreciation
Items of property, plant and equipment are depreciated from the date that they are available for use. Depreciation is calculated to write off the cost of items of property, plant and equipment less their estimated residual values using the straight-line method over their estimated useful lives, and is generally recognised in profit or loss. Land is not depreciated.

The estimated useful lives of property, plant and equipment for current and comparative periods are as follows:

Asset	***Life (years)***
Freehold buildings	20 – 25
Plant and machinery	5 – 30
Furniture and equipment	5
Motor vehicles	3 – 5
Quarry costs	15

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

Reclassification to investment properties
When the use of a property changes from owner-occupied to investment property, the property is reclassified as investment property considering that the accounting policy for investment property is the ‘Cost Model’ in accordance with IAS 40.

Investment property
Investment properties are properties which are held either to earn rental income or for capital appreciation or for both. Investment properties are accounted for using the cost model. Under the cost model, investment properties are stated at cost less accumulated depreciation and impairment losses, if any.

The cost of replacing a part of an item of investment property is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group, and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day-to-day maintenance of investment property are recognised in profit or loss as incurred.

The depreciation on buildings is charged on straight line basis over their estimated useful lives of 25 years. The depreciation method, estimation of useful lives and residual values are reassessed at the reporting date. Land is not depreciated.

Any gain or loss on disposal of an investment property (calculated as the difference between the net proceeds from disposal and the carrying amount of the property) is recognised in profit or loss.

4 SIGNIFICANT ACCOUNTING POLICIES (continued)

Inventories
Inventories are measured at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses. Cost is determined as follows:

Raw material, stores and spares and semi-finished goods purchased
The cost includes insurance, freight and other incidental charges incurred in acquiring the inventories and bringing them to their present location and condition. Valuation is determined on a weighted average basis.

Raw materials produced locally, work in progress and finished goods
The cost includes cost of direct materials and direct labour plus an appropriate share of production overheads based on normal operating capacity. Valuation is determined on a weighted average basis.

Assets held for sale
Non-current assets, or disposal groups comprising assets and liabilities, are classified as held-for sale if it is highly probable that they will be recovered primarily through sale rather than through continuing use.

Such assets, or disposal groups, are generally measured at the lower of their carrying amount and fair value less costs to sell. Any impairment loss on a disposal group is allocated first to goodwill, and then to the remaining assets and liabilities on a pro rata basis, except that no loss is allocated to inventories, financial assets, investment property, which continue to be measured in accordance with the Group's other accounting policies. Impairment losses on initial classification as held-for-sale or held-for distribution and subsequent gains and losses on remeasurement are recognized in profit or loss.

Once classified as held for sale, property, plant and equipment are no longer amortized or depreciated, and any equity accounted investee is no longer equity accounted.

Financial instruments

Recognition and initial measurement
Trade receivables and debt securities issued are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Group becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

Classification and subsequent measurement

Financial assets
On initial recognition, a financial asset is classified as measured at: amortised cost; FVTOCI – debt investment; FVTOCI – equity investment; or FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt investment is measured at FVTOCI if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

4 SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Classification and subsequent measurement (continued)

Financial assets (continued)

Assessment whether contractual cash flows are solely payments of principal and interest
For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Group considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable-rate features;
- prepayment and extension features; and
- terms that limit the Group's claim to cash flows from specified assets (e.g. non-recourse features).

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable compensation for early termination of the contract. Additionally, for a financial asset acquired at a discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income. This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortised cost or FVTOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVTOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Subsequent measurement and gains and losses:

Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.
Financial assets at amortised cost	These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.
Debt investments at FVTOCI	These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.
Equity investments at FVTOCI	These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.

4 SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Classification and subsequent measurement (continued)

Financial liabilities – Classification, subsequent measurement and gains and losses
Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

Derecognition

Financial assets
The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Group enters into transactions whereby it transfers assets recognised in its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognised.

Financial liabilities
The Group derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The Group also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

Offsetting
Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

Derivative financial instruments and hedge accounting
The Group holds derivative financial instruments to hedge its foreign currency and interest rate risk exposures. Embedded derivatives are separated from the host contract and accounted for separately if the host contract is not a financial asset and certain criteria are met.

Derivatives are initially measured at fair value. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are generally recognised in profit or loss.

The Group designates certain derivatives as hedging instruments to hedge the variability in cash flows associated with highly probable forecast transactions arising from changes in foreign exchange rates and interest rates.

At inception of designated hedging relationships, the Group documents the risk management objective and strategy for undertaking the hedge. The Group also documents the economic relationship between the hedged item and the hedging instrument, including whether the changes in cash flows of the hedged item and hedging instrument are expected to offset each other.

4 SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Derivative financial instruments and hedge accounting (continued)

Cash flow hedges
When a derivative is designated as a cash flow hedging instrument, the effective portion of changes in the fair value of the derivative is recognised in OCI and accumulated in the hedging reserve. The effective portion of changes in the fair value of the derivative that is recognised in OCI is limited to the cumulative change in fair value of the hedged item, determined on a present value basis, from inception of the hedge.

Any ineffective portion of changes in the fair value of the derivative is recognised immediately in profit or loss.

The Group designates only the change in fair value of the spot element of forward exchange contracts as the hedging instrument in cash flow hedging relationships. The change in fair value of the forward element of forward exchange contracts ('forward points') is separately accounted for as a cost of hedging and recognised in a costs of hedging reserve within equity.

When the hedged forecast transaction subsequently results in the recognition of a non-financial item such as inventory, the amount accumulated in the hedging reserve and the cost of hedging reserve is included directly in the initial cost of the non-financial item when it is recognised.

For all other hedged forecast transactions, the amount accumulated in the hedging reserve and the cost of hedging reserve is reclassified to profit or loss in the same period or periods during which the hedged expected future cash flows affect profit or loss.

If the hedge no longer meets the criteria for hedge accounting or the hedging instrument is sold, expires, is terminated or is exercised, then hedge accounting is discontinued prospectively. When hedge accounting for cash flow hedges is discontinued, the amount that has been accumulated in the hedging reserve remains in equity until, for a hedge of a transaction resulting in the recognition of a non-financial item, it is included in the non-financial item's cost on its initial recognition or, for other cash flow hedges, it is reclassified to profit or loss in the same period or periods as the hedged expected future cash flows affect profit or loss.

If the hedged future cash flows are no longer expected to occur, then the amounts that have been accumulated in the hedging reserve and the cost of hedging reserve are immediately reclassified to profit or loss.

Cash and cash equivalents
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.

Provisions
A provision is recognized if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. When the effect of time value of money is material, provisions are determined by discounting the expected future cash flows at a rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as finance expenses.

Foreign currency

Foreign currency transactions
Transactions in foreign currencies are translated into the respective functional currencies of Group companies at the exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Non-monetary items that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Foreign currency differences are generally recognised in profit or loss and presented within finance costs.

4 SIGNIFICANT ACCOUNTING POLICIES (continued)

Foreign currency (continued)

Foreign operations
The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated into AED at the exchange rates at the reporting date. The income and expenses of foreign operations are translated into AED at the exchange rates at the dates of the transactions.

When a foreign operation is disposed of in its entirety or partially such that control, significant influence or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. If the Group disposes of part of its interest in a subsidiary but retains control, then the relevant proportion of the cumulative amount is reattributed to NCI. When the Group disposes of only part of an associate or joint venture while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

Impairment

Non-derivative financial assets

Financial instruments
The Group recognises loss allowances for expected credit loss (ECL) on:

- financial assets measured at amortised cost; and
- debt investments measured at FVTOCI

The Group also recognises loss allowances for ECLs on lease receivables, which are disclosed as part of trade and other receivables.

The Group measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured at 12-month ECLs:

- debt securities that are determined to have low credit risk at the reporting date; and
- other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowances for trade receivables (including lease receivables) and contract assets are always measured at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment, that includes forward-looking information.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 120 days past due.

The Group considers a financial asset to be in default when:

- the debtor is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or
- the financial asset is more than 365 days past due.

The Group considers a debt security to have low credit risk when its credit risk rating is equivalent to the globally understood definition of 'investment grade'.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument. 12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months). The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

4 SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment (continued)

Non-derivative financial assets (continued)

Measurement of ECLs
ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

Credit-impaired financial assets
At each reporting date, the Group assesses whether financial assets carried at amortised cost and debt securities at FVTOCI are credit-impaired. A financial asset is ‘credit-impaired’ when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the debtor;
- a breach of contract such as a default or being more than 90 days past due;
- the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise;
- it is probable that the debtor will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

Presentation of allowance for ECL in the statement of financial position
Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets. For debt securities at FVTOCI, the loss allowance is charged to profit or loss and is recognised in OCI.

Impairment loss is reversed if the reversal can be objectively related to an event that have occurred after the impairment loss was recognised. For financial assets that are measured at amortised cost, the reversal is recognised in profit or loss account.

Write-off
The gross carrying amount of a financial asset is written off when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. For individual customers, the Group has a policy of writing off the gross carrying amount when the financial asset is 365 days past due based on historical experience of recoveries of similar assets. For corporate customers, the Group individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Group expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group’s procedures for recovery of amounts due.

Non-financial assets
At each reporting date, the Group reviews the carrying amounts of its non-financial assets (other than investment property and inventories) to determine whether there is any indication of impairment. If any such indication exists, then the asset’s recoverable amount is estimated.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs. Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, 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 or CGU.

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognised in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset’s carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

4 SIGNIFICANT ACCOUNTING POLICIES (continued)

Provision for staff terminal benefits
The provision for staff terminal benefits is calculated in accordance with the provisions of the UAE Labour Law and is based on the liability that would arise if the employment of all staff were to be terminated at the reporting date. These are classified as long term liabilities.

With respect to its UAE national employees, the Group makes contributions to the General Pension and Social Security Authority. These contributions are calculated as a percentage of the employees' salaries. The Group's obligations are limited to these contributions, which are expensed when due.

Earnings per share
The Group presents basic earnings per share (EPS) data for its shares. The calculation of basic EPS has been based on the following profit attributable to ordinary shareholders and weighted-average number of ordinary shares outstanding. The calculation of diluted EPS has been based on the following profit attributable to ordinary shareholders and weighted-average number of ordinary shares outstanding after adjustment for the effects of all dilutive potential ordinary shares. Weighted average number of shares outstanding is retrospectively adjusted to include the effect of any increase in the number of shares without a corresponding change in resources.

Segment reporting
An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components.

Segment results that are reported to the Board of Directors include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

5 FINANCIAL RISK MANAGEMENT

Overview
The Group has exposure to the following risks arising from financial instruments:

- credit risk;
- liquidity risk; and
- market risk

Risk management framework
The Group's board of directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The board of directors has established the Board Audit and Compliance Committee , which is responsible for developing and monitoring the Group's risk management policies. The committee reports regularly to the board of directors on its activities.

The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations.

Board Audit and Compliance Committee oversees how management monitors compliance with the Group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. Board Audit and Compliance Committee is assisted in its oversight role by internal audit. Internal audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to Board Audit and Compliance Committee.

Credit risk
Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Group's receivables from customers and investments in debt securities. The carrying amounts of financial assets represent the maximum credit exposure.

5 FINANCIAL RISK MANAGEMENT (continued)

Credit risk (continued)

Trade receivables
Management has established a credit policy under which each new customer is analysed individually for credit worthiness before the Group's standard payment and delivery terms and conditions are offered. Exposures within each credit risk grade are segmented by nature of customers' operations and an ECL rate is calculated for each segment based on delinquency status and actual credit loss experience over the past three years. These rates are multiplied by scalar factors to reflect differences between economic conditions during the period over which the historical data has been collected, current conditions and the Group's view of economic conditions over the expected lives of the receivables. Scalar factors are based on GDP forecast and industry outlook.

Cash and cash equivalents
The Group held cash and cash equivalents of AED 13,795 thousand at 31 December 2021 (2020: AED 26,643 thousand). The cash and cash equivalents are held with bank and financial institution counterparties, which are rated A1 to Baa3, based on Moody's corporation ratings. Impairment on cash and cash equivalents has been measured on a 12-month expected loss basis and reflects the short maturities of the exposures. The Group considers that its cash and cash equivalents have low credit risk based on the external credit ratings of the counterparties and accordingly, the expected credit loss is negligible.

Liquidity risk
Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group aims to maintain the level of cash and cash equivalents and other liquid investments at an amount in excess of expected cash outflows on financial liabilities. This excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

Market risk
Market risk is the risk that changes in market prices – e.g. foreign exchange rates, interest rates and equity prices – will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Currency risk
Currency risk is the risk that the value of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group is not exposed to significant currency risk as the Group has transactions denominated in AED, or USD, a currency to which AED is currently pegged.

Interest rate risk
Interest rate risk is the risk that value of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to interest rate risk is primarily on its borrowings with banks. The interest rate on the Group's financial instruments is based on market rates. Group enters into interest rate swaps, in which it agrees to exchange, at specified intervals, the difference between fixed and variable rate interest amounts calculated by reference to an agreed-upon notional principal amount.

Financial assets and liabilities that are subject to fair value risk are the ones with fixed interest rate. Financial assets and liabilities that are subject to cash flow rate risk are the ones with floating interest rate.

Equity price risk
Equity price risk arises from marketable securities measured at fair value. Management of the Group monitors the mix of debt and equity securities and between quoted and unquoted in investments portfolio to maximize investment returns, which is the primary goal of the Group's investment strategy. In accordance with this strategy certain investments are designated as fair value through profit or loss because their performance is actively monitored and they are managed on a fair value basis.

5 FINANCIAL RISK MANAGEMENT (continued)

Capital management
The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. Capital consists of share capital, reserves and retained earnings. The Board of Directors monitors the return on capital as well as level of dividend to ordinary shareholders. The Board seeks to maintain a balance between the higher returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position. There was no change to the Group's approach to capital management during the current year.

6 REVENUE FROM CONTRACTS WITH CUSTOMERS

Revenue consists of the following:

	2021 AED'000	*2020 AED'000*
Type of revenue		
Sale of goods	**493,894**	431,627

	2021 AED'000	*2020 AED'000*
Geographical markets		
Within UAE	**375,745**	335,508
Outside UAE	**118,149**	96,119
Total revenue from contracts with customers	**493,894**	431,627

Timing of revenue recognition

	2021 AED'000	*2020 AED'000*
Goods transferred at a point in time	**493,894**	431,627

Contract balances
A contract asset is Group's right to consideration in exchange for goods that has been transferred to the customers. The Group has trade receivable of AED 174,911 thousand (2020: AED 178,506 thousand) and short term advances received from customers to supply the goods are AED 2,067 thousand (2020: AED 340 thousand) as at 31 December 2021.

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

7 INVESTMENTS INCOME/(LOSS)

	2021	*2020*
	AED'000	*AED'000*
Gain/(loss) on change of fair value of investments carried at FVTPL (note 12)	**4,965**	(3,148)
Realised loss on disposal of investments carried at FVTPL (note 12)	**(199)**	(769)
Operating loss on investment properties (note 10)	**(2,791)**	(7,741)
Dividend income	**3,995**	5,132
Profit distribution from funds	**4,740**	154
Others	**(1)**	58
	10,709	(6,314)

8 LOSS FOR THE YEAR

The loss for the year is stated after charging:

	2021	*2020*
	AED'000	*AED'000*
Staff costs:		
Wages and salaries	**36,015**	33,234
End of service benefits (note 18)	**2,210**	2,355
Other employee benefits	**18,156**	13,459
	56,381	49,048
Finance expenses:		
Interest on bank borrowings	**10,391**	15,860
Bank charges	**2,056**	1,683
	12,447	17,543
Cost of sales:		
Material consumed	**256,191**	239,628
Depreciation on property, plant and equipment and investment properties (note 9 and 10)	**78,592**	78,090

9 PROPERTY, PLANT AND EQUIPMENT

	Freehold land AED'000	*Freehold buildings AED'000*	*Plant and machinery AED'000*	*Furniture, and equipment AED'000*	*Motors vehicles AED'000*	*Quarry costs AED'000*	*Capital work-in progress AED'000*	*Total AED'000*
Cost								
At 1 January 2020	23,852	427,243	1,485,483	39,630	45,291	4,364	7,783	2,033,646
Additions	-	349	449	1,742	-	-	31,506	34,046
Disposals	-	-	-	-	-	-	-	-
Transfer	-	1,890	10,796	27	-	-	(12,713)	-
Transfer from investment properties (note 10)	-	-	-	3,688	-	-	-	3,688
At 31 December 2020	23,852	429,482	1,496,728	45,087	45,291	4,364	26,576	2,071,380
At 1 January 2021	23,852	429,482	1,496,728	45,087	45,291	4,364	26,576	2,071,380
Additions	-	138	2,733	538	2,764	-	9,984	16,157
Disposals	-	-	-	-	(974)	-	-	(974)
Transfer	-	-	30,436	-	-	-	(30,436)	-
At 31 December 2021	**23,852**	**429,620**	**1,529,897**	**45,625**	**47,081**	**4,364**	**6,124**	**2,086,563**
Depreciation								
At 1 January 2020	-	241,069	708,622	35,550	42,451	3,749	-	1,031,441
Charge for the year	-	14,080	51,030	2,613	1,509	64	-	69,296
At 31 December 2020	-	255,149	759,652	38,163	43,960	3,813	-	1,100,737
At 1 January 2021	-	255,149	759,652	38,163	43,960	3,813	-	1,100,737
Charge for the year	-	14,116	51,719	2,615	1,262	65	-	69,777
On disposals	-	-	-	-	(974)	-	-	(974)
At 31 December 2021	-	**269,265**	**811,371**	**40,778**	**44,248**	**3,878**	-	**1,169,540**
Net book value								
At 31 December 2021	**23,852**	**160,355**	**718,526**	**4,847**	**2,833**	**486**	**6,124**	**917,023**
At 31 December 2020	23,852	174,333	737,076	6,924	1,331	551	26,576	970,643

9 PROPERTY, PLANT AND EQUIPMENT (continued)

Depreciation has been allocated as follows:

	2021 AED'000	*2020 AED'000*
Cost of sales	**65,899**	65,175
Administrative and general expenses	**3,878**	4,121
	69,777	69,296

a) Capital work in progress included in property, plant and equipment at 31 December 2021 was relating to expenditure for plant & machinery in the course of construction.
b) At 31 December 2021, the cost of fully depreciated property, plant and equipment that is still in use amounted to AED 473 million (2020: AED 452 million).
c) There are commercial mortgage and assignment of insurance policy in respect of plant & machinery in relation to banking facilities obtained by the Group (note 17).

10 INVESTMENT PROPERTIES

	Undeveloped land AED'000	*Developed Land AED'000*	*Buildings AED'000*	*Properties under development AED'000*	*Total AED'000*
Cost:					
At 1 January 2020	78,270	18,497	70,728	151,264	318,759
Additions	-	-	7,893	-	7,893
Transfer	(24,969)	24,969	145,710	(145,710)	-
Transfer to property, plant and equipment (Note 9)	-	-	-	(3,688)	(3,688)
At 31 December 2020	53,301	43,466	224,331	1,866	322,964
At 1 January 2021	53,301	43,466	224,331	1,866	322,964
Additions	-	-	-	-	-
At 31 December 2021	**53,301**	**43,466**	**224,331**	**1,866**	**322,964**
Depreciation and impairment:					
At 1 January 2020	686	-	42,495	-	43,181
Charge for the year	-	-	8,794	-	8,794
Impairment loss	62	-	9,397	1,866	11,325
At 31 December 2020	748	-	60,686	1,866	63,300
At 1 January 2021	748	-	60,686	1,866	63,300
Charge for the year	-	-	8,815	-	8,815
At 31 December 2021	**748**	**-**	**69,501**	**1,866**	**72,115**
Net book value:					
At 31 December 2021	**52,553**	**43,466**	**154,830**	**-**	**250,849**
At 31 December 2020	52,553	43,466	163,645	-	259,664

10 INVESTMENT PROPERTIES (continued)

Net operating loss from investment properties is as below

	2021 ***AED'000***	*2020* *AED'000*
Rental income derived from investment properties	**11,848**	5,436
Direct operating expenses	**(5,824)**	(4,383)
Rental income net off direct operating expenses	**6,024**	1,053
Depreciation charge	**(8,815)**	(8,794)
Net loss arising from investment properties	**(2,791)**	(7,741)

Investment properties are carried at cost and the fair value of the investment properties as of 31 December 2021, based on valuation undertaken by an independent qualified value, amounted to AED 397,533 thousand (2020: AED 407,725 thousand). The fair value of the investment properties has been determined using level 3 fair value.

There is a registered mortgage and assignment of fire insurance policy over an investment property in relation to banking facilities obtained by the Group (note 17).

Impairment of investment properties
Management has made impairment assessment based on the difference between projected rental income and actual inflows and involved an external valuer for valuation of investment properties. Based on the assessment, market value of the properties are not less than carrying value. Based on the assessment made an impairment loss of AED nil (2020: AED 11,325 thousand) was recorded during the year.

