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 2022

التقرير المتكامل (٢٠٢٢)

Sharjah Cement and Industrial Development Company (PJSC) – Sharjah, is pleased to submit the Integrated Report 2022 (according to the attached) 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 المرفق) عملاً بالضوابط التنظيمية والتوجيهات الصادرة عن هيئة الوراق المالية والسلع – أبوظبي .

Contents:

المحتويات:

شركة الشارقة للاسمنت والتنمية الصناعية
P.O. Box: 2083
Sharjah - U.A.E
SHARJAH CEMENT & INDUSTRIAL DEVELOPMENT.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
Tel.: 06-5695666/5684681/5686102-03, Fax: 5683171 هاتف: ٠٣-٠٦٨٦١٠٢/٥٦٨٤٦٨١/٥٦٩٥٦٦٦-٠٦، فاكس: ٥٦٨٣١٧١
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 2022.

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 2022

Consolidated Income Statement of the Group for the year ended 31 December 2022 is presented on page 8 and Consolidated Balance Sheet of the Group as of 31 December 2022 is presented on page 10 of the consolidated financial statements.

The Group has reported sales of AED 635,456 thousand (2021: AED 493,894 thousand) while the net Loss for the year was AED 39,606 thousand (2021: Loss AED 33,802 thousand). Shareholders' equity at 31 December 2022 was AED 1,273,767 thousand (2021: AED 1,318,371 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 2022.

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 2022, and they have expressed their willingness to continue in office once elected at the forthcoming Annual General Meeting.

Chairman
02 March 2023

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

CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2022

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

Consolidated financial statements
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Chairman
02 March 2023

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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 (together referred to as the "Group"), which comprise the consolidated statement of financial position as at 31 December 2022, 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 2022, 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.

Building a better working world

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

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
Revenue recognition	
During the year ended 31 Dec 2022 the Group has recognized revenue of AED 635 million from sales. The Group recognizes the revenue at a point in time when the customer obtains the control over the goods and this is done upon delivery of the goods to the customer / acceptance by the customer and issuance of the sales invoice. Revenue recognition is considered a key audit matter as this requires management to substantiate the fact that the control over the good is transferred at time of delivery and the amount of revenue is determined in accordance with IFRS 15 "Revenue from contract with customers". The Group focuses on revenue as a core indicator for measuring the performance and consequently this could create an incentive for revenue to be recognized before the control has been transferred or revenue recognition with more than its actual value and recorded in incorrect period.	The work that we performed to address this key audit matter included the following procedures. • We evaluated the appropriateness of the Group's accounting policies related to recognition of revenue from sales as well as assessing compliance with the requirements of IFRS 15 Revenue from contract with customers. • We assessed the design and operating effectiveness of the internal controls related to revenue recognition. • We performed substantive audit procedures which included overall analytical procedures by comparing amounts of revenues, prices and quantities sold during the current year compared to with the previous year and determine whether there are any significant trends or fluctuations. Further, we also performed testing of revenue transactions on sample basis, where we verified the occurrence of the sales from the supporting documents and checked that the revenue was recorded with correct amount. • We performed the cutoff testing to verify that the revenue was recorded in correct period. • We have assessed the adequacy of the management's disclosure in note 4 and note 8 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 Consolidated Financial Statements (continued)

Key audit matter	How the Matter Was Addressed in the Audit
Existence and valuation of inventories	
Inventories comprises 15% of Group's total assets as on 31 December 2022. 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 appoints an external surveyor to assess 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 management's expert. We assessed the reasonableness of the 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 external surveyor's for the major stock items. • We tested the valuation of yearend 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.