11 ASSET HELD FOR SALE

	2021 ***AED'000***	*2020* *AED'000*
Opening balance	**45,016**	22,508
Transferred from other receivables (refer note (ii) below)	**-**	22,508
Additions made during the year (refer note (iii) below)	**2,277**	-
Closing balance	**47,293**	45,016

(i) During the year 2018, the board of directors has resolved to divest the investment in Autoline Industrial Park Limited (AIPL) within next twelve months. In December 2018, the Group divested 50% of the investment in Autoline Industrial Parks Limited for a total gross consideration of AED 39.08 million which was receivable over 33 months. The net consideration after discounting and deduction of the expected cost to sell was AED 28.4 million resulting in a gain of AED 5.9 million. During the year 2020, unwinding of discount amounting to AED 2.5 million had been recognized.

(ii) During the year 2020, Due to Covid-19 pandemic and resultant economic slowdown, buyer expressed his inability to continue with the scheduled payments towards the consideration for purchase of AIPL shares as his cash flows were seriously impacted. After negotiations, both parties signed the termination agreement to terminate the agreement for sale of company's 50% shares in Autoline Industrial Park Limited. Consequently, gain recognized on sale of shares amounting to AED 8.4 million (gain of AED 5.9 million & discounting impact AED 2.5 million) was reversed and the amount due from the buyer was reclassified from other receivables to reinstate the Asset held for sale at its original cost.

(iii) During the current year, company paid an amount of AED 2.3 million towards subscription of 858,231 equity shares of AIPL. Allotment of shares was completed in 2021 and the formalities of dematerialization of shares is under process as on 31 December 2021.

(iv) The Board of Directors of AIPL has approved a joint development of the land with a developer and the regulatory procedures for the joint development of the land are being completed.

(v) Management is in active discussion with potential buyers and expect to sell the investment within next 12 to 15 months. Management is of the view that carrying value is not expected to be higher than the fair value less cost to sell.

12 INVESTMENTS

	2021	2020
	AED'000	*AED'000*
Non-current investments		
Investments carried at FVTOCI		
Investment in quoted securities	**135,561**	100,610
Investment in unquoted securities	**29,002**	25,004
	164,563	125,614
Current investments		
Investments carried at FVTPL		
Investment in quoted securities	**33,660**	22,651
Closing balance	**198,223**	148,265
Quoted:		
UAE	**138,139**	101,641
Outside UAE	**31,082**	21,619
Unquoted:		
UAE	**1,972**	2,027
Outside UAE	**27,030**	22,978
	198,223	148,265

Investments carried at FVTOCI

	2021	2020
	AED'000	*AED'000*
As at 1 January	**125,614**	148,064
Purchases made during the year	**10,997**	2,021
Net change in fair value	**30,104**	(22,545)
Disposals during the year	**(2,152)**	(1,926)
As at 31 December	**164,563**	125,614

Cumulative changes in fair value reserve of investment carried at FVTOCI

	2021	2020
	AED'000	*AED'000*
As at 1 January	**(10,260)**	12,324
Net change in fair value during the year	**30,104**	(22,545)
Less: transfer to retained earnings upon disposal	**(494)**	(39)
As at 31 December (i)	**19,350**	(10,260)

12 INVESTMENTS (continued)

Change in fair value of interest rate swap

	2021 AED'000	*2020 AED'000*
As at 1 January	**(2,054)**	-
Change in fair value during the year	**1,468**	(2,054)
As at 31 December (ii)	**(586)**	(2,054)
Fair value reserve as at 31 December (i) + (ii)	**18,764**	(12,314)

Sensitivity analysis – equity price risk
The Group's investments in quoted equity securities are listed on the Dubai Financial Market (DFM), Abu Dhabi Security Exchange (ADX), Kuwait Stock Exchange (KSE), National Stock Exchange of India Ltd (NSE) and Bahrain Stock Exchange (BSE). For quoted investments classified as FVTOCI, a 10 % increase/(decrease) in all of these stock exchanges at the reporting date would have increased OCI/(decreased OCI) by AED 13,556 thousand (2020: AED 10,100 thousand).

Unquoted investments are carried at fair value of shares in the respective investee companies as at 31 December 2021. In determining the fair value of these investments, management engage professionally qualified external valuers to measure the fair value. The fair value of these investments is determined based on market comparable information related to the investee companies and on net assets value.

Investments carried at FVTPL
Movement during the year as follows:

	2021 AED'000	*2020 AED'000*
As at 1 January	**22,651**	27,680
Purchases made during the year	**11,010**	8,027
Fair value gain/(loss) (note 7)	**4,965**	(3,148)
Loss on disposal of investments (note 7)	**(199)**	(769)
Disposals during the year	**(4,767)**	(9,139)
As at 31 December	**33,660**	22,651

13 INVENTORIES

	2021 AED'000	*2020 AED'000*
Raw materials	**76,200**	94,360
Work in progress and semi-finished goods	**57,920**	59,066
Finished goods	**15,110**	11,209
Stores and spares	**97,751**	96,227
	246,981	260,862
Less: provision for slow moving inventories	**(30,231)**	(24,393)
	216,750	236,469
Goods-in-transit	**3,253**	221
	220,003	236,690

13 INVENTORIES (continued)

Movement in the provision for slow moving inventories is as follows:

	2021	*2020*
	AED'000	*AED'000*
At 1 January	**24,393**	25,744
Add: provided during the year	**9,838**	2,149
Less: written back during the year*	**(4,000)**	(3,500)
	30,231	24,393

*Group has consumed the old stock of stores & spares during the year ended 31 December 2021.

14 TRADE AND OTHER RECEIVABLES

	2021	*2020*
	AED'000	*AED'000*
Trade receivables	**174,911**	178,506
Less: allowance for impairment	**(6,227)**	(6,237)
	168,684	172,269
Prepayments and advances to suppliers	**12,099**	5,844
Deposits and other receivables	**4,648**	5,630
	185,431	**183,743**

Movement in the allowance for impairment of trade receivables is as follows:

	2021	*2020*
	AED'000	*AED'000*
At 1 January	**6,237**	5,487
Add: provided during the year	**-**	750
Less: reversal during the year	**(10)**	**-**
	6,227	6,237

Ageing analysis of gross trade receivables are as follows:

			Past due		
	Total	*Neither past due nor impaired*	*1 - 90 days*	*91 - 180 days*	*Above 180 days*
	AED'000	*AED'000*	*AED'000*	*AED'000*	*AED'000*
2021	**174,911**	**29,823**	**57,167**	**64,145**	**23,776**
2020	178,506	30,402	49,295	66,437	32,372

15 CASH IN HAND AND AT BANK

	2021	*2020*
	AED'000	*AED'000*
Cash in hand	**543**	437
Cash at bank	**13,252**	26,206
	13,795	26,643

16 TRADE AND OTHER PAYABLES

	2021	*2020*
	AED'000	*AED'000*
Trade payables	**53,305**	38,874
Accruals and other payables	**38,094**	28,218
Unclaimed dividend payable to shareholders	**13,357**	14,191
*Payable against construction of property, plant and equipment	**1,638**	16,206
	106,394	97,489

*Payable mainly comprise of retentions payable related to the construction of plant & machinery.

17 BANK BORROWINGS

	2021	*2020*
	AED'000	*AED'000*
Long term borrowings:		
Term loans	**172,632**	242,062
Less: short term portion of term loans	**(58,756)**	(58,756)
Long term portion of loan	**113,876**	183,306
Short term borrowings:		
Short term loans	**207,265**	183,059
Current portion of term loans	**58,756**	58,756
	266,021	241,815
	379,897	425,121

(i) All facilities bear interest rates at prevailing market rates.

(ii) Bank borrowings are secured by:

- Demand promissory note for AED 266 million in favor of the bank as a security against the bank facilities
- Registered mortgage & assignment of insurance policy over an investment property for an amount of AED 92 million. (note 10)
- Assignment of insurance policy in favour of one of the banks in UAE for an amount of AED 80 million in respect of plant and machinery on Paari Passu basis. (note 9)
- Commercial mortgage over financed captive power plant for an amount of AED 145 million (Non- Notarized) and assignment of insurance policy in respect of captive power plant for an amount of AED 134 million in favour of one of the banks in UAE. (note 9)

17 BANK BORROWINGS (continued)

(iii) Bank borrowing agreements contain various restrictive covenants and require the Group to maintain certain minimum amounts of working capital, equity and financial ratios. Testing for compliance with the financial covenants is done annually on 31 December. As at 31 December 2021, the Group had complied with the financial covenants as specified in the facility letters with the banks.

(iv) The Group has unused credit facilities of AED 161 million (2020: AED 159 million) as at 31 December 2021.

(v) The Group has short term borrowing with average interest rate of 2.5% to 3.5% p.a. (2020:2.5% to 3.50% p.a.) as at 31 December 2021.

18 PROVISION FOR STAFF TERMINAL BENEFITS

	2021	*2020*
	AED'000	*AED'000*
At 1 January	**27,453**	28,719
Provision made during the year	**2,210**	2,355
Payments made during the year	**(1,708)**	(3,621)
At 31 December	**27,955**	27,453

19 SHARE CAPITAL

	2021	*2020*
	AED'000	*AED'000*
Authorised, issued and fully paid up:		
608,253,746 shares of AED 1 each (2020: 608,253,746 shares of AED 1 each)	**608,254**	608,254

20 STATUTORY RESERVE

In accordance with Article 239 of the UAE Federal Law No. (2) of 2015 and the Company's Articles of Association, a minimum of 10% of the net profit of the Group is allocated every year to a non- distributable statutory reserve. Such allocation may be ceased when the statutory reserve equals half of the paid up share capital of the Group. This reserve is not available for distribution except in circumstances stipulated by the law. The Board of Directors have not proposed any further transfer to the statutory reserve as the reserve is in excess of 50% of the paid up share capital (2020: 50%).

21 GENERAL RESERVE

As per Company's Articles of Association, 10% of the profit for the year has to be transferred to general reserve until the reserve reaches 25% of the paid up share capital. This reserve is available for distribution at the recommendation of the directors and approval of shareholders in an ordinary general meeting. The Board of Directors have not proposed any further transfer to the general reserve as the reserve is in excess of 25% of the paid up share capital (2020: 25%).

22 EARNINGS PER SHARE

The calculation of basic earnings per share is based on the profit attributable to owners of the Group and the weighted average number of ordinary shares outstanding as at 31 December 2021, calculated as follows:

	2021	*2020*
Net loss for the year (AED'000)	**(33,802)**	(70,636)
Weighted average number of shares outstanding ('000)	**608,254**	608,254
Basic and diluted loss per share (AED)	**(0.056)**	(0.116)

23 CONTINGENT LIABILITIES AND COMMITMENTS

As at 31 December 2021, the Group has issued guarantees relating to performance bonds amounting to AED 1.7 million (2020: AED 1.6 million), from which it is anticipated that no material liabilities will arise.

Estimated capital expenditure commitment at the reporting date amounted to AED 16.3 million (2020: AED 0.08 million).

The Group also has commitments of AED 4.5 million (2020: AED 6.5 million) on account of investments made in securities and funds. The Group has to pay as and when calls are made by the fund managers/investee companies.

24 DIVIDEND

Proposed cash dividend
At the Board of Directors Meeting held on 7 March 2022, the directors proposed a cash dividend of AED nil in respect of the year ended 31 December 2021 (31 December 2020: Nil), which is subject to the approval by the shareholders in the annual general meeting.

25 SEGMENT REPORTING

The Group has broadly two major reportable segments as described below, which are the Group's strategic business units. The strategic business units operate in different sectors and are managed separately because they require different strategies. The following summary describes the operation in each of the Group's reportable segments:

Manufacturing segment includes cement, paper sacks and ropes products.

Investment segment includes investment and cash management for the Group's own account.

Investment segment is organised into two business units as follows:
- Investment and letting out properties in UAE.
- Investment in public and private equities and funds, mainly in GCC and Asia.

The above segments are the basis on which the management monitors the operating results of these segments for the purpose of making decisions about resource allocation and performance assessment. Transactions between segments are eliminated on consolidation.

25 SEGMENT REPORTING (continued)

	2021	*2020*
	AED'000	*AED'000*
Manufacturing		
Revenue	**493,894**	431,627
Cost of sales	**(501,165)**	(436,989)
Gross loss	**(7,271)**	(5,362)
Miscellaneous income	**2,903**	2,887
Expenses	**(15,296)**	(14,853)
Net segment results	**(19,664)**	(17,328)
Investment		
Income/(loss) from investment in private and public equities and funds	**13,500**	(4,511)
Impairment loss on investment properties	**-**	(11,325)
	13,500	(15,836)
Income from investment properties	**6,024**	1,053
Depreciation	**(8,815)**	(8,794)
Net segment results	**10,709**	(23,577)
Finance costs	**(12,447)**	(17,543)
Finance expense	**-**	(2,519)
Unallocated expenses - Head office	**(12,400)**	(9,669)
Loss for the year	**(33,802)**	(70,636)

Other information

At 31 December 2021	***Manufacturing***	***Investment***	***Total***
	AED'000	***AED'000***	***AED'000***
Segment assets	**1,336,037**	**496,580**	**1,832,617**
Segment liabilities	**513,843**	**403**	**514,246**
Depreciation	**69,777**	**8,815**	**78,592**
Capital expenditure	**16,157**	**13,274**	**29,431**

At 31 December 2020	*Manufacturing*	*Investment*	*Total*
	AED'000	*AED'000*	*AED'000*
Segment assets	1,413,883	456,781	1,870,664
Segment liabilities	546,319	3,744	550,063
Depreciation	69,296	8,794	78,090
Capital expenditure	34,045	9,914	43,959

25 SEGMENT REPORTING (continued)

Geographical information

The following table presents revenue, asset and liability information regarding geographic segments for the years ended 31 December 2021 and 31 December 2020.

At 31 December 2021	***Domestic AED'000***	***International AED'000***	***Total AED'000***
Revenue	**375,745**	**118,149**	**493,894**
Investment income	**2,234**	**8,475**	**10,709**

At 31 December 2020	*Domestic AED'000*	*International AED'000*	*Total AED'000*
Revenue	335,508	96,119	431,627
Investment income	(5,084)	(1,230)	(6,314)

At 31 December 2021	***Domestic AED'000***	***International AED'000***	***Total AED'000***
Assets	**1,705,809**	**126,808**	**1,832,617**
Liabilities	**402,749**	**111,497**	**514,246**
Capital expenditure	**25,132**	**4,299**	**29,431**

At 31 December 2020	*Domestic AED'000*	*International AED'000*	*Total AED'000*
Assets	1,760,911	109,753	1,870,664
Liabilities	441,770	108,294	550,064
Capital expenditure	41,938	2,021	43,959

26 RELATED PARTIES TRANSACTIONS

Related parties represent major shareholders, directors and key management personnel of the Group, and entities controlled, jointly controlled or significant influenced by such parties. Pricing policies and terms of these transactions are approved by the Group's management and mutually agreed with the related parties.

Compensation of key management personnel is as follows:

	2021 AED'000	*2020 AED'000*
Short term employee benefits and end of service benefits	**8,173**	8,293
Number of key management personnel	**16**	16
Director's fees (note below)	**-**	-

26 RELATED PARTIES TRANSACTIONS (continued)

At the Board of Directors meeting held on 7 March 2022, the directors proposed an appropriation for the directors' fee amounting to AED nil for the year ended 31 December 2021 which is subject to the approval by the shareholders in the annual general meeting. At the Annual General Meeting held on 30 March 2021, the shareholders approved the directors' fee amounting to AED nil for the year ended 31 December 2020.

There are no related party transactions during the year except mentioned above and there are no balances due to / due from related parties as on 31 December 2021.

27 FINANCIAL INSTRUMENTS BY CATEGORY

The accounting policies for financial instruments have been applied to the line items below:

	2021 AED'000	*2020 AED'000*
Financial assets		
Loans and receivables		
Trade and other receivables (excluding advances & prepayments) (Note 14)	**173,332**	177,898
Cash and bank balances (Note 15)	**13,795**	26,643
	187,127	204,541
FVPTL financial assets (Note 12)	**33,660**	22,651
FVTOCI financial assets (Note 12)	**164,563**	125,614
	385,350	352,806
Financial liabilities		
Other financial liabilities at amortised cost		
Trade and other payables (excluding advance rent and advances) (Note 16)	**105,787**	97,384
Borrowings (Note 17)	**379,897**	425,121
	485,684	522,505

28 FINANCIAL RISK MANAGEMENT

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 Group is exposed to credit risk from its operating activities. The financial assets exposed to credit risk are as follows:

Exposure to credit risk
The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

	2021 AED'000	*2020 AED'000*
Trade receivables (less provision for impairment loss)	**168,684**	172,269
Deposits and other receivables	**4,648**	5,630
Cash at banks	**13,252**	26,206
	186,584	204,105

28 FINANCIAL RISK MANAGEMENT (continued)

Credit risk (continued)

Exposure to credit risk (continued)
The maximum exposure to credit risk for other financial assets and trade receivables at the reporting date by geographic region was:

	2021 ***AED'000***	*2020* *AED'000*
Domestic	**164,075**	182,958
Other regions	**22,509**	21,147
	186,584	204,105

Impairment losses
The Group seeks to limit its credit risk with respect to customers by setting credit limits for individual customers and monitoring outstanding receivables.

Credit quality of a customer is assessed based on a credit rating and individual credit limits are defined in accordance with this assessment.

The Group has adopted a policy of only dealing with credit worthy counterparties as a means of mitigating the risk of financial loss from defaults. Credit exposure is controlled by counterparty limits that are reviewed and approved by the Group annually and monitoring outstanding receivables.

Expected credit loss assessment
An impairment analysis is performed at each reporting date to measure expected credit losses. The Group uses an allowance matrix to measure the ECLs of trade receivables. Loss rates are calculated using a 'roll rate' method based on the probability of a receivable progressing through successive stages of delinquency to write-off. The methodology for the calculation of ECL is the same as described in the last annual financial statements.

The following table provides information about the exposure to credit risk and ECLs for trade receivables as at 31 December 2021:

	Gross value 2021 AED'000	***Allowances for expected credit losses 2021 AED'000***	***Expected credit loss (ECL)***
Secured trade receivables	**108,343**	**-**	**0.00%**
Unsecured trade receivables	**64,407**	**4,066**	**6.31%**
Specific provision on trade receivable	**2,161**	**2,161**	**100.00%**
	174,911	**6,227**	

	Gross value 2020 AED'000	*Allowances for expected credit losses 2020 AED'000*	*Expected credit loss (ECL)*
Secured trade receivables	126,740	-	0.00%
Unsecured trade receivables	50,337	4,808	9.56%
Specific provision on trade receivable	1,429	1,429	100.00%
	178,506	6,237	

Loss rates are based on actual credit loss experience over the past three years. These rates are multiplied by scalar factors to reflect differences between economic conditions during the period over which the historical data has been collected, current conditions and the Group's view of economic conditions over the expected lives of the receivables. Scalar factors are based on actual and forecast GDP of respective countries in which the Group operates.

28 FINANCIAL RISK MANAGEMENT (continued)

Liquidity risk
The following are the contractual maturities of financial liabilities, including interest payments:

	Carrying amount AED'000	***Contractual cash flows AED'000***	***Less than 1 year AED'000***	***More than 1 year AED '000***
At 31 December 2021				
Non-derivative financial liabilities				
Trade and other payables	**104,756**	**104,756**	**104,756**	**-**
Payable against construction of property, plant and equipment/Investment property	**1,638**	**1,638**	**1,638**	**-**
Bank borrowings	**379,897**	**389,460**	**272,062**	**117,398**
	486,291	**495,854**	**378,456**	**117,398**

	Carrying amount AED'000	*Contractual cash flows AED'000*	*Less than 1 year AED'000*	*More than 1 year AED '000*
At 31 December 2020				
Non-derivative financial liabilities				
Trade and other payables	81,283	81,283	81,283	-
Payable against construction of property, plant and equipment/Investment property	16,206	16,206	16,206	-
Bank borrowings	425,121	443,796	250,251	193,545
	522,610	541,285	347,740	193,545

Market risk

Currency risk
The Group has no significant exposure to foreign currency risk at the reporting date.

Interest rate risk
At the reporting date, the interest rate profile of the Group's interest bearing financial instruments was:

	2021 AED'000	*2020 AED'000*
Fixed rate instruments		
Financial assets	**508**	508
Financial liabilities	**65,283**	114,442
Variable rate instruments		
Financial liabilities	**314,596**	310,679

28 FINANCIAL RISK MANAGEMENT (continued)

Market risk (continued)

Interest rate risk (continued)
The Group manages its interest rate risk by having a balanced portfolio of fixed and variable rate loans and borrowings. The Group's policy is to keep upto 25% of its borrowings at fixed rates of interest. To manage this, the Group enters into fixed rate loan, Bonds and interest rate swaps, in which it agrees to exchange, at specified intervals, the difference between fixed and variable rate interest amounts calculated by reference to an agreed-upon notional principal amount.

		Contractual cash flows AED'000	
		Less than 1 year	*More than 1 year*
31 December 2021	**Nominal Amount**	**266,021**	**113,876**
	Fair value assets (liabilities)	**272,062**	**117,398**
31 December 2020	Nominal Amount	241,815	183,306
	Fair value assets (liabilities)	250,251	193,545

Fair value sensitivity analysis for fixed interest rate instruments
The Group does not account for any fixed rate financial assets or liabilities at fair value through profit or loss, therefore, a change in interest rates at the reporting date would not affect profit or loss.

Cash flow sensitivity analysis for variable rate instruments
A reasonably possible change of 100 basis points ("bp") in interest rates at the reporting date would have increased/(decreased) profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

	Profit or loss	
	100 bp Increase AED'000	*100 bp decrease AED'000*
31 December 2021	**(3,146)**	**3,146**
31 December 2020	(3,107)	3,107

Equity price risks
The Group is exposed to equity price risks arising from quoted investments. Refer note 12 for the equity price sensitivity analysis of these investments.

Fair values
The management of the Group believes that fair value of its financial assets and liabilities are not materially different from the carrying amount at the reporting date. Also refer notes 12 and 17.

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

The Group manages its capital structure and makes adjustments to it in light of changes in business conditions. No changes were made in the objectives, policies or processes during the year ended 31 December 2021 and 2020. Capital comprises share capital, reserves, fair value reserves and accumulated losses. As at 31 December 2021, the Group's capital is measured at AED 1,318,371 thousand (2020: AED 1,320,601 thousand).

28 FINANCIAL RISK MANAGEMENT (continued)

Capital Risk Management (continued)

	1 January 2021 AED'000	***Cash inflows AED'000***	***Cash outflows AED'000***	***Other changes AED'000***	***31 December 2021 AED'000***
Short term loan	**183,059**	**376,964**	**(352,757)**	**-**	**207,266**
Term loans	**242,062**	**-**	**(69,431)**	**-**	**172,631**
	425,121	**376,964**	**(422,188)**	**-**	**379,897**

	1 January 2020 AED'000	*Cash inflows AED'000*	*Cash outflows AED'000*	*Other changes AED'000*	*31 December 2020 AED'000*
Short term loan	274,995	440,188	(482,124)	(50,000)	183,059
Term loans	254,184	8,987	(71,109)	50,000	242,062
	529,179	449,175	(553,233)	-	425,121

29 MEASUREMENT OF FAIR VALUES

'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 in the principal or, in its absence, the most advantageous market to which the Group has access at that date. The fair value of a liability reflects its nonperformance risk.

A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities

When one is available, the Group measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as 'active' if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

If there is no quoted price in an active market, then the Group uses valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

If an asset or a liability measured at fair value has a bid price and an ask price, then the Group measures assets and long positions at a bid price and liabilities and short positions at an ask price.

The best evidence of the fair value of a financial instrument on initial recognition is normally the transaction price – i.e. the fair value of the consideration given or received. If the Group determines that the fair value on initial recognition differs from the transaction price and the fair value is evidenced neither by a quoted price in an active market for an identical asset or liability nor based on a valuation technique for which any unobservable inputs are judged to be insignificant in relation to the measurement, then the financial instrument is initially measured at fair value, adjusted to defer the difference between the fair value on initial recognition and the transaction price. Subsequently, that difference is recognised in profit or loss on an appropriate basis over the life of the instrument but no later than when the valuation is wholly supported by observable market data or the transaction is closed out.

The Group measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

29 MEASUREMENT OF FAIR VALUES (continued)

Level 1: Quoted market price (unadjusted) in an active market. The fair values are based on market price at the valuation date. The Group's investment in held for trading quoted equity securities are classified in this category.

Level 2: Valuation techniques based on observable inputs, either directly (i.e., as prices) or indirectly (i.e., derived from prices). This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted market prices for identical or similar instruments in markets that are considered less active; broker quotes; or other valuation techniques where all significant inputs are directly or indirectly observable from market data.

Level 3: Valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation techniques include inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments where significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

In certain cases, the valuation is also determined based on fund manager valuation reports and project progress reports. The Group's investment in unquoted equity securities and funds are classified in this category. Generally, a change in underlying comparative data used for estimating fair value is accompanied by change in the fair value.

The management has reviewed fair value of investments at FVTOCI and accordingly, a fair valuation gain of AED 30,104 thousand has been recorded during the current year in other comprehensive income (2020: loss AED 22,545 thousand).

The table below analyses financial instruments, measured at fair value at the end of the reporting period, by the level in the fair value hierarchy into which the fair value measurement is categorized:

	Level 1 AED'000	*Level 2 AED'000*	*Level 3 AED'000*	*Total AED '000*
At 31 December 2021				
Financial Asset				
Investments carried at FVTOCI	**135,561**	**-**	**29,002**	**164,563**
Investments carried at FVTPL	**33,660**	**-**	**-**	**33,660**
Non Financial Asset				
Investment properties	**-**	**-**	**397,533**	**397,533**
	169,221	**-**	**426,535**	**595,756**
At 31 December 2020				
Financial Asset				
Investments carried at FVTOCI	100,610	-	25,004	125,614
Investments carried at FVTPL	22,651	-	-	22,651
Non Financial Asset				
Investment properties	-	-	407,725	407,725
	123,261	-	432,729	555,990

30 SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

Investment in securities
Investments are classified as either investments carried at FVTOCI or fair value through profit or loss. In judging whether investments are held for trading or investments carried at FVTOCI, the management has considered the detailed criteria for determination of such classification as detailed in accounting policies. The management is satisfied that its investments in securities are appropriately classified as either investments carried at FVTOCI or fair value through profit or loss. Valuation of unquoted equity investments is normally based on one of the following:

- Recent arm’s length market transactions;
- Current fair value of another instrument that is substantially the same;
- The expected cash flows discounted at current rates applicable for the items and with similar terms and risk characteristics; or
- Other valuation models

Estimate of fair value of financial instruments
The management uses valuation techniques that include inputs that are not based on observable market data to estimate the fair value of certain types of financial instruments. Note 29 provides detailed information about the key assumptions used in the determination of the fair value of financial instruments, as well as the detailed sensitivity analysis for these assumptions.

Estimating useful lives of investment properties and own-use property, plant and equipment
The Group’s management determines the estimated useful lives and related depreciation charges for its investment properties and property, plant and equipment. The Group has carried out a review of the residual values and useful lives as at 31 December 2021 to assess the reasonableness of such estimates. Management has not highlighted any requirement for an adjustment to the residual lives and remaining useful lives of the assets for the current or future periods.

Provision for obsolete inventory
The Group reviews its inventory to assess loss on account of obsolescence and any write down for net realizable value adjustment on a regular basis. In determining whether a provision for obsolescence should be recorded in profit and loss, the Group makes judgments as to whether there is any observable data indicating that there is any future saleability of the product and the net realizable value for such product. Provision for net realizable value write down is made where the net realizable value is less than cost based on best estimates by management. The provision for obsolescence of inventory is based on its ageing and the past trend of consumption.

Impairment losses on receivables
The Group reviews its receivables to assess impairment at least on an annual basis. The Group’s credit risk is primarily attributable to its trade receivables. In determining whether impairment losses should be recognised in profit and loss, the Group makes judgments as to whether there is any observable data indicating that there is a measurable decrease in the estimated future cash flows. Accordingly, an allowance for impairment is made in accordance with ‘expected credit loss’ (ECL) model. This will requires considerable judgment about how the changes in economic factors affect ECLs, which are determined on a probability-weighted basis.

Impairment losses on property, plant and equipment and investment properties
The Group reviews its property, plant and equipment and investment properties to assess impairment, if there is an indication of impairment. In determining whether impairment losses should be recognised in profit or loss, the Group makes judgments as to whether there is any observable data indicating that there is a reduction in the carrying value of property, plant and equipment and investment properties. Accordingly, provision for impairment is made where there is an identified loss event or condition which, based on previous experience, is evidence of a reduction in the carrying value of property, plant and equipment and investment properties.

31 SOCIAL CONTRIBUTION

During the year, the Group made social contributions of AED 583 thousand (2020: 426 thousand).

32 IMPACT OF COVID-19

On 11 March 2020, Covid-19 was declared as pandemic by the World Health Organization and several variants of the virus are mutating continuously causing disruptions to businesses and economic activities. Fiscal and monetary authorities, both domestic and international, have announced various support measures across the globe to counter possible adverse implications. The Group will continue to closely monitor as the situation progresses and has activated its business continuity planning and other risk management practices to manage the potential business operations disruption and financial performance in 2021. COVID-19 has brought about uncertainties in the global economic environment. In light of the rapidly escalating situation, the Group has considered whether any adjustments and changes in judgments, estimates and risk management are required to be considered and reported in the financial statements.

Whilst it is challenging now, to predict the full extent and duration of its business and economic impact, the Group's management carried out an impact assessment on the overall Group's operation and business aspects including factors like supply chain, travel restrictions, oil prices, product demand, etc. and concluded that, as of the issuance date of these financial statements, no significant changes are required to the judgements and key estimates. However, in view of the current uncertainty, any future change in the assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future years. As the situation is rapidly evolving with future uncertainties, management will continue to assess the impact based on prospective developments.

Below are the key assumptions about the future and other key sources of estimation that may have a significant risk of causing a material adjustment to the financial statements:

a) Recoverable amount of investment properties

Recoverable amount of investment properties is inherently subjective due to the unique characteristics of each property, its location, expected yield, rental growth rate and discount rates reflecting continued uncertainty. Based on the impairment assessments carried out by the management, the recoverable amount of investment properties are not less than the carrying value (note.10). The estimate of value in use for the recoverable amount was determined based on independent valuation of all investment properties.

b) Funding and liquidity

In response to the pandemic situation, the Group continues to monitor and respond to all liquidity and funding requirements through its plan reflecting the current economic scenarios. The Group believes that, as at 31 December 2021, liquidity position of the Group remains strong and its existing balances of cash and cash equivalents, along with undrawn facilities will be sufficient to satisfy its working capital needs, capital expenditures and other liquidity requirements as they fall due in the foreseeable future.

c) Provision for expected credit losses of trade receivables

The uncertainties caused by COVID-19 have required the Group to reassess the inputs and assumptions used for 31 December 2021. The Group has updated the relevant forward-looking information with respect to; the weightings of the relevant macroeconomic scenarios of the respective market in which it operates; significant increase in credit risk; and assessing the indicators of impairment for the exposures in potentially affected sectors.

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

d) Impairment of non-financial assets

The Group has performed a detailed assessment for possible indicators for impairment of its property, plant and equipment, and compared the actual results for the year ended 31 December 2021 against the budget and industry benchmarks and has concluded that no impairment provision is required in respect of non-financial assets.

e) Fair value of financial instruments

The Group has assessed the appropriateness of the existing valuation techniques in line with the volatile environment due to the current market conditions and has concluded that there is no material impact of COVID-19 other than changes to fair values which have been incorporated as at the year end.

Governance Report for the year 2021

1) **In regard to the actions taken to complete the governance system during the year 2021:**

The Board of Directors of Sharjah Cement and Industrial Development Company (PJSC) is aware of the professional and ethical commitment placed upon it in terms of full compliance with the decisions of the Securities and Commodities Authority "the Authority" in its endeavor to develop the national capital market and the legislative and regulatory frameworks leading to the creation and addition of systems developing the company's supervisory and control system based on the best compatible strategic procedures and the principle of economic growth in the country in a way that enhances a culture of transparency and achieves a better level of corporate governance among stakeholders in the financial market. Especially what the "Authority" recently provided for guidelines or key performance indicators consistent with the international standards and methods, which made it obligatory to adopt the issuance of "sustainability report" that includes environmental, social and governance disclosure guidelines aimed at raising the level of corporate governance, dispelling investors' fears and instilling confidence in companies and the financial markets in the country in general.

As well as the issuance of the Authority's Resolution No. (3/r.m) for the year 2020 regarding the adoption of the governance guide for joint stock companies in the State amended by Resolution No. (8/r.m) for the year 2021, which includes the rules, procedural systems and principles based on accountability, transparency, disclosure, responsibility and the inevitability of female representation in the Board of Directors, in order to achieve the best protection and balance between all stakeholders in the company and equality in dealing with all shareholders, which reassures the investor of the availability of a sound work environment supported by disclosure, transparency and justice.

In order to achieve sustainable results, the Board of Directors confirms its adoption of a periodic review of the governance framework at the various levels of the company and making the necessary amendments accompanied by the following applications:

a) The company's compliance with the regulatory controls and directives included in the Securities and Commodities Authority Resolution (No. 3/RM for the year 2020) regarding the adoption of the Corporate Governance Guide for Public Shareholding Companies and its amendments. And its commitment to amend the company's articles of association to comply with the aforementioned decision of the authority and its amendments, and the provisions of Federal Decree-Law No. (32) of 2021 regarding commercial companies.

b) The company's commitment to the directives of the Authority's Resolution No. (3/R.M) for the year 2020 regarding the adoption of the Governance Guide for Public Shareholding Companies in the formation of the company's board of directors, and its amendment by Resolution No. (8/R.M) for the year 2021 amending Article (9)/item (3)) of the Authority's Decision No. (3/R.M) for the year 2020 regarding the company's obligation that the representation of women should not be less than "one" member in forming the board of directors in any case, whether by the appointment, election, vacancy of a position or increase of members of the board, as a pivotal pillar in activating and achieving the directives of "the Authority's decisions regarding the formation of the company's board of directors.

c) The Board's observance during the year 2021 of the basic elements of governance at the level of the work of the "Board" that take into account the directives of the regulatory authority regarding the mechanism of holding the meetings of the Board and the permanent committees emanating from it, and the charters of the "Board" which approved the directives regulating the mechanism of work of the committees and following up on the recommendations of the reports submitted by them to the Board during the year in line with the controls governing the requirement for the work of the Internal Control Department in the capacity of the Board as a guarantor of the conformity of the objectives of "the Authority's decisions" and the expectations and aspirations of shareholders, by ensuring the effectiveness of the company's management work in order to achieve value creation by maximizing shareholders' investments and insuring the permanent oversight effort from the "Board" to measure the effectiveness of the application of the governance system in the company.

d) The keenness and commitment of the Board and the company to the obligations to comply with all applicable regulations and the directives of the regulatory authorities regarding disclosure and to adopt the highest standards of transparency, whether related to the financial statements and other required disclosures within the time periods specified by the decisions of the Authority and/or the financial markets in the country and other regulatory authorities in a manner that secures the Transparency and takes care of the overall investment climate.

e) The company's guarantor's compliance with the periodic update of regular disclosure in the company's insider's record, which confirms the commitment of the State's supervisory authorities and the revision of the company's professional conduct regulations regarding the confidentiality of information deposited with them by the company or its clients and the prohibition of leaking such essential internal information that affects and distinguishes some without others in dealing in company shares thus enhancing investor confidence.

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f) And the commitment to integrity and rational professional behavior as a policy adopted by the company in communicating with shareholders, employees and other stakeholders in order to ensure the establishment of transparency and justice through the regulatory controls issued from time to time by the authority regarding the proper application of those decisions, which oblige to present information transparently, impartially and in a timely manner.

g) Continuous instructions to the company to abide by what is decided by the board regarding the execution of all social, environmental and institutional responsibilities required by the legislative systems in the country, and that is by focusing on the rules of accountability in accordance with what is decided in the guide to the rules of professional conduct after creating the optimal work environment for the company's employees as well as optimizing the impact of the operations of The company on the environment and adherence to the established controls. As well as participating in activities and events to build the local community.

h) The company's compliance with contributing to creating sustainable value for shareholders and creating a lasting positive impact through the development of the local community and sustainability on that by participating in the activities of the social, cultural, charitable and sports institutions in the country and adopting the best environmental practices that take into account the laws and regulations in force in the country, which is another evidence in the company's regularity to the directives of the Authority" regarding the Corporate Governance Guide for Public Shareholding Companies 2020.

2) Transactions of Board members, their spouses and children in the company's securities during the year 2021:

Name	Position / Relationship	Total Purchase	Total sale	Shares owned on 31/12/2021
Mr. Othman Mohamed Sharif Zaman	Chairman of Board of Directors	None	None	**998,870** shares
Dr. Saeed Abdullah Jumah Al-Mutawa	Vice Chairman	None	None	None
His Excellency / Abdul Rahman Mohammed Al Owais	Member	None	None	None
Mr. Omar Ibrahim Abdullah Al-Mulla	Member	None	None	None

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Mr. Rashid Abdullah Muhammad Ali Burehaima	Member	None	None	None
Mr. Khaled Mohammed Abdullah Al-Khayyal	Member	None	None	**7,328,187**
Mr. Nawaf Abdullah Muhammad Al-Refae	Member	None	None	There is no
Mr. Mohamed Ahmed Omar Al-Karbi	Member	None	None	**185.000**
Messrs / Al-Salem Company Ltd. "LLC" represented by His Excellency / Ahmed Salem Abdullah Al Hosani	Member	None	None	**32,484,350**

3) **Formation of the Board of Directors:**

And pursuant to the measures of Article (9) of the directives of the Authority's Chairman's Decision No. (3/r.m) for the year 2020 regarding the adoption of the Governance Guide for Public Shareholding Companies, as amended by Resolution No. (8/r.m) for the year 2021, the current board of directors includes (9) Nine members who were appointed and/or elected from among the company's shareholders (the "2020-2023" cycle) and their qualities were confirmed in accordance with the guidelines of Article "9" mentioned above.

A. **Statement of the formation of the current Board of Directors:**

	Name	Position	Category	Experience and qualifications	Membership beginning since
1-	Othman Moh. Shareif Zaman	Chairman of Board of Directors "	Independent	* Bachelor of Industrial Engineering * *An expert in financial and banking affairs.	1996
2-	Dr.Saeed Abd ullah Al Mutawa	Vice President	Non-executive/ Independent	* ` * Member of the National Board (2015-2019). * Member of the International Parliament (2017-2019) * Collaborating lecturer at (University of Sharjah, Center for Continuing Education and Community Service. (2018-2019). * Vice President of the Asian Parliamentary Union. (2016-2018).	2020

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				* Chairman of the Financial Committee of the Asian Parliament (2016-2018). * Member of the Board of Directors of the Emirates Development Bank (2013-2016). * Director General of the Office of His Highness the Crown Prince - Sharjah (2008-2009). * Secretary-General of the Executive Board of the Government of Sharjah (1998-2008). * Department of Finance - Government of Sharjah (1990-1998). * Director of Financial Aid Department. (1996-1998). * Head of the Government Accounts Department (1990-1994)	
3-	H.E. Abdul Rahman Mohammed Al Owais	Member	independent	* B.sc in Accounting, UAE University	2017
4-	Omar Ibraheim Abd ullah Almula	Member	non-executive/ independent	* BA management of Business - Higher Colleges of Technology. * *Master of Science in Banking and Finance - British University - Dubai	2020
5-	Rashid Moh. Burehaima	Member	non-executive/ independent	* Bachelor of Business Administration - Portland State University - USA	2020
6-	Khalid Moh. Al Khayyal	Member	non-executive	* Bachelor of Accounting - Higher Colleges of Technology	2020
7-	Nawaf Abdullah Al Refae	Member	independent	* *Bachelor of Business Administration - Marketing - Kuwait University	2017

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8-	Mohamed Ahmed Omar AL Kurbi	Member	independent	* Bachelor of Science in Civil Engineering "American University - Sharjah". * Master's degree in Business Administration, "UAE University, Abu Dhabi".	2017
9-	Ahmed Salim Abdullah Salim-Rep. Al Salim Co. Ltd	Member	non-executive / non-independent	* Master of Science in Business Administration, University of Wales * Bachelor of Business Administration, American University Dubai	2017

Names and positions of members of the Board of Directors in other joint stock companies / government / commercial /other important bodies:

Ser.	Name	Statement of membership in other companies / position in important regulatory / governmental / commercial firms
1-	Mr. Othman Mohamed Sharif Abdullah	* Member of the Board of Directors of Sharjah Islamic Bank
2-	Dr. Saeed Abdullah Al-Mutawa	* Member of the Board of Directors of the Sharjah Social Security Fund.
3-	H.E. Abdul Rahman Mohammed Nasser Al Owais	* Member of the Board of Ministers - Minister of Health, * Chairman of the Board of Directors of Sharjah Islamic Bank. * Member of the Board of Trustees of the "Sultan Bin Ali Al Owais Cultural Foundation"
4-	Mr. Omar Ibrahim Abdullah Al-Mulla	* Chairman of the Board of Directors of the Sharjah Hamriya Independent Energy Company. * CEO, Osool Investment. Sharjah Asset Management Company. * Member of the Sports Marketing and Investment Committee - Sharjah Sports Board.