Report on the Audit of the Financial Statements (continued)

Other information
Other information consists of Management's Report, other than the consolidated 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, 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 UAE Federal Law No. 32 of 2021, 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 financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Report on the Audit of the Financial Statements (continued)

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

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

- Identify and assess the risks of material misstatement of the 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 consolidated 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. (32) of 2021, we report that for the year ended 31 December 2022:

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. (32) of 2021;

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 2022, 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 2022, any of the applicable provisions of the UAE Federal Law No. (32) of 2021 or of its Articles of Association which would have a material impact on its activities or its financial position as at 31 December 2022; 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

3 March 2023

Sharjah, United Arab Emirates

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2022

	Notes	***2022*** ***AED'000***	*2021* *AED'000*
Revenue from contract with customers	6	**635,456**	493,894
Cost of sales		**(637,002)**	(501,165)
Gross Loss		**(1,546)**	(7,271)
Administrative and general expenses		**(20,723)**	(20,937)
Selling and distribution expenses		**(7,815)**	(6,737)
Investment income	7	**5,760**	10,709
Finance expenses	8	**(18,696)**	(12,447)
Other income		**3,414**	2,881
LOSS FOR THE YEAR	8	**(39,606)**	(33,802)
Loss attributable to:			
Owners of the Group		**(39,606)**	(33,802)
Basic and diluted earnings per share (AED)	22	**(0.065)**	(0.056)

The attached notes 1 to 33 form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2022

	Notes	***2022 AED'000***	*2021 AED'000*
Loss for the year		**(39,606)**	(33,802)
Other comprehensive income:			
Items that will not be reclassified to profit or loss:			
Investments carried at FVTOCI – net change in fair value	12	**(5,105)**	30,104
Items that may be reclassified to profit or loss:			
Change in fair value of interest rate swap	12	**107**	1,468
Other comprehensive (loss)/income or the year		**(4,998)**	31,572
TOTAL COMPREHENSIVE LOSS FOR THE YEAR		**(44,604)**	(2,230)
Total comprehensive loss attributable to:			
Equity holders of the parent		**(44,604)**	(2,230)

The attached notes 1 to 33 form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 December 2022

	Notes	*2022* *AED'000*	*2021* *AED'000*
ASSETS			
Non-current assets			
Property, plant and equipment	9	**910,100**	917,023
Investment properties	10	**242,328**	250,849
Investments carried at FVTOCI	12	**134,429**	164,563
		1,286,857	1,332,435
Current assets			
Inventories	13	**290,895**	220,003
Trade and other receivables	14	**240,306**	185,431
Investments carried at FVTPL	12	**30,105**	33,660
Cash in hand and at bank	15	**13,094**	13,795
Asset held for sale	11	**47,293**	47,293
		621,693	500,182
TOTAL ASSETS		**1,908,550**	1,832,617
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	**2,931**	18,764
Retained earnings		**102,118**	130,889
Total equity		**1,273,767**	1,318,371
Non-current liabilities			
Long term borrowings	17	**94,931**	113,876
Provision for staff terminal benefits	18	**31,100**	27,955
		126,031	141,831
Current liabilities			
Trade and other payables	16	**188,274**	106,394
Short term borrowings	17	**320,478**	266,021
		508,752	372,415
Total liabilities		**634,783**	514,246
TOTAL EQUITY AND LIABILITIES		**1,908,550**	1,832,617

These financial statements were approved and authorized for issue on behalf of the Board of Directors on 2nd March 2023.

Chairman

Chief Executive

The attached notes 1 to 33 form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2022