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5-	Mr. Rashid Abdullah Mohammed Burehaima	* Director of Business and Partnerships - Sharjah Asset Management Company.
6-	Mr. Khaled Mohammed Abdullah Al-Khayyal	* Member of the Board of Directors of Sharjah Insurance Company. * Chairman of the Board of Trustees of Sharjah Charitable House Foundation * Member of the Board of Directors of Al Khayyal Group for Trade and Investment. * Member of the Advisory Board of the Emirate of Sharjah (Previously). * * Member of the Board of the Emirates Insurance Association – (Previously).
7-	Mr. Nawaf Abdullah Al-Refae	* Member of the Board of Directors of Ras Al Khaimah White Cement and Building Materials Company. * Chairman of the Board of Directors of Kamco Investment Company - Dubai. * Member of the Board of Directors of Mashaer Holding Company - Kuwait. * Chairman and CEO of Al-Nawadi Holding Company - Kuwait * Member of the Board of Directors of the Kuwaiti Syrian Holding Company - Kuwait.
8-	Mr. Mohamed Ahmed Omar Al-Karbi	* Member of the Board of Directors of the Al Mushrif Cooperative Society - Abu Dhabi * Member of the Board of Directors of the Arab Insurance Group - Bahrain **"previously"** * Member of the Board of Directors of the Takaful Company "Re" – **previously**

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		* Member of the Board of Directors of Ras Al Khaimah White Cement Company
9-	M/s. Ahmed Salem Abdullah Al Hosani Representative of Al Salem Company Limited (LLC)	* Managing Director of Sharjah Insurance Company * Vice Chairman of the Board of Directors of the Gulf Investment Company. * Member of the Board of Directors of Umm Al Quwain General Investments Company. * Member of the Board of Directors of Al-Salem Company Ltd. * Member of the Board of Directors of the Coast Equity Company.

B. The percentage of female representation in the Board of Directors for the year 2021:

There is no representation of the female component in the current Board session (2020-2023), bearing in mind that all necessary measures have been taken towards compliance with Resolution No. (8/R.M) for the year 2021 amending Resolution No. (3/R.M) for the year 2020 regarding the Governance Guide obligating the public joint stock companies to ensure women representation in the composition of the board of directors.

C. Reasons for the female component not running for membership in the Board:

The absence of a female component in the composition of the current Board of Directors session (2020-2023) is due to the absence of any female component to run for membership of the Board. The company affirms its commitment and adoption of the policy directions of gender diversity in the company's board of directors and working to urge and encourage the female component who meet the legal requirements to run for membership of the board in/or before the next board session, pursuant to the authority's decision No. (8/R.M) for the year 2021.

D. Board members' Remuneration:

Determining the remuneration of the members of the company's board of directors falls under the tasks of the existing Nominations and Remunerations Committee, which is based on the guidelines and controls of Article "29" of the Authority's Resolution No. 3 (R.M.) for the year 2020 regarding the adoption of the Governance Guide for Public Shareholding

Companies, and Article (58) of the Articles of Association For the company, provided that it does not exceed (10)% of the net profit after deducting depreciation and reserves.

a) **The total remuneration of the members of the Board of Directors for the year 2020**:
No remuneration has been allocated to the company's board of directors for the year 2020.

b) The board of directors will discuss the recommendation to the annual general assembly to be held on **5/4/2022 not to allocate** remuneration to board members for the year 2021.

c) **Statement of allowances for attending committee sessions for the year 2021:**
No allowances were paid for attending committee meetings or allocating additional salaries or fees to any member during the year 2021.

d) **Details of allowances or salaries received by member of the Board of Directors, other than allowances for attending committees for the year 2021:**

The members of the Board of Directors did not receive any allowances for attending the meetings of the Board and/or its committees during the year 2021, according to the following statement:

	Name	Name of the committee	Value of the allowance	Number of meetings
1-	Dr. Saeed Abdullah Al Mutawa	Audit and Compliance + Investment Committee	NA	"8"meetings
2-	Mr. Omar Ibrahim Al Mulla	Audit and Compliance Committee The Remuneration Nominations Committee and the Investment Committee	NA	"8"meetings
3-	Mr. Rashid Abdullah Burehaima	The Remuneration Nominations Committee and the Investment Committee	NA	"4"meetings
4-	Mr. Khalid Moh. Abdullah Khayyal	Nomination &Remuneration Committee+ Audit and Compliance Committee	NA	"4"meetings
5-	Mr. Moh. Ahmed Omar Kurbi	Audit and Compliance Committee and Nomination	NA	"8"meetings

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		and Remuneration Committee		
6-	Mr. Ahmed Salim Abdullah	Nomination and Remuneration Committee	NA	The Nomination Committee didn't hold a meeting in 2021

E. **The number of meetings of the Board of Directors during the fiscal year 2021, the dates of the meetings and attendance :**

The company's board of directors held (4) meetings during the year 2021 as follows:

Name	11,March 2021	8,May 2021	7,Aug. 2021	11,Nov. 2021
Mr. Othman Moh. Shareif Zaman	✓	✓	✓	✓
Dr. Saeed Abdullah Juma	✓	✓	✓	✓
HE. Abd Al Rahman Moh. Al Owais	Apology	✓	✓	✓
Mr. Omar Ibrahim Al Mulla	✓	✓	✓	✓
Mr. Rashid Abdullah Burehaima	✓	✓	✓	✓
Mr. Khalid Moh. Khayyal	✓	✓	✓	Apology
Mr. Nawaf Abdullah Al Refae	✓	✓	Apology	Apology
Mr. Moh. Ahmed Omar Kurbi	✓	✓	✓	✓
Mr. Ahmed Salim Abdullah Hosani	Apology	Apology	✓	✓

F. **Board resolutions issued by passing during the fiscal year 2021:**

Nothing

G. **Tasks and powers of the Board of Directors entrusted to the Executive Management during the year 2021:**

In its current session "2020-2023", the company's board of directors entrusted the "general manager" and the senior executive management team to carry out the following tasks and responsibilities in accordance with the approved plans that comply with the strategic

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directions of the board and in accordance with the framework of the board's commitments contained in Article 14 of "the authority's decision" No. (3) RM) for the year 2020 regarding the governance guide:

1. The daily management of the company's operations in accordance with the operational plans and the direction of the executive body in accordance with the company's approved strategic goals that were approved by the Board of Directors.

2. Submitting accurate periodic reports detailing the company's technical and financial conditions, its work, the measures taken to manage risks and the company's internal control system in a timely manner, enabling the board to adopt its decisions in the right manner in order to achieve the company's interests, as well as enabling the company's board of directors to implement oversight in terms of the consistency of what the management conduct the executive objectives, plans and policies set by the Board.

3. Managing of the company's executive body in line with the objectives and work strategy approved by the Board to ensure compliance and activation of laws and regulations in order to ensure the implementation of the company's goals within the framework of the approved guidelines of the Authority's Resolution, the Abu Dhabi Securities Exchange and the applicable laws and in line with the shareholders' expectations.

4. Carrying out the implementation of plans and the development of current and future policies and strategies in accordance with the approved strategy frameworks of the Board, which mainly aims to comply with the laws and regulations, the requirements of the supervisory authorities, the internal policy, the regulations and procedures established in a manner that enhances the advancement of the company's business in the practice of its business

H. Transactions that took place with related parties during the year 2021:

There are no transactions with related parties during the year 2021.

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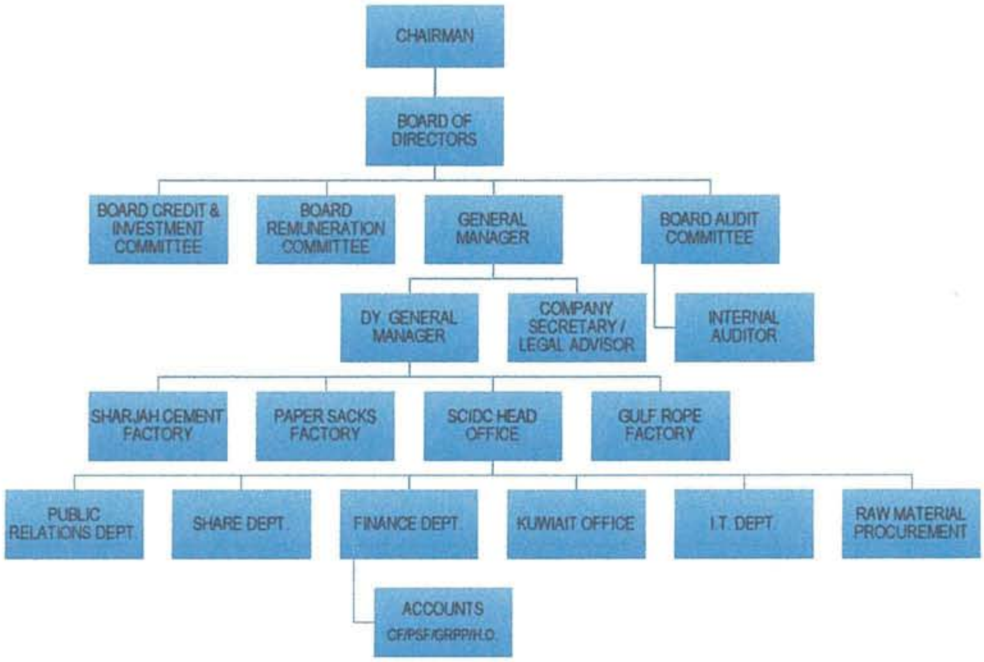
The Company's Organizational Structure:

SHARJAH CEMENT & INDUSTRIAL DEVELOPMENT CO.
ORGANIZATION CHART



I. Detailed statement of the company's senior executives:

The senior management team in the executive management of the company and its branches consists of:

Position	Service years	Total salaries& allowances paid in 2021/AED	Total remunerations paid in 2021	Any other in kind remunerations paid in 2021 or future expected
General Manager	44	1,141,000	None	None

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DGM	5	924,000	N/A	....
Legal Advisor/Company Secretary	16	559,596	N/A	....
Cement Factory works Manager	13	510,000	N/A	....
Gulf Rope works Manager	7	346,800	N/A	....
Paper sacks Factory Works Manager	45	471,000	N/A	....

4. External Auditor:

a. About the company's Auditors:

The "Ernst & Young" firm in the United Arab Emirates is one of the largest British "Limited" companies, it is a global leader in the field of insurance, transactions, tax, advisory services, accounting services and auditing. In the UAE, "Ernst & Young" is affiliated with the "global organization of member companies of Ernst & Young International Limited". Its professional services network extends globally to include all of Europe, the Middle East, India, Africa and Asia. Ernst & Young has been providing its professional services in the Emirate of Dubai since 1967 and the Emirate of Sharjah since 1975, through a team of qualified chartered accountants, and the company's office in the UAE is within the integrated "Middle East Office" system of training and methodology and quality control. Ernst & Young provides its specialized professional accounting, auditing and auditing services to Sharjah Cement and Industrial Development Company among many of the major public shareholding companies in the country due to its global professional reputation.

b. Statement of fees and costs for auditing or services for the year 2021:

In its meeting held on April 30, 2020, the General Assembly approved the appointment of Messrs. "Ernst & Young" as the company's external auditor for the fiscal year 2020 in return for fees of "375,000" dirhams for their performance of the company's external audit until the end of the financial year on 31/12/2021 including, for example:

- Quarterly reviews (first, second and third quarters).
- Auditing the annual financial statements.\
- Attending the meetings of the general assemblies, reading his report and answering the questions posed by the shareholders of the association.
- Evaluate the presentation of the financial statements and ensure their correctness.
- Confirmation that the company maintains regular accounts in accordance with the rules.

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- During the year 2021, another external auditor was hired to perform some other services according to the statement below:

Ernst & Young Partner Auditor: Mr. Ashraf Abu Sharkh	
The number of years Ernst & Young has spent as the company's external auditor	2 years
The number of years the partner auditor spent auditing the company's accounts	2 years
Total audit fees for the financial statements for the year 2021	AED 375,000+ 5 % "Value Added Tax"
Fees and costs for special services other than auditing the financial statements for the year 2021	There is None
Details and nature of other services provided	There are None
Other services performed by an external auditor other than the company's auditor during 2021	Auditor name: Baker Tilly "MKM " Certified Public Accountants Services provided: Services Local value certificate

c. **The reservations that the company's auditor included in the interim and annual financial statements for the year 2021:**

There are no reservations on the part of the company's auditor with regard to the financial and/or annual statements of the company for the year 2021.

5. Audit and Compliance Committee:

a. **Acknowledgment by the Head of the Audit Committee of responsibility for the Committee's work in the Company:**

b. His Excellency / Dr. Saeed Abdullah Al-Mutawa, Head of the Audit and Compliance Committee, is responsible for the committee's work in the company and for review of its work mechanism and to ensure its effectiveness.

c. **The Audit and Compliance Committee consists of the following Board members:**

The number of meetings held by the committee during the year 2021, their dates and the personal attendance of the members:

Sr.	Name	Meeting No. "1"/2021	Meeting No."2"2021	Meeting No. "3"2021	Meeting No. "4"2021
1-	His Ex. Dr. Saeed Abdullah Al-Mutawa	✓	✓	✓	✓
2-	Mr. Omar Ibrahim Al-Mulla	✓	✓	✓	✓
3-	Mr. Khaled Mohamed Al Khayal	✓	✓	✓	✓
4-	Mr. Mohamed Ahmed Al-Karbi	✓	✓	✓	✓

Responsibilities and tasks of the committee in accordance with the guidelines of Article (61) of the Authority's decision regarding the Governance Guide 2020:

Resolution No. (3/R.M) for the year 2020 issued by the Securities and Commodities Authority "regarding the adoption of the Corporate Governance Guide for Public Shareholding" emphasized the role and importance of the Audit Committee when it required all its members to have knowledge and expertise in financial and accounting matters and previous experience of at least one member in the field of accounting or financial matters, as it is considered the most important committee emanating from the board of directors and supporting the board in the responsibilities assigned to it by the company's shareholders, especially those related to the company's financial and accounting policies and procedures.

The resolution stressed that among the tasks and duties of the Committee - for example, but not limited to:

- Monitoring the integrity of the company's financial statements and its "annual, semi-annual and quarterly" reports and reviewing them as part of its normal work during the year, and it should focus in particular on the following:

  a. Any changes in accounting policies and practices.
  b. Highlight the aspects subject to management's discretion.
  c. Significant modifications resulting from the audit.
  d. Assuming the company's business continuity.
  e. Adherence to the accounting standards set by the Authority.

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f. Comply with the rules of listing, disclosure and other legal requirements related to the preparation of financial reports.

- Coordination with the company's board of directors, the senior executive management and the financial manager or the manager in charge of the same tasks in the company in order to perform its tasks.

- Looking into any important and unusual items that appear or should be included in those reports and accounts, and they should pay due attention to any issues raised by the company's financial manager, the manager in charge of the same tasks, the compliance officer or the auditor.

- Submitting a recommendation to the Board of Directors regarding the selection, resignation, or dismissal of the auditor. In the event that the Board of Directors does not agree to the recommendations of the Audit Committee in this regard, the Board of Directors must include in the governance report a statement explaining the recommendations of the Audit Committee and the reasons that prompted the Board of Directors not to take them.

- Develop and implement the policy of contracting with the auditor, and submit a report to the Board of Directors specifying the issues that it deems important to take action on and submitting recommendations for the necessary steps to be taken.

- Ensure that the auditor fulfills the conditions stipulated in the applicable laws, regulations & decisions, the company's articles of association, and monitors and his independence.

- Meeting with the company's auditor without the presence of any of the senior executive management persons or their representative, at least once a year, and discussing with him the nature and scope of the audit process and its effectiveness in accordance with the approved auditing standards. Approving the additional work carried out by the external auditor for the benefit of the company and the fees he receives in return for those works.

- Reviewing and evaluating the company's internal audit and risk management systems.
- Ensure the availability of the necessary resources for the internal audit function and review and monitor the effectiveness of that department.
- Any other matters determined by the Board of Directors.

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6. **Nomination and Remuneration Committee:**

A. **His Excellency / Khaled Mohamed Abdullah Al-Khayyal, in his capacity as the Chairman of the Nominations and Remunerations Committee, acknowledges** his responsibility for the committee's work in the company and for his review of its work mechanism and to ensure its effectiveness.

B. The Nominations and Remunerations Committee is composed of the following members of the Board of Directors with a statement of the meetings and attendance:

	Members	Meetings in 2021 N/A	Attendance
1-	Mr Khaled Mohammed Al-Khayyal	-	-
2-	Mr .Omar Ibrahim Abdullah Al-Mulla	-	-
3-	Mr .Rashid Abdullah Muhammad Ali	-	-
4-	Mr. Ahmed Salem Abdullah Al Hosani	-	-

C. **No committee meeting held during the year 2021.**

In accordance with the directives of Article 59 of the Authority's Resolution No. (3/R.M) for the year 2020 regarding the adoption of the Governance Manual, the tasks of the Nomination and Remuneration Committee are as follows:

- Establishing a policy for candidacy for membership in the Board of Directors and the Executive Management that aims to take into account gender diversity within the Board formation and encourage women through benefits and incentive and training programs, and to provide the Authority with such policies and any amendments thereto.

- Organizing and following up the procedures for nomination for membership of the Board of Directors in accordance with the applicable laws and regulations and the provisions of this resolution.

- Continuously ensuring the independence of independent members. Provided that it monitors the availability of the members' independence conditions and obligating him when he fails to display his independence and present the matter to the Board to address the member and seek explanation or justifications for such lack of independence from the member and urge him to observe the organizational guidelines that must be observed

- Preparing the policy for granting remunerations, benefits, incentives, and salaries for the members of the Board and its employees, and reviewing it on annual basis. The committee must verify that the remunerations and benefits granted to the senior executive management are reasonable and commensurate with the company's performance.

- Conduct annual review of the required needs of appropriate skills for membership of the Board of Directors and preparing a description of the capabilities and qualifications required for membership of the Board of Directors, including determining the time that the member must allocate for the work of the Board of Directors.

- Reviewing the structure of the Board of Directors and raising recommendations regarding changes that need to be made.

- Determining the company's needs for competencies at the level of senior executive management and employees and the basis for their selection.

- Preparing the company's human resources and training policy, monitoring its implementation and reviewing it annually.

- In addition to any other issues determined by the Board of Directors.

7. The Follow-up and Supervision Committee for Insider Dealings:

a. **Acknowledgment from the person charged with responsibility for the follow-up and supervision system for insiders' transactions**:

Mr. Alameldin Gaafar Malik, as "the person in charge" and authorized to carry out the follow-up and supervision of insider's transactions, acknowledges his responsibility for the system in force in the company regarding the follow-up and supervision of insider's transactions and for his review of the work mechanism and to ensure its effectiveness.

b. The assignment of Mr. Alam El Din Jaafar Malik - Legal Counsel and Secretary of the Board of Directors and the Company was approved by the Board of Directors at the meeting No. "2"/2019 held on May 25, 2019. To follow up and supervise the transactions of insiders.

Among the duties and responsibilities of the aforementioned staff in accordance with the measures of Article "33" of the Authority's decision regarding the Governance Guide:

- To establish a special record of the names and data of insiders, including persons who can be considered indirect or temporary insiders and who are entitled or available to view the company's internal information before publishing it, provided that the record includes the previous and subsequent disclosures of insiders.

- To manage, follow-up and supervise the insider's transactions and ownership, and keep their record.

- Presenting periodic reports and updated lists of insiders' names at the beginning of each fiscal year to the supervisory authorities and any amendments that may occur during the fiscal year in accordance with the applicable regulatory guidelines.

- To ensure full compliance with the necessary disclosures on the website of the Abu Dhabi Securities Exchange.

- Continue to remind insiders of the necessity of their obligations during the periods of prohibition of trading in the company's shares in accordance with the announced rules and regulations issued by the supervisory authorities that are required to be followed.

- Ensure continuous review of the policy adopted regarding insiders' trading and making urgent recommendations regarding any amendments to the Board of Directors to work for its adoption in accordance with the rules.

- To undertake the preparation of the official declarations signed by the informed parties and provide them to the regulatory authorities - upon request - and raise the knowledge of the insider that he possesses data and internal information related to the company and its clients and inform him about the legal consequences of leaking of such information or data or giving advice on the basis of the information he possesses.

- Perform any other tasks assigned to him from time to time.

c. Report on the work of the committee during the year 2021:

In compliance with the regulatory directives issued by the Securities and Commodities Authority in accordance with the periodic circulars that require the disclosure of the names of the insiders of the company periodically and at the end of each quarter, the in-charge person shall provide the Authority and the Abu Dhabi Securities Exchange with a list containing the names of the insiders of the company coupled with a statement if there were transactions for them in their aforementioned capacity and according to the Standard Form, during the year 2021.

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8. Investment Committee:

a. **His Excellency / Dr. Saeed Abdullah Al-Mutawa, Chairman of the Investment** Committee, is responsible for the committee's work in the company and for his review of its work mechanism and to ensure its effectiveness.

b. The Investment Committee is composed of the following members of the Board of Directors. The Committee held (4) meetings during the year 2021, in the presence of all its members:

Sr.	Name	Meeting No. "1" 24/2/2021	Meeting No. "2" 6/5/2021	Meeting No. "3" 3/8/2021	Meeting No. "4" 8/11/2021
1-	Dr. Saeed Abdullah Al-Mutawa	✓	✓	✓	✓
2-	Mr. Omar Ibrahim Al-Mulla	✓	✓	✓	✓
3-	Mr. Rashid A. Moh. Burehaima	✓	✓	✓	✓
4-	Mr. Mohamed Ahmed Al-Karbi	✓	✓	✓	✓

The committee was entrusted with providing assistance and advice to the Board, reviewing proposals for real estate investments and large stocks, and making recommendations to the Board for approval. Approval of routine capital expenditures in the factories by the Board as part of the annual budget as well as review of management proposals for changes in credit policies.

9. Internal Control System:

a. The Board of Directors acknowledges its responsibility for the company's internal control system, its review and effectiveness, after auditing, reviewing and discussing periodic reports of the work mechanism and ensuring its effectiveness.

The Board is responsible for supervising the company's internal control system and for continuously reviewing its effectiveness and efficiency in accordance with the directives of the regulatory authorities. The formation of the audit committee and the management of internal control came as response to the responsibilities included in the Authority's decision regarding the 2020 Governance Guide. The company confirms the establishment of a permanent internal control system that aims to develop an evaluate the risk management means and procedures in the company and to verify and ensure compliance of employees with the application of the rules of governance and the provisions of

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applicable laws, regulations and decisions regulating its work and the detailed internal policies and procedures for what the company's internal control system should be.

b. In accordance with the approved work mechanism for approving the recommendations of the "Nomination Committee", an internal control management team was appointed, consisting of a director and associates of highly qualified and rich experience in this field in January 2017, and the committee appointed:
   - Mr. Kartik Sejpal: Director of the Internal Control Department, a graduate of the Institute of Chartered Accountants in India in 2012. He has professional experience of about 9 years in the field of auditing and financial management.

c. The Director of Internal Control was also assigned the duties of a compliance officer in terms of the company's and employees' compliance with the directives of systems and regulations, with periodic reporting to the Board of Directors.

d. And in accordance with the Authority's decision No. 3/R.M for the year 2020 regarding the Governance Guide and pursuant to the guidelines of Articles (66 and 67) of the Governance Guide and following the mechanism regarding the application of regulations and the adoption of appropriate procedures regarding risk management, internal auditing, and periodic verification of the company's compliance with the approved mechanism and follow-up systems. The team ensures application of the regulations regarding the company's internal policies and submitting periodic reports to the Board and the Audit Committee in accordance with the applicable directives regarding the application of the provisions of the above articles.

   The company did not face any problems in 2021.

e. The Internal Control Department issued (4) quarterly/progress reports for the year 2021 on the audit work.

   The Internal Audit and Compliance Committee works examine the work mechanisms and then makes recommendations on them to the Board of Directors.

10. Violations committed during the year 2021:

No financial irregularities were detected during the year 2021.

11. The cash and in-kind contributions made by the company during the year 2021 to the development of the local community and the environment:

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Sharjah Cement and Industrial Development Company, within the framework of its responsibilities towards society, has maintained the consolidation of the principles approved by the governance controls on its compliance by contributing to the support of the local community of the United Arab Emirates and by taking into account the societal and other environmental aspects in the field of the company's activities in line with the legislative systems of compliance. The company, in its daily operations, takes decisions that always take into account the requirements of the legislation in the country in terms of the company's social responsibility and the environmental one alike.

The company's contributions always come to support the local community of the United Arab Emirates with its various charitable and community institutions, and sponsor many activities of social & sports institutions, schools and associations of public interest alike, which included:

Cash donations / contributions to charitable and social work:

Name of organization	2021 / in Dirhams
Khorfakan Club for the disabled	72,500
The city of Sharjah For humanitarian services	200,000
Emirates Association for the Visually Impaired	45,000
West Asian Sports Federation for the Disabled	20,000
Expert Center for Learning Difficulties	20,000
Philistine Children Fund	10,000
Rashid Centre	15,000
Sheikh Moh. Centre	15,000
ALTariq Autism Centre	15,000
AL Hadaf Centre	10,000
Autism Club & Home	20,000
Sarah Center for Speech and Hearing Rehabilitation	15,000
Total	**582,500**

The company also works hard in the matter of the environment and remains fully compliant with its responsibilities towards that by working to preserve the work environment in the company and the surroundings in terms of adopting, following and applying the best environmental specifications and conditions and continuous coordination with the concerned authorities.

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12. General Information:

A. Statement of the company's share price in the market (closing price, highest and lowest end price of each month) during the year 2021 :

SCIDC TRADES (REGULAR MARKET)

DATE	OPEN	HIGH	CLOSE	VOLUME	VALUE
12/29/2021	0.765	0.766	0.767	15.906.13	12,200
11/30/2021	0.764	0.764	0.765	13.071.90	10,000
10/28/2021	0.762	0.762	0.764	4.384.82	3,350
09/29/2021	0.762	0.762	0.763	48.519.01	37,020
08/31/2021	0.761	0.761	0.761	150.185.29	114,291
07/27/2021	0.759	0.759	0.759	13.175.23	10,000
06/30/2021	0.751	0.753	0.756	71.121.70	53,768
05/28/2021	0.713	0.713	0.713	21.598.88	15,400
04/28/2021	0.688	0.689	0.689	3.628.45	2,500
03/31/2021	0.746	0.688	0.688	29.069.77	20,000
02/27/2021	0.745	0.746	0.746	72.075.07	53,768
01/30/2021	0.742	0.742	0.744	70.482.53	52,439

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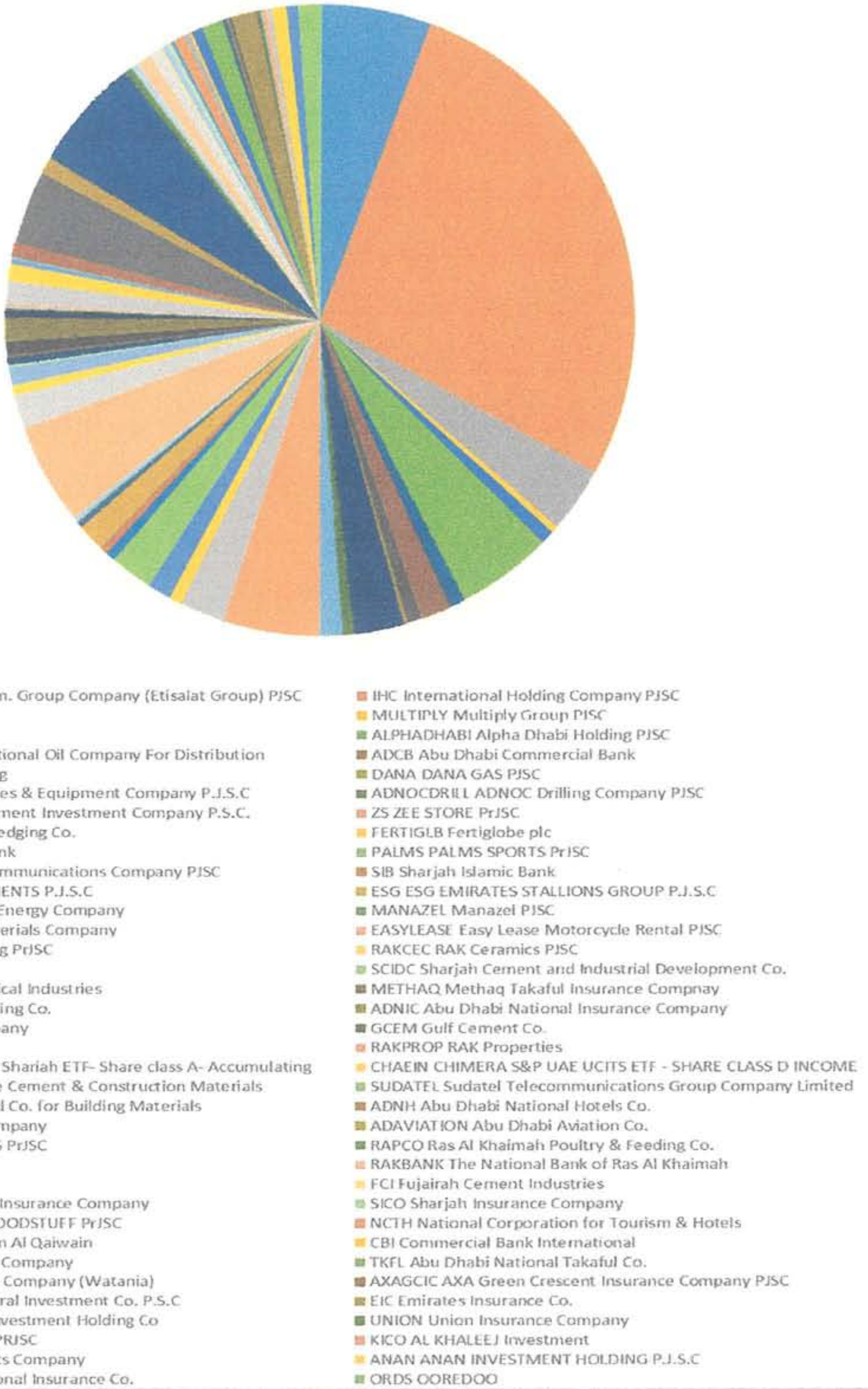
B. Comparison of SCIDC' share performance with general market indices and industrial sector in 2021:



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C. Distribution of shareholders' ownership as of December 31, 2021 (individuals, companies, governments) classified as follows: local, Arabs and foreigners.

Owned Shares				
Category	Individuals	Corporates	Government	Total
local	73,512,880	260,114,300	145,220,419	478,847,599
Arabs	37,412,096	84,681,846	-	122,093,942
Foreigner	2,165,783	5,146,783	-	7,312,205
Total	113,090,398	349,942,929	145,220,419	608,253,746

D. The shareholders who own 5% or more of the company's capital as of December 31, 2021

Sr.	Name of the Shareholder	Quantity	Ratio	Nationality
1-	M/s. Sharjah Asset Management	98,924,624	14.78%	Emirati
2-	Mr. Ahmed Omar Salim Al Kurbi	62,096,759	10,21%	Emirati
3-	M/s. Sharjah Social Security Fund	55,295,795	9,09 %	Emirati
4-	Mr. Salem Abdullah Salem Al Hosani	33,532,313	5.51%	Emirati
5-	M/s. AL Salim Co. Ltd	32,484,350	5.34%	Emirati

E. Shareholders tabled according to the size of ownership as on December 31, 2021- :

Sr.	Stock ownership	Number of Shareholders	Quantity of owned shares	Percentage of owned Shares from the capital
1-	Less than 50 thousand	918	10,822,589	1.76
2-	More than 50 thousand and less than 500 thousand	212	67,239,786	11.06
73-	More than 500 thousand and less than 5 million	120	130,357,432	21.44

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4-	More than 5 million	23	399,833,940	65.74
5-	Share Capital		608,253,747	100 %

F. Actions that have been taken regarding investor relations controls:

The company's policy and strategy is active in reviewing the investments and conducting periodic checks on the approved policies in light of the economic changes and follow up of the decisions related to the investments and development projects in addition to the adoption of policies and strategies for development projects .Also reviewing several matters, including looking at the new investments of the company, feasibility studies and financing methods related to them, and everything that would achieve the objectives of the management in terms of upgrading the company's policy by providing the necessary clarifications or taking the necessary immediate measures to implement the company's policies and achieve its objectives.

- **Mr. Mutasim Siddiq Abu Alama -** Head of Shares Department has been appointed to oversee the Investor Relations Department, whereby communication with him is through the following:

Phone No.	065695666
Fax No.	065683171
P.O. Box No.	2083 , Sharjah
Investor Relations Page link	www.sharjahcement.com
E-mail:	motasim@sharjahcementfactory.ae
Address	The headquarters of The Company "Sharjah Cement and Industrial Development" Al Marija Area - Sharjah – UAE

G. Statement on the Special Decisions presented to the General Assembly in 2021:

None

H. Board Meeting Rapporteur- :

- Mr. Alameldin Gaafar Malik is the rapporteur of the board of directors' meetings.
- He was appointed as secretary of the Board of Directors in 2016.

Statement of material events and important disclosures that occurred in the company during the year 2021:

None

I. Deals conducted by the company amounting to more than 5% of the company's capital during 2021

None

J. Statement of the Emiratization percentage in the company at the end of 2019,2020,2021:

Emiratization rate at the end of 2019 : 12,95 %
Emiratization rate at the end of 2020 : 11,75 %
Emiratization rate at the end of 2021 : 11,8 %

K. Innovative projects and initiatives undertaken by the company or under development during 2021 :

None

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Established by the Emiri Decree No. 31/79
Paid up Capital AED 608,253,747
Regist No. 312

شركة الشارقة للأسمنت والتنمية الصناعية
(شركة مساهمة عامة)
تأسست بموجب المرسوم الأميري ٧٩/٣١
رأس المال المدفوع ٦٠٨،٢٥٣،٧٤٧
رقم السجل التجاري ٣١٢

Approval of the Corporate Governance Report for the year 2021

Signature
Chairman of the Board of Directors

……………………………………………

Date: 7/3/2022

Signature
Chairman of the Audit and Compliance Committee

……………………………………………

Date: 7/3/2022

Signature
Chairman of the Nomination & Remuneration Committee

……………………………………………

Date: 7/3/2022

Signature
Director of the Internal Control Department

……………………………………………

Date: 7/3/2022

شركة الشارقة للأسمنت والتنمية الصناعية
المكتب الرئيسي
ص.ب: ٢٠٨٣
الشارقة - ا.ع.م.
P.O.Box: 2083
SHARJAH
Head Office
Sharjah Cement & Industrial Devl. Co.

SHARJAH CEMENT AND INDUSTRIAL DEVELOPMENT CO. PJSC

"GROW SUSTAINABLY WITH CONTINUOUS QUALITY IN PRODUCTS, PROCESS AND PEOPLE"

Sustainability REPORT 2021

CONTENTS

ABOUT 1 This Report

About this Report

Sharjah Cement & Industrial Development Co. PJSC (SCIDC) has always remained committed to operating sustainably and setting high standards of Environmental, Social and Governance objectives to pioneer a sustainable future.

We are pleased to present our sustainability report, incorporating our key environmental, social, and governance performance for the year 2021 which highlights our initiatives that have been implemented to help us build trust and align the vision of our company along with our sustainability efforts.

This report has been prepared in accordance with the GRI standards, including the United Nations Sustainable Development Goals (UN SDGs), the United Nations Global Compact (UNGC) Principles, Abu Dhabi Economic Vision 2030, and the UAE National Vision 2021.

Scope of the Report

YEAR

The report covers our environmental, social and governance performance for the year 2021.

ENTITIES

All entities mentioned in this report refer to entities owned by SCIDC including Sharjah Cement Factory, Paper Sacks Factory, Gulf Rope and Plastic Products LLC and other Investment Operations.

COUNTRIES

The report covers our operations in the United Arab Emirates only, unless otherwise indicated.

MONETARY VALUES

All monetary values in this report are in Arab Emirates Dirhams (AED), unless otherwise indicated.

FINANCIAL PERFORMANCE

The financial performance and economic impact figures used in the report are drawn from all entities owned by SCIDC, including Sharjah Cement Factory, Paper Sacks Factory, Gulf Rope and Plastic Products LLC, and other Investment Operations. For further information regarding our financial performance, please refer to our annual report available on our website.

TERMINOLOGY

Use of the terms “SCIDC” or “Sharjah Cement” in this report refers to Sharjah Cement and Industrial Development Co.

CONTACT POINT

For more information about this report and our sustainability approach and performance, please contact:

Name: **Uday Ghelani**
Designation: **Deputy CEO**
Email : **scidcho@eim.ae**

EXTERNAL ASSURANCE

Our internal team precisely created this sustainability report, which was further reviewed and approved by the internal stakeholders and management to ensure the accuracy of the information reported. We chose not to appoint an external party to audit our sustainability report. However, it remains an option that we may consider in the future.

The content presented in this report is a result of thorough stakeholder engagement and materiality analysis, which is covered in the chapter titled “Sustainability at SCIDC.” We believe that all the content and data provided throughout this report were represented with utmost integrity, honesty, and transparency to provide our stakeholders with clear and accurate insights on all our business activities and footprint.

Report Highlights **2021**

SUSTAINABLE GROWTH

- Shareholder equity is **AED 1,318.4 Million**
- Book value per share is **AED 2.16**
- No Incident of Non-compliance with Laws and Regulations
- No Incident of Non-compliance with the Code of Conduct

HEALTH, SAFETY AND WELLBEING OF OUR PEOPLE

- Diverse workforce of **971** employees from more than **10 different** nationalities work at SCIDC
- Provide **3,054 hours** of training for our employees, Sponsored Students and Trainees including health seminars
- **0.7% Employee** Turnover Rate
- We have no records of fatalities or major accidents at work

ENVIRONMENTAL LEADERSHIP

- Reduced **70,000 tons** of annual Carbon emission reduction with Waste Heat Recovery System
- **Zero waste** to Landfill
- Ensure all wastewater is completely recycled and no fresh water is drawn for the plant.
- Planted **5,500 trees** and continue to do so in the foreseeable future
- Invested **AED 55 million** so far in technology to make use of alternative fuels to reduce coal consumption and replace it with recycle waste

CORPORATE SOCIAL RESPONSIBILITY

- **37%** Employees with monthly salaries above **AED 8,000** are UAE nationals
- **48%** of Procurement is from local suppliers and vendors excluding payroll cost
- Above **60%** of total production cost including payroll are procured from local suppliers
- Invested **AED 583,000** in Community Development and Support

OTHMAN SHARIF
Chairman

Message from **Our Chairman**

Dear Shareholders,

On behalf of the Board of Directors and myself, I am delighted to share SCIDC's first sustainability report for the year 2021. In this report, we share our efforts and performance in the arena of sustainable growth, the environment, our people and our broader social responsibility.

We recognize our responsibilities towards preserving the environment and have worked actively to remain strategically aligned with the UAE Green Agenda and the UAE National Vision 2021.

We contribute positively to these visions and directives by contributing to our local communities and embedding sustainability into everything we do. The company's Sustainability Framework has been aligned with the United Nations Sustainable Development Goals, United Nations Global Compact and the Global Reporting Standards.

This report highlights our environmental, social and governance performance and contribution to national and global sustainability targets.

> **It gives us the honour to express our sincere gratitude to H.H. Dr. Shaikh Sultan Bin Mohammed Al Qasimi, Ruler of Sharjah and Member of Supreme Council, for his continuous guidance and support.**

In our commitment to sustainable growth and greener earth, we continuously invest in technology to reduce our carbon footprints by reducing coal consumption. UAE Environment Law requires all cement companies in the UAE to use at least 10% alternative fuel in place of coal from 2021. We are pleased to announce that we had already achieved that goal in 2019. We have signed an agreement with Bee'ah whereby Bee'ah will supply us with 73,000 tons of alternative fuels from Q3 2021, allowing us to reduce our carbon emissions further. With this agreement and other ongoing agreements with Bee'ah and other public and private establishments, we will replace more than 30% of fossil fuel with alternative fuels over the next two years.

We are working closely with Sharjah Municipality and the Ministry of Environment in keeping the dust and other emissions in and around the factory well below the statutory limits. We also help Sharjah Police to ensure safe and environment-friendly disposal of hazardous waste and other contraband materials. We have planted more than 5,500 trees in the factory premises, and we are proud to be one of the greenest factories in the UAE.

We have signed a long-term agreement with Qatra Water Solutions LLC to recycle dry sludge and wastewater generated by their water treatment plant in Sharjah. We have used 32 million gallons of wastewater in our cement plant during 2021. We are proud to announce that we use zero fresh water in the plant and the entire plant now runs on recycled water.

The company continues to support many charitable organizations and social institutions to fulfill its corporate social responsibilities. For the development of Emirati youth, the company organizes visits to the cement plant and provides regular training in association with various schools and universities.

I would also like to thank the Fellow Board Members, Management and Employees of the company for their dedicated efforts and devotion in achieving the company's sustainability objectives.

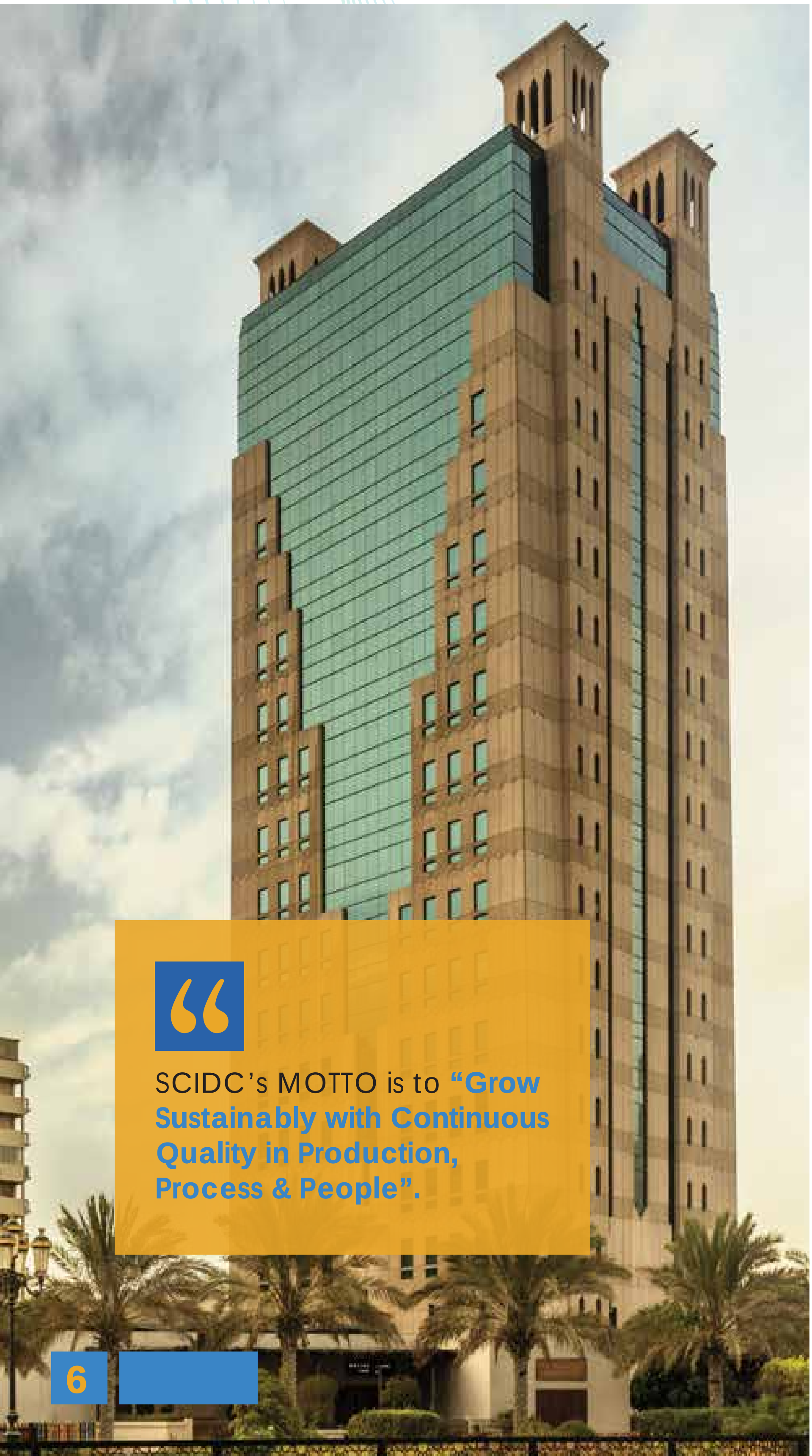
OTHMAN SHARIF
Chairman

2 ABOUT Us

About Us

Sharjah Cement and Industrial Development Co. (PJSC) (“the Company”) was incorporated in Sharjah, the United Arab Emirates, in 1977 under an Emiri Decree issued by H.H The Ruler of Sharjah and has since been registered as a public joint-stock company.

The registered office of the Company is P.O. Box 2083 Sharjah, United Arab Emirates.



SCIDC’s MOTTO is to **“Grow Sustainably with Continuous Quality in Production, Process & People”.**

The shares of the company are listed on Abu Dhabi Securities Market.

As approved by the company’s shareholders and Kuwait Capital Market Authority, the company’s shares have been voluntarily withdrawn from Kuwait Stock Exchange and 26th August 2021 was the last date for trading the company’s shares on Kuwait Stock Exchange.

SCIDC is engaged in the manufacturing and supply of cement, paper sacks and plastic ropes. The Group invests its surplus funds in investment securities, private equities, and properties.

The Group operates from Sharjah, United Arab Emirates and sells its products within UAE and many other countries, including the Middle East, Africa, and Asia.

Our Group **Entities**

SCIDC group is composed of four main business units operating across the UAE.

- **SHARJAH CEMENT FACTORY - (SCF)**

SCF has been the market leader in the production of its Portland cement and GGBS products since the company commenced production in 1977. The company prides itself in moving forward by fully understanding the aspects, including the technical and engineering principles of both its products and its processes.

We specialize primarily in producing and processing Portland cement and Iron Blast furnace slags into ground granulated Blast furnace slag for the construction industry. Furthermore, we also produce Oil-well Cement conforming to API Specifications 10 A, Class A and G.

All our products are manufactured strictly in compliance with the relevant European and American standards and are manufactured carefully and precisely by aptly using selected raw materials.

We undertake strict quality control throughout each stage of the manufacturing process to ensure that a consistent final product is achieved. The factory capacity ensures to meet the market requirements and to offer a premier service to our suppliers and customers we operate a dedicated fleet of bulk delivery tankers.

Our Group **Entities**

SCF Operates under ISO 9001-2015 Quality management System. We have also been awarded ISO 14001-2015 for Environmental Management Systems, ISO 45001-2018 for Occupational Health & Safety Management Systems and ISO 50001-2018 for Energy management Systems. SCF is committed to promote the highest standards in health, safety and environmental preservation and protection.

- **GULF ROPE AND PLASTIC PRODUCTS CO. LLC - (GRPP)**

Established in 1994, GRPP is the largest synthetic rope and baler twine manufacturer in UAE. GRPP manufactures synthetic ropes under the brand name FALCON at its modern plant in Sharjah, UAE. While incorporating state-of-the-art technology, all types of equipment are of European origin. It is the first ISO 9001-2015 certified synthetic rope factory in the Middle East. GRPP has a proactive approach towards the Health and Safety of its employees. Additionally, their products are exported to more than 25 countries worldwide in the Middle East, Europe and Africa.

Our Group Entities

- **PAPER SACKS FACTORY – (PSF)**

PSF was established in the year 1975 for the promotion of industries in Sharjah, UAE. PSF is ISO 9001:2015 certified and a leading manufacturer of multiwall, glued/pasted valve type empty paper sacks for packing cement, fertilizers, chemicals, flavors, sugar, minerals and many more. PSF has the most modern equipment of European make with an installed capacity of 120 million sacks per annum with up to 6 piles and colored print as per customer specifications. We export our high-quality paper sacks across the Middle East, Africa, Asia and other overseas markets.

- **INVESTMENT OPERATIONS**

SCIDC maintains a significant portfolio of Real Estate and Equity Investment in order to generate a steady flow of income and capital appreciation.

Certificates & **Accolades**

Certificate of Authority to use the Official API Monogram

License Number: 10A-0119 **ORIGINAL**

American Petroleum Institute

The American Petroleum Institute hereby grants to

SHARJAH CEMENT FACTORY
Dhaid Road
Sajaa Industrial Area
Sharjah
United Arab Emirates

the right to use the Official API Monogram® on manufactured products under the conditions in the official publications of the American Petroleum Institute entitled API Spec Q1® and **API-10A** and in accordance with the provisions of the License Agreement.

In all cases where the Official API Monogram is applied, the API Monogram shall be used in conjunction with this certificate number: **10A-0119**

The American Petroleum Institute reserves the right to revoke this authorization to use the Official API Monogram for any reason satisfactory to the Board of Directors of the American Petroleum Institute.

The scope of this license includes the following: API Well Cement Class A at Grade(s) O; API Well Cement Class G, API Well Cement Class H at Grade(s) HSR, at Grade(s) MSR

QMS Exclusions: Design and Development; Servicing; Validation of Processes; Customer Property

Effective Date: FEBRUARY 11, 2021
Expiration Date: JANUARY 12, 2024

Vice President of Global Industry Services

To verify the authenticity of this license, go to www.api.org/compositelist.

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bsi.

By Royal Charter

Certificate of Registration

QUALITY MANAGEMENT SYSTEM - ISO 9001:2015

This is to certify that: Sharjah Cement Factory
Sharjah-Dhaid road
PO Box 5419
Sharjah
United Arab Emirates

Holds Certificate No: **FM 34670**

and operates a Quality Management System which complies with the requirements of ISO 9001:2015 for the following scope:

The manufacturing and marketing of Portland Cement, Portland Sulphate-resisting Cement, blast furnace cements, ground granulated blast furnace slag and Portland Cement clinker.

For and on behalf of BSI: Andrew Launn, EMEA Systems Certification Director

Original Registration Date: 1996-08-07
Latest Revision Date: 2018-11-07
Effective Date: 2019-01-10
Expiry Date: 2022-01-09

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Certificate of Registration

ENERGY MANAGEMENT SYSTEM - ISO 50001:2018

This is to certify that: Sharjah Cement Factory
Sajaa Industrial Area, AL Daid Rd.,
(8th Interchange), Sharjah, U.A.E.
Sharjah
5419
United Arab Emirates

Holds Certificate No: **ENMS 723593**

and operates an Energy Management System which complies with the requirements of ISO 50001:2018 for the following scope:

The manufacturing and sale of Portland Cement, Portland Sulphate-resisting Cement, blast furnace cements, ground granulated blast furnace slag and Portland Cement clinker.

For and on behalf of BSI: Andrew Launn, EMEA Systems Certification Director

Original Registration Date: 2021-06-11
Latest Revision Date: 2021-06-23
Effective Date: 2021-06-11
Expiry Date: 2024-06-10

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Certificates & **Accolades**

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By Royal Charter

Certificate of Registration

ENVIRONMENTAL MANAGEMENT SYSTEM - ISO 14001:2015

This is to certify that: Sharjah Cement Factory
Sharjah-Dhaid road
PO Box 5419
Sharjah
United Arab Emirates

Holds Certificate No: **EMS 565757**

and operates an Environmental Management System which complies with the requirements of ISO 14001:2015 for the following scope:

Manufacture, handling, storage and delivery of Portland cement, sulphate resisting cements and GGBS.

For and on behalf of BSI:

Andrew Launn, EMEA Systems Certification Director

Original Registration Date: 2011-01-10
Latest Revision Date: 2019-11-22

Effective Date: 2020-01-11
Expiry Date: 2023-01-10

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bsi.

Certificate of Registration

OCCUPATIONAL HEALTH & SAFETY MANAGEMENT SYSTEM - ISO 45001:2018

This is to certify that: Sharjah Cement Factory
Sharjah-Dhaid road
PO Box 5419
Sharjah
United Arab Emirates

Holds Certificate No: **OHS 575249**

and operates an Occupational Health and Safety Management System which complies with the requirements of ISO 45001:2018 for the following scope:

Manufacture, handling, storage and delivery of Portland cement, Sulfate Resisting Portland cement, Ground Granulated blast furnace slag (GGBS) and Portland cement clinker.

Previously registered to OHSAS 18001:2007 since 23.01.2012

For and on behalf of BSI:

Andrew Launn, EMEA Systems Certification Director

Original Registration Date: 2018-11-28
Latest Revision Date: 2020-11-16

Effective Date: 2021-01-24
Expiry Date: 2024-01-23

Page: 1 of 1

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bsi. BSI Kitemark Scheme for Cement

Certificate of Conformity

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bsi. BSI Kitemark Scheme for Cement

Certificate of Conformity

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bsi. BSI Kitemark Scheme for Cement

Certificate of Conformity

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Certificates & **Accolades**

Certificate
OF MEMBERSHIP

CORDAGE INSTITUTE

THE CORDAGE INSTITUTE RECOGNIZES

Gulf Rope & Plastic Products Co. LLC

AS A CURRENT MEMBER IN GOOD STANDING

The Cordage Institute is an international association of rope, twine, netting and related manufacturers, their suppliers, and associated industries. Its mission is to create value for its members by educating product users, the standards writing community, government agencies, and other entities on the proper use of industry products through the dissemination of standards.

June 30, 2022
EXPIRATION DATE

GCAS

certificate of registration

GCAS certifies that the Quality Management System of

GULF ROPE & PLASTIC PRODUCTS Co. LLC.

P.O.Box - 21422
Sajaa Industrial Area, Dhaid Road
Sharjah, UAE

has been assessed by GCAS and found to be in conformance with

ISO 9001:2015

The scope of registration applies to the

Manufacturer of 3 Strand Ropes, 4 Strand Ropes, 8 Strand Ropes, Synthetic Baler/Binder Twines, Cable Fillers and Rope Articles

AIAO-BAR QMS ACCREDITED

Certificate No.:	ME 06/1074
Date of Current Approval:	September 26, 2021
Valid Until:	September 20, 2024
Date of First Approval:	September 21, 2006

GCAS Representative

Making Challenges into Prosperity

impa International Marine Purchasing Association

This is to certify that

Gulf Rope & Plastic Products Co. Llc.

IMPA1013329

has been approved as a

SUPPLIER

Member of the

International Marine Purchasing Association

in

February 2021 - January 2022

Susan Kaefood - IMPA Chair and CEO

IMPA.NET
Network | Learn | Debate

EUROCORD

CERTIFICATE OF MEMBERSHIP

This is to certify that

GULF ROPE & PLASTIC PRODUCTS CO. LLC.

In my quality of Secretary General of EUROCORD

This is to award GULF ROPE

An **Affiliate Member** of EUROCORD in 2021

March 22nd, 2021
Date

Philippe Verschueren
Secretary General

EUROCORD - FEDERATION OF EUROPEAN ROPE, TWINE AND NET INDUSTRIES
"Norway House", 17 Rue Archimède (3rd floor) – 1000 BRUSSELS – BELGIUM – Tel 00 32 475 44 99 45
E-mail: eurocord@eurocord.com - Web site: www.eurocord.com

Certificates & Accolades

GCAS

certificate of registration

GCAS certifies that the Quality Management System of

PAPER SACKS FACTORY

P.O Box 2883,
Sharjah Cement Factory Campus
Sajaa Industrial Area, Sharjah,
United Arab Emirates

has been assessed by GCAS and found to be in conformance with

ISO 9001:2015

The scope of registration applies to the

Manufacturing of Paper Sacks

Certificate No.:	ME/11/1344
Date of Current Approval:	March 03, 2020
Valid Until:	March 06, 2023
Date of First Approval:	March 07, 2011

GCAS Representative

Making Challenges into Prospects

Our Value Chain

RAW MATERIALS

Extraction & Procurement:

- SCF procures all their raw materials from local and international suppliers. Additionally, Extraction materials are also extracted from our own quarrying sites.
- PSF purchases papers from international markets and other raw materials such as glues and colors are procured locally.
- GRPP procures raw materials from local and international markets.

MANUFACTURING & PRODUCTION

Cement, Ropes and Plastic Products:

SCF, PSF and GRPP factories work round the clock and all our products are manufactured at our own factories with none of the manufacturing activities being outsourced.

CUSTOMERS

Public & Private Sector Customers:

We supply our products to public and private sector customers both locally and internationally.

INVESTMENTS

Investment Horizon:

SCIDC invests in real estate, shares and securities. All of the real estate investments are within UAE. Investments in shares and securities are mainly within UAE and other GCC countries.

3 ABOUT

Sustainability at SCIDC

Sustainability at SCIDC

Climate change, sustainable development and social justice are amongst the most pressing challenges facing humanity today.

Governments and businesses are responding to these challenges by aligning their strategies around global directives and initiatives that seek to minimize the impact of these risks.

Sustainable development encourages us to conserve and enhance our resource base, by gradually changing the ways in which we develop and use technologies.

At SCIDC, we are conscious of our consumption of natural resources and carbon emissions and work tirelessly towards conservation of natural resources and to reduce our emissions.

We are continuously investing and seamlessly integrating the latest technologies to reduce our carbon footprints, promote recycling of all wastes, and lower consumption of natural resources to leave a significant impact on our environment.

Putting Sustainability into **Context**

We refer to the following guidelines and frameworks to define our sustainability priorities. Elements of each of these frameworks have been mapped to our focus areas, which are presented in this report.

THE UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS (UN SDGs)

Sustainable Development Goals represent the world's most pressing sustainability issues. They collectively outline a model for the future, where economic growth is achieved without compromising the environment or individuals in the society.

This blueprint consists of 17 overarching goals focused on environmental, social and economic global challenges that everyone in the global community need to address.

Putting Sustainability into **Context**

THE UNITED NATIONS GLOBAL COMPACT (UNGC)

The UNGC is a directive issued by the United Nations that aims to encourage businesses worldwide to adopt sustainable and socially responsible policies and to report on their implementation. The compact calls all companies to align their strategies and operations with universal principles on human rights, environment and anti-corruption, and work collectively to advance societal goals.

THE GLOBAL REPORTING INITIATIVE (GRI)

The Global Reporting Initiative is an international, independent standards organization that helps businesses, governments and other organizations understand and communicate their impact on issues including climate change, human rights, societal well-being and corruption, and executing benefits for all stakeholders.

UAE NATIONAL VISION 2021

UAE Vision 2021 was launched by H.H. Sheikh Mohammed bin Rashid Al Maktoum, Vice-President and Prime Minister of the UAE and Ruler of Dubai, at the closing of a Cabinet meeting in 2010. The vision aims for the UAE to be counted among the best countries in the world by the Golden Jubilee of the Union. In order to transform this vision into reality, the key pillars are portrayed as six national priorities, which represent the key focus sectors of the government action in the coming years.

ABU DHABI ECONOMIC VISION 2030

The Government of Abu Dhabi announced a long-term plan for transforming the economy, including reducing the economy's reliance on the oil sector and increasing the focus on knowledge-based industries. The Abu Dhabi Economic Vision 2030 establishes the current economic environment and identifies critical areas for improvement to achieve the goals laid out in the Policy Agenda.

Listening to **Our Stakeholders**

We value our stakeholders equally and recognize that each group has different needs and expectations. Therefore, we ensure to identify each group and devise effective strategies to engage with them to implement their views to improve our overall business operations. We routinely interact with our stakeholders through various communication channels, enabling us to receive meaningful feedback from those affected by our business. The below table maps our key stakeholders, their main topics of concern and how we engage with them.

STAKEHOLDERS GROUP	KEY TOPICS AND CONCERNS	APPROACH OF ENGAGEMENT
Employees	• Acknowledge employee's issues through formal/informal channels • Support employee's career progression through learning and development opportunities • Transparent policies and procedures	• We have an open-door policy for all employee-related complaints and escalations • Enhance employees' skills and capabilities by providing relevant training • Updated policies and procedures are published and accessible to all employees
Customers	• Maintain highest level of product and service quality • Respond to customers' grievances through all channels, i.e. telephone, e-mail or website • Monitor customer satisfaction, formally and informally for continued improvement	• Quality labs work independently of the production team and reports directly to the top management • Customer Service team has stringent delivery targets which are monitored regularly • Provide open channels to obtain customer feedback on products and services, and address their grievances in a timely manner • Senior management team meets customers regularly to monitor customer satisfaction and devise improvement methods accordingly
Shareholders	• Profitability • Transparency • Sustainability	• Ensure timely decisions that support the growth objectives of the company • Conduct an Annual General Meeting for shareholders • Disclose annual performance in the Annual Report, Governance and Sustainability Report
Suppliers	• Transparency in the bidding/ procurement process • Ensure supplier safety while on-site	• Ensure a transparent procurement process, where information is shared with all internal and external parties • Take care of supplier's working conditions and safety while on-site
Local Communities	• Environment pollution from industrial activities • Local community events • Employment opportunities	• Our HSE department ensures stringent compliance with environmental laws • Work with ministries for development of UAE nationals • Participation in employment and job fairs
Authorities, government agencies & regulators	• Compliance with various government rules and regulations	• Complete compliance with all regulatory requirements • Cooperate with government agencies and entities to maintain good practice for sustainable development

Materiality

Our materiality analysis aims to point the most relevant sustainability topics of our organization. Internal management across all factories was responsible for brainstorming and identifying key focus areas, assessing their impact, identifying and implementing sustainable and long-term solutions. This process involved the following stages:

Research, Benchmark and Brainstorm

- Identify a list of potential material issues based on global reporting standards, peer reviews, national visions such as the UAE National Agenda 2021, Abu Dhabi Economic Vision 2030 and international directives including the Sustainable Development Goals

Impact Assessment

- Prioritized material issues around an applied stakeholder mapping and engagement process and SCIDC's sustainability focus
- Assess material topics to rank the most important issues

Management Ratification and Alignment

- Review of the list of material issues by SCIDC's senior management and sustainability team
- Regular follow ups

List of material issues:

- Ethics and compliance
- Market expansion
- Product innovation
- Customer relations and satisfaction
- Health and Safety
- Reduce environmental impact
- Employee development
- Water management
- Energy management
- Waste management
- GHG emissions

Our Sustainability **Framework & Goals**

Sustainability is SCIDC's motto and core principle that we religiously follow in everything we do. SCIDC's sustainability management framework allows us to monitor and enhance our social, environmental and economic performance. This framework stands on four pillars that take into consideration our business needs and our impact on society, the environment, our workplace and performance.

Responsible, Ethical & Profitable Growth

We ensure our business is conducted in a fair manner that benefits all our stakeholders by ensuring ethical and good corporate governance. We are contributing to the sustainable development of UAE and its people with:

- Reasonable economic growth
- Highest quality products
- Product and market development
- Customer satisfaction
- Complete Compliance with local laws and regulations

Health, Safety & Wellbeing of our People

Our employees are the largest contributors to our success. We strive to improve the health, safety and well-being of our people with the following key goals:

- Respect and equality amongst all people
- Continuously improve the health and safety of all our people
- Gender equality
- Quality training and knowledge distribution

Environmental Leadership

SCIDC strives continuously to ensure that our operations causes no harm to our surrounding living environment. Therefore, we ensure to reduce our carbon footprint, minimize our operational waste and water consumption. We contribute to our aim of greener planet with the following key goals:

- Use of Waste Heat Recovery Systems, increasing the share of renewable energy and alternative fuels to reduce coal consumption
- Zero waste to landfill and complete reuse and safe disposal of all plant waste
- Operate the plant with recycled water and zero consumption of fresh water in the plant
- Work with private and public sector players for recycling and safe disposal of waste
- Continuously invest in the state of the art environment-friendly technology for efficient production, distribution and use of energy and alternative fuels
- Stringent compliance with all environmental regulatory requirements

Corporate Social Responsibility

In line with the UAE's National Vision 2021 and Abu Dhabi Economic Vision 2030, we seek to drive local economic development and contribute to our local community with:

- Improved Emiratization
- Increase in local procurements
- Community development

ABOUT 4

Responsible, Ethical & Profitable Growth

Responsible, Ethical & Profitable **Growth**

We conduct our business for the long-term benefits of all our stakeholders with ethical business practices and adequate corporate governance. We are committed to contributing to the sustainable development of the UAE and its people with our highest quality products and complete compliance with laws and regulations.

2021 continued to be a challenging year due to ongoing Covid-19 restrictions coupled with significant supply chain issues and multifold increase in commodity prices. Construction activities and cement demand in the UAE continued to fall. Non availability of containers and exorbitant shipping costs crippled our export markets as well. In addition, the coal prices doubled during the second half of the year making cement production very expensive. Due to low demand in the local market, cement selling prices remained low despite significant increase in cost of sales. As a result company reported losses during 2021. The company however managed all other costs wisely and ensured that the company's EBIDTA remained positive during 2021. Company also managed its cash flows to reduce its debts further. Thus the company was successful in maintaining the shareholders' equity.

All other cement companies in the country also faced similar challenges and recorded significant losses.

The company had a turnover of 494 million dirhams and a gross loss of 7 million dirhams from the factory operation in 2021, compared to a turnover of 432 million dirhams and a gross profit of 5 million dirhams in 2020. Investment operations resulted in a profit of AED 11 million in 2021 due to higher fair value of investments in securities, higher rental income and higher return on our investment in funds. The net loss for 2021 was AED 34 million, compared to a net loss of AED 71 million in 2020.

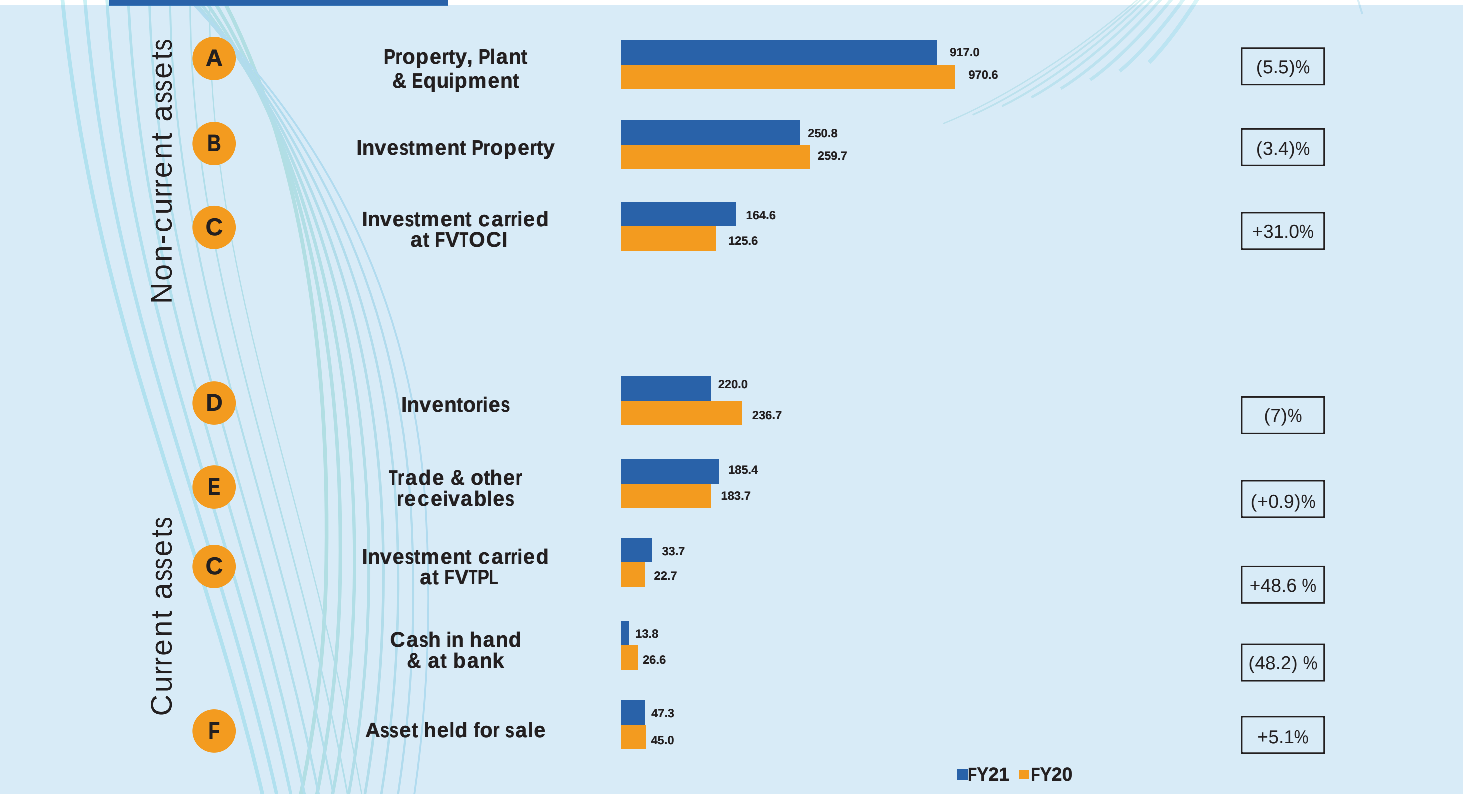
Our Economic Performance

As a major cement producer, we play a significant role in the economic development of the Emirates of Sharjah and UAE. Our 2021 and 2020 performances are highlighted below:

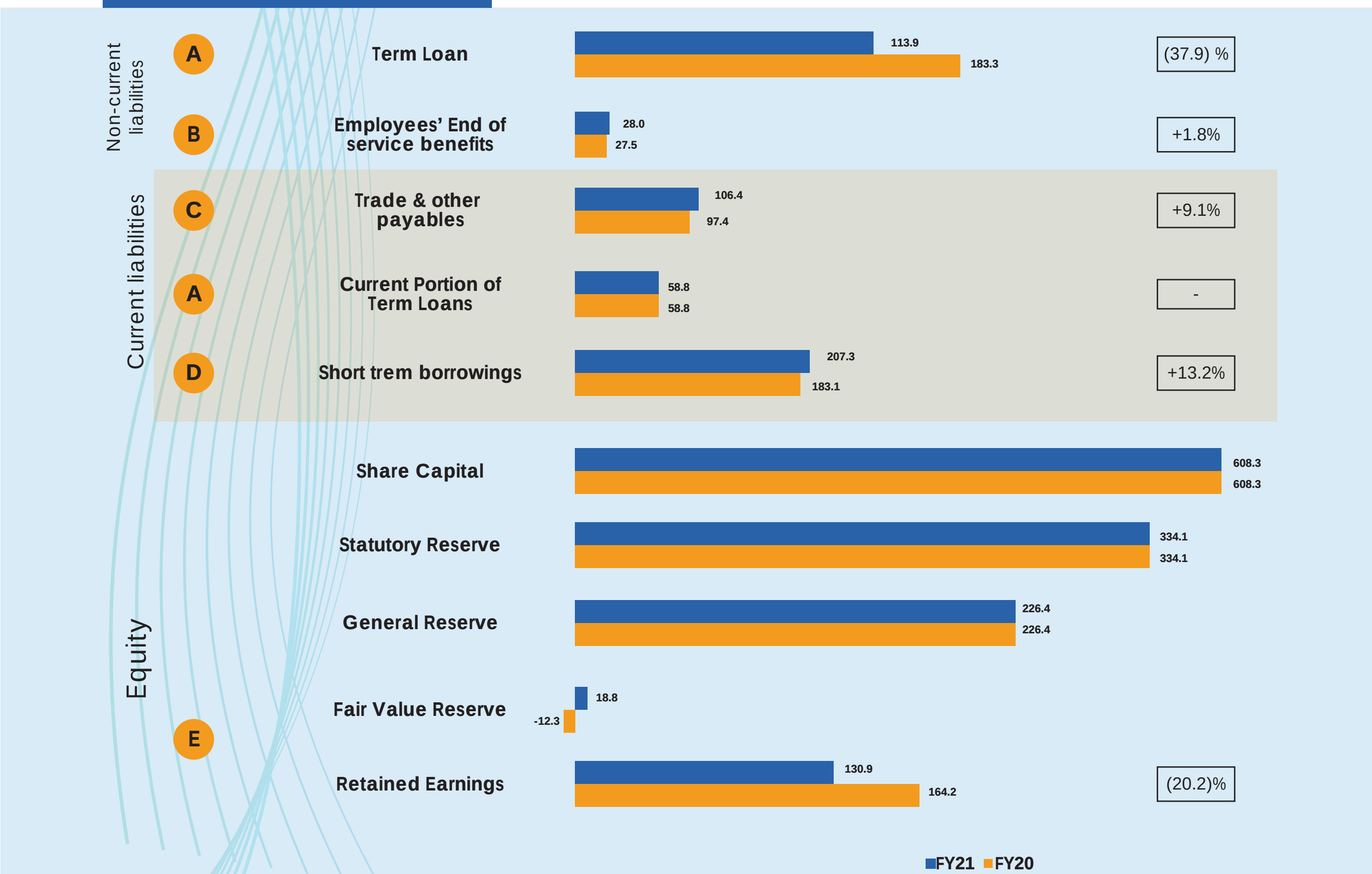
Particulars	FY21 (AED m)	FY20 (AED m)	Variance%
Sales	493.9	431.6	14.4 %
Cost of Sales	(501.2)	(437.0)	14.7 %
Gross (loss)/ Profit	(7.3)	(5.4)	-
G&A expenses	(20.9)	(18.5)	13.4 %
Selling and Distribution Cost (S&D cost)	(6.7)	(6.1)	9.6 %
Investment income	10.7	(6.3)	>100 %
Impairment loss on investment Property	-	(11.3)	(100) %
Finance expenses	(12.5)	(17.5)	(29.0) %
Reversal of gain on sale of assets held for sale	-	(8.5)	(100) %
Other Income	2.9	3.0	(3.1%)
(Loss) / profit for the year	(33.8)	(70.6)	-

Our Economic **Performance**

Assets (AEDm)

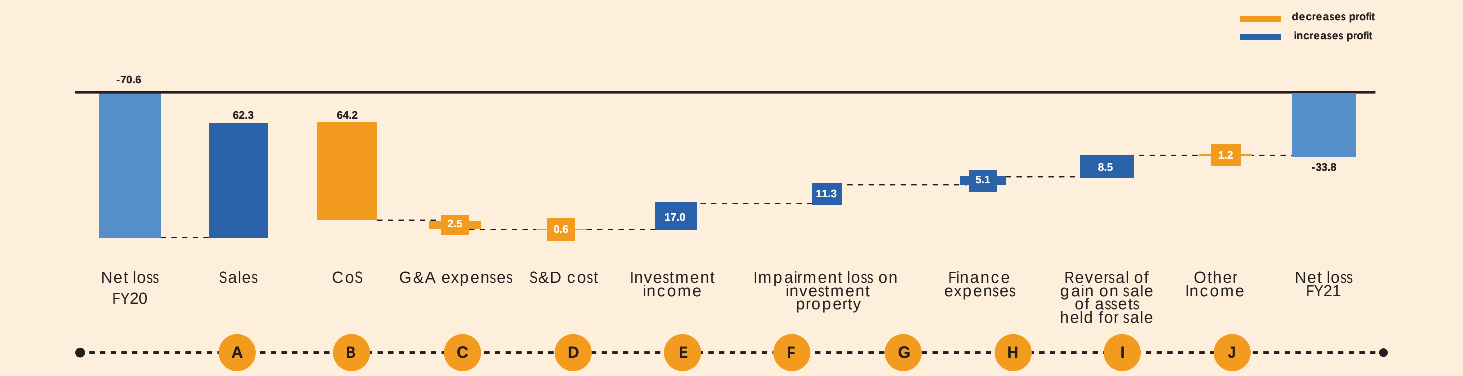


Liabilities & Equity (AEDm)

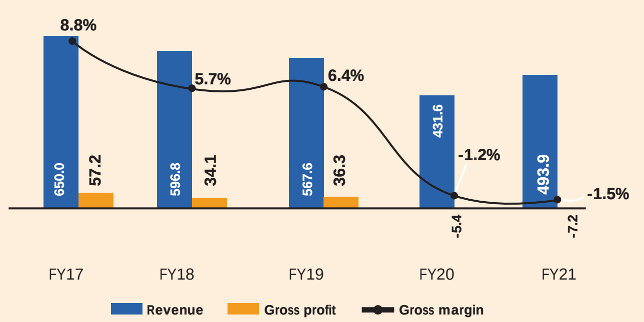


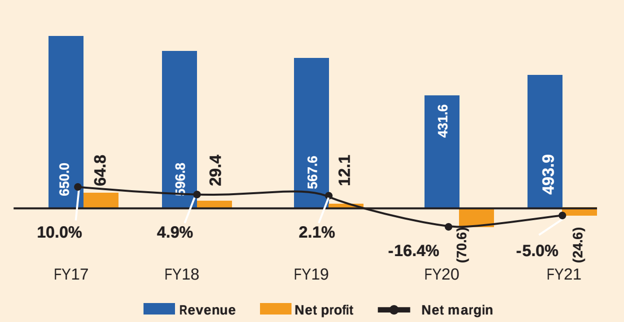
Our Economic **Performance**

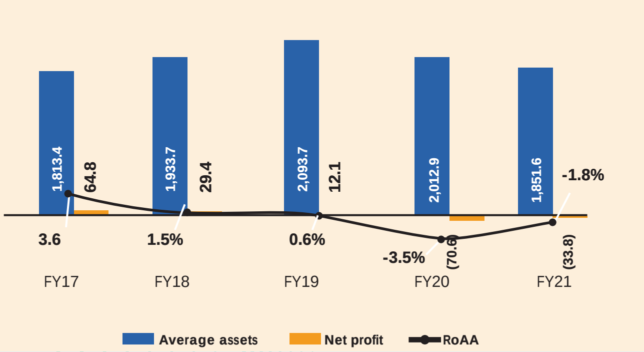
Profit bridge (AEDm)

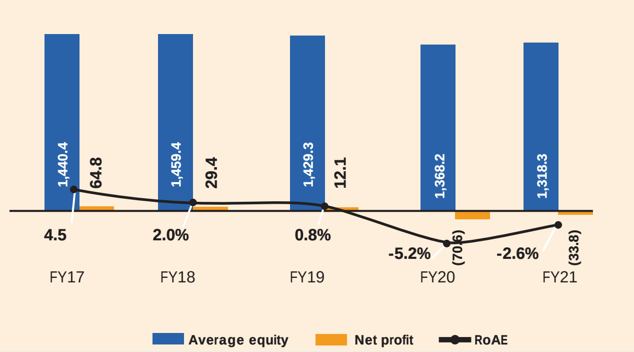


Profitability analysis

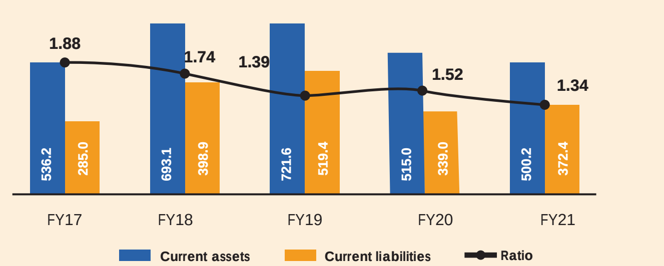


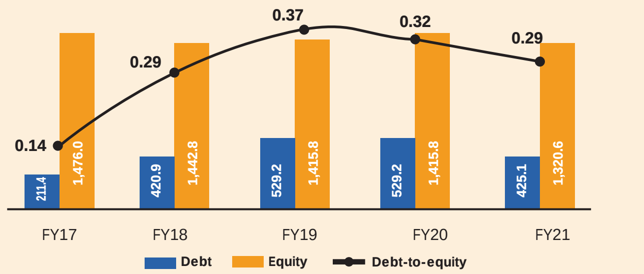






Liquidity analysis and financial leverage





Performance & Efficiency

All three factories of SCIDC have been established on the strong footing of QUALITY. Our products command quality premiums by maintaining very high standards of quality management and operating systems.

People Quality

- All factory managers have more than 35 years of relevant industry experience
- All departmental heads have more than 25 years of relevant industry experience
- Support of young and dynamic teams of professionally qualified people
- Providing regular trainings to our people to expand their knowledge and to keep pace with the rapidly changing technological innovations

Product Quality

- State of the art quality labs with latest equipment
- Ongoing and continuous testing of product quality
- Strict compliance with local and international quality norms

Process Quality

- Strict adherence to local and international quality standards (ISO, ASTM and BSEN standards)
- Ongoing and continuous product quality monitoring
- Preventive daily, weekly, monthly and annual maintenance schedules for all plant and equipment
- Regular plant upgrades to adopt latest technologies

Good Corporate **Governance**

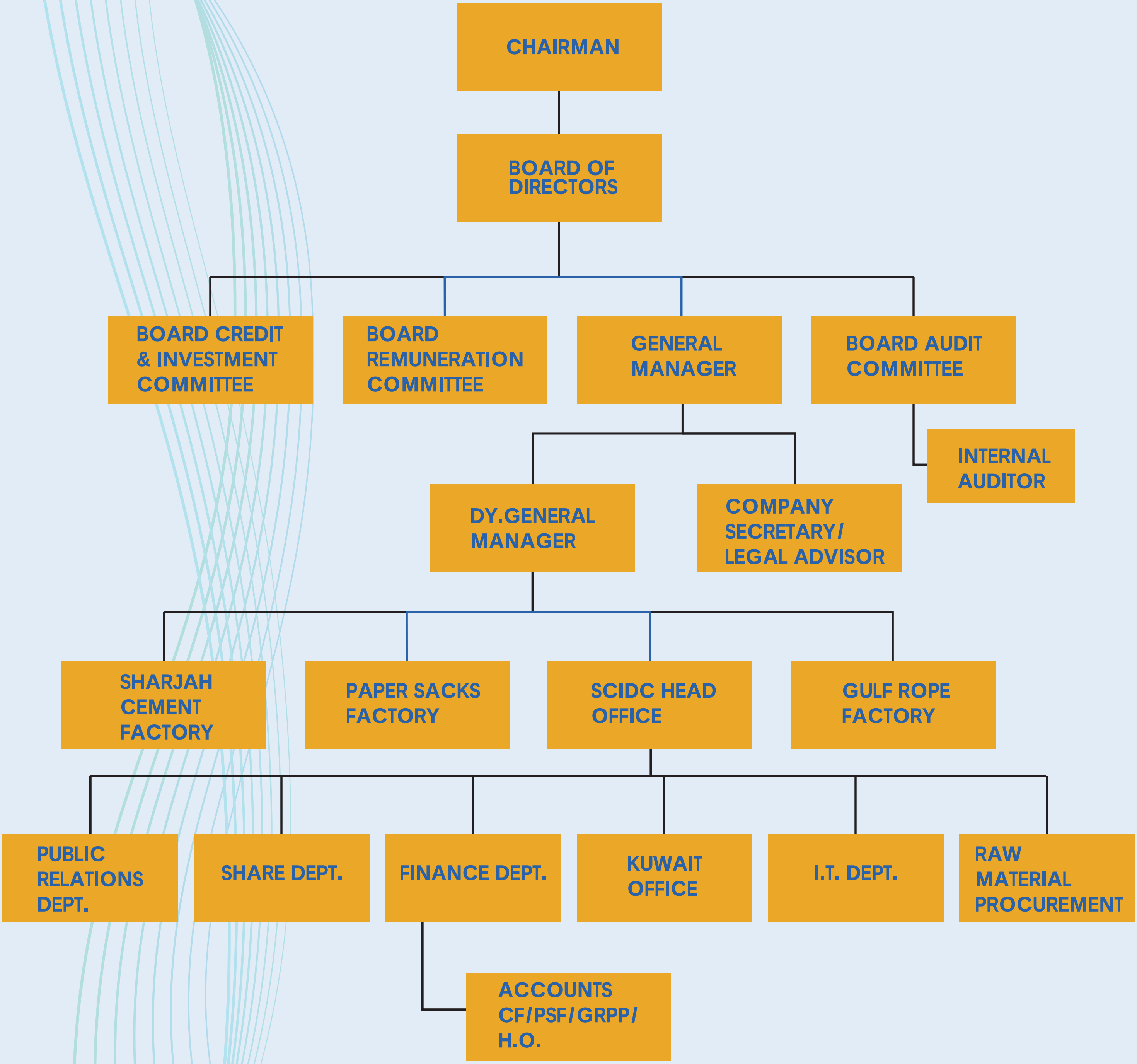
SCIDC realizes the importance of the efforts made by the Securities and Commodities Authority ("SCA") as well as, all the regulatory authorities.

We applaud their efforts in creating and adding control systems for developing the supervisory and regulatory process in regulating the affairs of public joint-stock companies.

We strictly abide by and implement all the directives issued by SCA, which are based on the fundamental principles of accountability, transparency, disclosure, responsibility and equality for protection and balance between all company stakeholders and equality among all shareholders.

The company has established standard policies and procedure manuals for strict application of the code of conduct and accountability with respect to the application of the guidelines included in the "SCA Resolution" for the year 2021.

Organisational Chart



Board of **Directors**

The Board of SCIDC consist of highly experienced members drawing on many years of industry experience and the young dynamic members who bring in lot of passion to learn from the senior members.

Our Board consists of 9 members of which 7 are independent and the rest are non-executive members. During the year 2021, the Board met four times.

Mr. Othman Mohamed Sharif Abdalla Zaman
Chairman

H.E. Dr. Saeed Abdullah Juma AlMutawa
Vice Chairman

H.E. Abdulrahman Mohammed Nasir Alowais
Member

Mr. Omar Ibrahim Abdalla Ahmed AlMulla
Member

Mr. Rashid Abdalla Mohamed Ali Burehaima
Member

Mr. Khalid Mohammed Abdullah AlKhayyal
Member

Mr. Nawaf Abdullah Muhammad AlRefae
Member

Mr. Mohamed Ahmed Omar Salem AlKarbi
Member

Mr. Ahmed Salem Abdulla Salem AlHosani
Member

The Board Committees

A. Audit & Compliance Committee

1. Acknowledgment by the Chairman of the Audit Committee of his responsibility for the committee's functioning:

Chairman of the Audit & Compliance Committee acknowledges the responsibility for effective and efficient working of the committee in accordance with the Charter approved by the Board. The Committee met 4 times during the year 2021.

2. The Audit & Compliance Committee is composed of the following Board members:

- H.E. Dr. Saeed Abdullah Juma AlMutawa (Committee Chairman)
- Mr. Mohamed Ahmed Omar Salem AlKarbi (Member)
- Mr. Omar Ibrahim Abdalla Ahmed AlMulla (Member)
- Mr. Khalid Mohammed Abdullah AlKhayyal (Member)

3. Responsibilities and duties of the committee in accordance with the directives of Article 61 of the Authority's decision regarding the 2020 Governance Guide:

Resolution No. (3 /r.m) for the year 2020 issued by the Securities and Commodities Authority regarding the Governance Guide confirmed the role and the importance of the Audit Committee. It stated that all members of the Committee should have the knowledge and experience in all aspects related to finance and accounting. It is the most important committee formed by the Board of directors and it supports the board with regards to the responsibilities entrusted by the shareholders of the company, especially those related to the company's financial and accounting policies and procedures.

B. Nomination and Remuneration Committee

1. Acknowledgment by the Chairman of the Nomination and Remuneration Committee of his responsibility for the committee's functioning:

The Chairman of the Nominations and Remuneration Committee, acknowledges his responsibility for the effective and efficient working of the committee in accordance with the Charter approved by the Board. No meeting was held during the year 2021 as there were no significant matters to discuss.

2. Nomination & Remuneration Committee comprises the following Board members:

- Mr. Khalid Mohammed Abdullah AlKhayyal (Committee Chairman)
- Mr. Rashid Abdalla Mohamed Ali Burehaima (Member)
- Mr. Omar Ibrahim Abdalla Ahmed AlMulla (Member)
- Mr. Ahmed Salem Abdulla Salem AlHosani (Member)

3. Responsibilities and duties of the Nomination & Remuneration Committee:

The Nominations and Remunerations Committee supervises and sets policies and procedures related to the structure of the Board of Directors and candidacy for membership in the Board of Directors with the obligation to diversify between genders. It also supervises the preparation of the policy for granting remunerations, benefits, incentives and salaries for the members of the company's Board of Directors, which are commensurate with the performance of the company, and its employees. The committee also defines the competencies required at the level of senior executive management and training in the company.

C. Investment Committee

1. Acknowledgment by the Chairman of the Investment Committee of his responsibility for the committee's functioning:

The Chairman of the Investment Committee, acknowledges his responsibility for the effective and efficient working of the committee in accordance with the charter approved by the Board. The Committee met four times during the year 2021.

2. The Investment Committee consists of the following members:

- H.E. Dr. Saeed Abdullah Juma AlMutawa (Committee Chairman)
- Mr. Omar Ibrahim Abdalla Ahmed AlMulla (Member)
- Mr. Rashid Abdalla Mohamed Ali Burehaima (Member)
- Mr. Mohamed Ahmed Omar Salem AlKarbi (Member)

3. Responsibilities and duties of the Investment Committee:

The committee's tasks in general include setting up policies and procedures for the investments of the company and to supervise, monitor and effectively evaluate the company's investment assets in order to achieve the desired returns on investment and security of the investments. The Committee also establishes procedures and standards for monitoring, evaluating and comparing performance results on a regular basis and reports the performance to the Board of Directors.

Our Internal Audit **Department**

Our Internal Audit Department is an independent, objective assurance function reporting directly to the Board Audit and Compliance Committee. The company's Internal Audit Function is Co-Sourced to Aswaar Management Consultancy (AMC), a premier management consultancy firm that focuses on providing boutique financial and internal audit services with a view to support the business leaders on decision making and also on execution.

AMC consists of specialists from the Big four, financial, banking, and business backgrounds and its leaders have the expertise for over two decades in the UAE.

The Board Audit & Compliance Committee approved the two years internal audit plan (2021-2022) to cover all business units and focus on core business areas including; production, maintenance, sales, supply chain and support service processes such as financial activities, human resources, administration, corporate governance and compliance. Internal audit reports are presented to the Board Audit and Compliance Committee.

The Internal Audit and Compliance Department performs three different types of audits:

1. Compliance Audit

The compliance audit aims to review financial and operational activities with the aim of determining their compliance with specific policies, procedures, rules and regulations. The Internal Audit Department uses the risk-based audit approach to provide independent assurance to the Board.

2. Performance Audit

Performance audit sets the benchmark for the performance of the company against set goals and follows the industry's best practices for performance evaluation and for improvements.

3. IT Systems Auditing

The IT systems audit is designed to review the strengths and weaknesses of current IT policies and procedures, IT infrastructure, IT systems change management process, IT security measures, compliance with regulatory requirements and suggest improvements.

In 2021, the Internal Audit and Compliance Department conducted 11 audits as per the scope agreed with the Board Audit & Compliance Committee.

ABOUT 5

Health, Safety & Wellbeing of Our People

Health, Safety & Well-being of **Our People**

As the Arabian proverb goes, “He who has health has hope, and he who has hope has everything” we are aware that the work environment and the nature of the work are essential influences on health and safety, and they have been the key focus of SCIDC. As an organization, we play a crucial role in taking care of and promoting the physical and emotional health, safety, and wellbeing of our employees.

- **Human Rights**

Principles of Human Rights are guiding our relationship with employees, suppliers, customers and the communities we operate in. We are committed to ensure that all our employees are safe, supported and respected at all times.

We encourage all employees to report any possible violations of our code of ethics through various channels in place.

We fully comply with the UAE Labour Law and the Federal Authority of Human Resources policies laid out. This also extends to our subcontracted personnel. We subcontract from companies approved by the Ministry of Interior and conduct a special HSE induction training for new personnel.

Our suppliers and partners are also expected to embrace responsible practices to create a positive work environment.

Health, Safety & Well-being of **Our People**

• OUR HUMAN CAPITAL

The value of an individual's experience and skills is the repository of human capital that any organization possesses. It largly constitutes education, skills, intelligence, training, creativity and abilities. These attributes are important as it helps employees to perform their jobs more effectively and efficiently.

Employees at SCF are a highly motivated team, their commitment has been clearly exhibited in various large-scale projects executed in the last two years, all before the targeted timelines.

Timely completion of projects like the 40 MW Captive Power Plant, Alternative Fuel Firing Systems, Product Silos, blending plant and the SAP ERP project integrating all the group companies in the last two years demonstrate the teamwork, skills, knowledge and commitment of our people.

• DIVERSITY AND INCLUSION

We have realized that diversity and inclusion is a business imperative that determines what kind of a company we are, what we want to be and what the legacy will be. Following principles are close to our heart when it comes to diversity and inclusion:

- Branding and Culture
- Focus on increasing employee potential
- Inter-connect to positive change
- No top-down approach
- Sense of belonging
- Compassionate Leadership

• EMPLOYEE ATTRACTION AND RETENTION

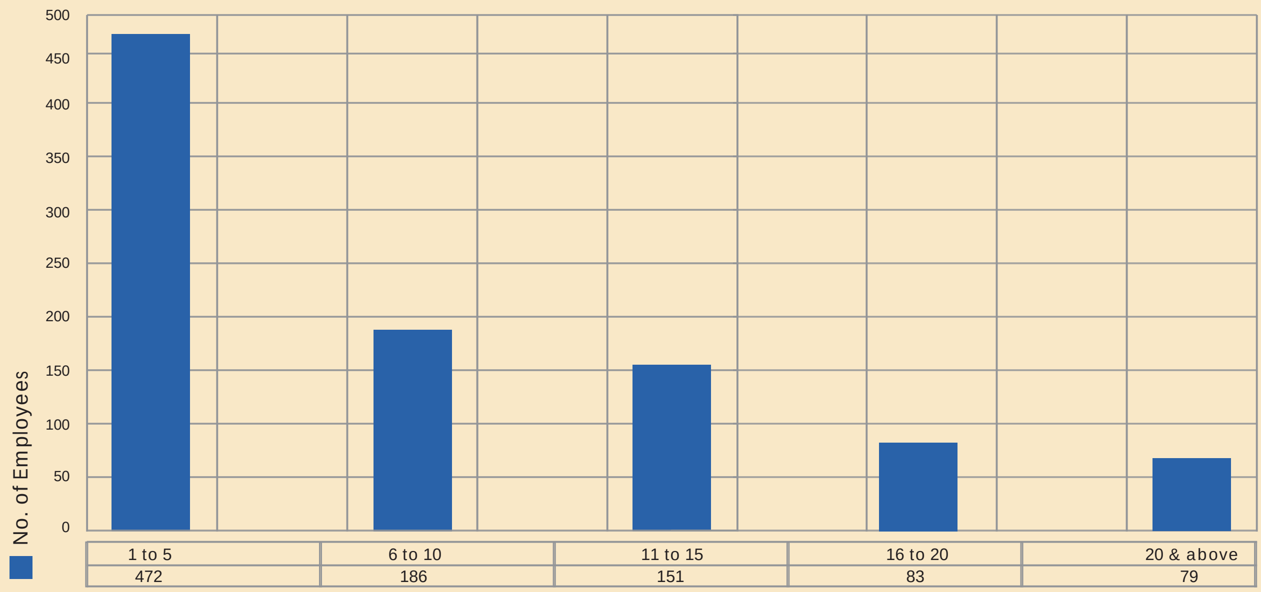
The term "war for talent" was coined by McKinsey's Steven Hankin in 1997 and the terminology was popularized by the book of that name in 2001. It refers to the increasingly fierce competition to attract and retain employees. We have managed to attract as well as retain talent, as an organization by adopting the following practices:

- A positive and pleasant work culture
- Appealing living conditions and benefits
- Technological advancement
- Career Advancement
- Professional development
- Treating everyone equally
- Inclusion in decision making

Our average years of retention of employees is above 8 years.

Employee Training

Employees Service in Years



- **EMPLOYEE TRAINING**

Employee training would help employees enhance their capabilities, eventually increasing their productivity and benefitting the organization. Employees with high potential are identified and opportunities are provided to learn "on the job," which also helps in the employee's career advancement. Classroom type training are also conducted throughout the year to improve people's knowledge of advancement in technologies, product development and finer methodologies.

Regular training is provided on 'Safety' which covers, First Aid, CPR, Firefighting, Training for Heavy Duty Drivers on Road Safety, Safe offloading of cement, Safe Tipping of raw material. Training on Cement Technology both for manufacturing and maintenance related and on various Quality, Health, Environmental and Energy standards are also provided. A total of 3054 man hours have been dedicated for training activities during 2021.

Employee **Engagement**

A strong feeling of pride, commitment and higher level of employee engagement have higher levels of customer satisfaction, profit and safety. We have always believed in transparency, empowerment, employee development, listening to people to improve systems, praise and recognition on safety related, project completion and execution of special tasks. Our employees are provided with certificates of recognition and cash awards to appreciate their efforts.

Our organization is blessed with ample space, which has been put to best use by providing various sports facilities including a Cricket and Football ground, Tennis and badminton Court, Gymnasium and a Children's play area for the employee's children.

We conduct internal Cricket, Football and Badminton tournaments and also participate in League matches organized by various sports organizations in the UAE. Our employees have actively participated in the Rashid Al Leem Premium League, RAK Badminton, and Sharjah Municipality.

In the interest of all the employees, even senior employees were encouraged to take part in the matches and have keenly participated in interdepartmental cricket league tournaments.

Employee **Engagement**

For the well-being of the mind and body we have provided a hall for our employees who have a keen interest in performing yoga, meditation, gymnasium which is fully equipped. Some of our employees have indeed developed good physique which has motivated a few others.

Additionally, we also have a walking track and a garden to unwind and relax for family members which is an icing on the cake as this completes a full circle of people's engagement.

Occupational **Safety**

SCIDC Adopts ISO 45001-2018 (OHS) management systems by British Standard Institution (BSI). The HSE department of the company is headed by a full-time safety officer who is a qualified International Diploma Health and Safety Engineer.

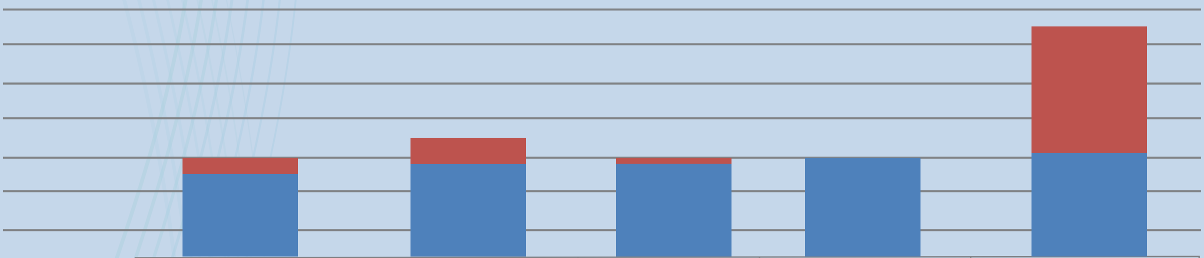
He is also a CQI/IRCA Qualified Lead Auditor for ISO 45001-2018 & Affiliated member for IOSH also.

Our Safety record with graphs for five years:

The company is proud of its safety record and has consistently improved its safety performance as shown in the five year graph below:

1. Accident First Aid and Lost Time Injury Analysis (2017 to 2021)

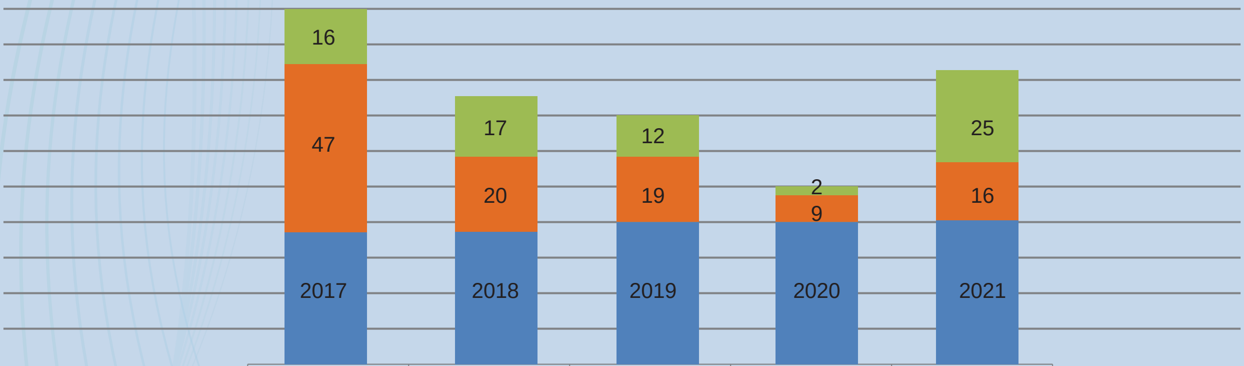
SHARJAH CEMENT FACTORY
LOST TIME INJURY FREQUENCY RATE (2017 TO 2021)



	1	2	3	4	5
LTI Rate	3.21	5.67	0.73	0	33.22
Year	2017	2018	2019	2020	2021

2. Transport incident (2017 to 2021) – Show total incidents only

SHARJAH CEMENT FACTORY TRANSPORT INCIDENTS 2017 TO 2021



	1	2	3	4	5
Tippers	16	17	12	2	25
Tankers	47	20	19	9	16
Year	2017	2018	2019	2020	2021

ABOUT 6

Environmental Leadership Vision & Mission

Environmental Leadership, Vision and Mission

OUR ENVIRONMENTAL VISION

As a leading cement manufacturer in the region, we strive to be an eco-friendly organization that plays a pivotal role in protecting and sustaining the environment for the benefit of the current and future generations.

OUR ENVIRONMENTAL MISSION

- Reduce the use of Coal and other fossil fuels
- Reuse all plant waste to ensure zero waste to landfill
- Recycle water, plastic and other wastes generated in the country in partnership with public and private players
- Complete Compliance with all environmental regulatory requirements

Sharjah Cement Factory was established in 1976 and has gained more than four decades of experience in manufacturing various types of quality cement and other cementitious products in strict compliance with relevant European and American Standards.

SCF operates under ISO 9001-2015 Quality Management Systems. We have also been awarded ISO 45001-2018 for Health, Safety and Environment Systems and ISO 50001-2018 for Energy Management System.

Environmental **Goals and Achievements**

OUR ENVIRONMENTAL GOALS

- Use of Waste Heat Recovery Systems, increasing the share of renewable energy and alternative fuels to reduce coal consumption
- Zero waste to landfill and complete reuse and safe disposal of all plant waste
- Operate the plant with recycled water and zero consumption of fresh water in the plant
- Work with private and public sector players for recycling and safe disposal of waste
- Continuously investing in the state-of-the-art environment-friendly technology for efficient production, distribution and use of energy and alternative fuels
- Stringent compliance with all environmental regulatory requirements

OUR ACHIEVEMENTS

- Waste Heat Recovery System

- The company's waste heat recovery system was established in 2015 to generate up to 9 MW of electricity from exhaust gases of the Kilns, resulting in an annual reduction of 70,000 tons of carbon and heat emissions into the atmosphere

- Waste to Energy

- Sharjah Cement Factory invested more than USD 15 million in the latest technologies to upgrade its plant to burn alternative fuels instead of coal

- Sharjah Cement Factory has signed an agreement with Bee'ah whereby Bee'ah will annually supply 73,000 tons of Solid Recovered Fuel (SRF) generated from industrial and commercial waste in its landfill. This will replace coal and thereby reduce our carbon emissions and improve our environmental performance

- With this agreement and other ongoing arrangements with Bee'ah and other public and private sector establishments, Sharjah Cement Factory will replace more than 30% of fossil fuel with alternative fuels. This has surpassed the minimum of 10% prescribed by the law

- Recycling of Waste

- Sharjah Cement factory has implemented "Zero waste to Landfill" wherein, all waste including green waste, ash and other factory waste is recycled

Environmental **Goals and Achievements**

- Reuse of Water

- Sharjah Cement Factory has signed a reuse agreement with Qatra Water Solutions where by Qatra will provide dry sludge and treated water from its water treatment plant
- The entire factory now runs on treated wastewater and we use zero fresh water in the plant
- Sharjah Cement Factory has established a water treatment plant to recycle all household and factory wastewater which is then used for plantations

- Safe Disposal of Waste

- We assist various Government departments and private companies in the safe disposal of contraband, old paint, cloth, used oil and lubricants, construction waste, E-waste, tyres, and other items in strict compliance with emission norms

- Green Plant

- Sharjah Cement Factory takes pride in being the greenest plant in the region. We have achieved a feat of planting more than 5,500 trees inside the factory campus in collaboration with the Sharjah Municipality & Ministry of Environment to increase green foliage cover

- Efficient Generation, Distribution and Utilization of Energy

- We have adopted the latest and efficient plant load management systems like First Bus Transfer (FBT) and Variable Frequency Drive (VFD) to ensure most efficient utilization of electricity

- Compliance with Emission Norms

- All our plants are built with latest technologies to reduce the SOx, NOx, dust and other emissions to the levels far below the limits set by Ministry of Environment

ABOUT

7

Corporate Social Responsibility

Corporate Social **Responsibility**

Emiratization

- In tune with the vision of H.H. Dr. Shaikh Sultan Bin Mohammed Al Qasimi, Ruler of Sharjah, for the development of Emirati youth, we provide on-the-job training in technical aspects in collaboration with local universities. We also facilitate factory visits for schools and college students to get acquainted with the finer aspects of Cement Manufacturing Technology

Local Procurement & Supply Management

- The company contributed more then 60% towards local procurement and supplier management during the year 2021. We are consistently trying to improve this percentage through our vendor development system based on the source of quality products

Community Investment

- We participate in the Environment Day celebrations in the Emirate and continuously spread the message of a greener planet through various events

- We sponsor various Municipalities in the Emirate to develop the greenery landscape in the desert land

- The Company also supports many charitable organizations and social institutions with donations to fulfill its corporate social responsibilities

ABOUT 8

GRI Content Index

GRI Content Index

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