	Notes	***2022*** ***AED'000***	*2021* *AED'000*
OPERATING ACTIVITIES			
Loss for the year		**(39,606)**	(33,802)
Adjustments for:			
Depreciation on property, plant and equipment	9	**71,060**	69,777
Depreciation on investment properties	10	**8,521**	8,815
Provision for staff terminal benefits	18	**3,997**	2,210
Allowance for expected credit loss	14	**(1)**	(10)
Provision for inventory (net off)	13	**(8,178)**	5,838
Gain on disposal of property, plant and equipment		**(80)**	(53)
Gain on change in fair value of investments carried at FVTPL	12	**(1,078)**	(4,965)
Realised loss on disposal of investments carried at FVTPL	12	**1,850**	199
Rental income from investment properties	10	**(9,278)**	(6,024)
Dividend income	7	**(5,122)**	(3,995)
Finance expense	8	**18,696**	12,447
		40,781	50,437
Changes in:			
- inventories	13	**(62,714)**	10,849
- trade and other receivables	14	**(54,874)**	(1,678)
- trade and other payables	16	**81,987**	10,374
Staff terminal benefits paid	18	**(852)**	(1,708)
Net cash generated from operating activities		**4,328**	68,274
INVESTING ACTIVITIES			
Acquisition of property, plant and equipment	9	**(64,440)**	(16,157)
Additions to investment	11	-	(2,277)
Proceeds from disposal of property, plant and equipment		**383**	53
Purchase of investments carried at FVTOCI	12	**(5,120)**	(10,997)
Proceeds from disposal of investments carried at FVTOCI	12	**30,149**	2,152
Dividend income	7	**5,122**	3,995
Rental income from investment properties	10	**9,278**	6,024
Purchase of investments carried at FVTPL	12	**(5,993)**	(11,010)
Proceeds from disposal of investments carried at FVTPL	12	**8,776**	4,767
Net cash used in investing activities		**(21,845)**	(23,450)
FINANCING ACTIVITIES			
Loan repaid	28	**(821,079)**	(422,188)
Loan taken	28	**856,591**	376,963
Interest paid	8	**(18,696)**	(12,447)
Net cash generated from/(used in) financing activities		**16,816**	(57,672)
NET DECREASE IN CASH AND CASH EQUIVALENTS		**(701)**	(12,848)
Cash and cash equivalents at the beginning of the year	15	**13,795**	26,643
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR		**13,094**	13,795
Cash and cash equivalents comprise:			
Cash in hand and at bank	15	**13,094**	13,795

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

	Share capital AED' 000	*Statutory reserve AED'000*	*General reserve AED'000*	*Fair value reserve AED'000*	*Retained earnings AED'000*	*Total AED'000*
At 1 January 2022	608,254	334,091	226,373	18,764	130,889	1,318,371
Total comprehensive loss for the year						
Loss for the year	-	-	-	-	(39,606)	(39,606)
Other comprehensive loss for the year	-	-	-	(4,998)	-	(4,998)
Total comprehensive loss for the year	-	-	-	(4,998)	(39,606)	(44,604)
Other equity movement						
Transfer of realised gain from fair value reserve to retained earnings on disposal of investments carried at FVTOCI (note 12)	-	-	-	(10,835)	10,835	-
Total other equity movement	-	-	-	(10,835)	10,835	-
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 2022	**608,254**	**334,091**	**226,373**	**2,931**	**102,118**	**1,273,767**

The attached notes 1 to 33 form part of these consolidated financial statements.

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

	Share capital AED' 000	*Statutory reserve AED'000*	*General reserve 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 income/(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

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.

The consolidated financial statements as at and for the year ended 31 December 2022 ("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. (32) of 2021.

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.

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.

2 BASIS OF PREPARATION (continued)

Measurement of fair values (continued)
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*	
			2022	*2021*
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 year ended 31 December 2022. Except for the adoption of new standards and interpretations effective as of 1 January 2022.

New standards, interpretations and amendments
The Group applied for the first-time certain standards and amendments, which are effective for annual periods beginning on or after 1 January 2022 as noted below; (unless otherwise stated). The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

- Onerous Contracts – Costs of Fulfilling a Contract – Amendments to IAS 37.
- Reference to the Conceptual Framework – Amendments to IFRS 3.
- Property, Plant and Equipment: Proceeds before Intended Use – Amendments to IAS 16 Leases.
- IFRS 1 First-time Adoption of International Financial Reporting Standards – Subsidiary as a first-time adopter.
- IFRS 9 Financial Instruments – Fees in the '10 per cent' test for derecognition of financial liabilities.

The amendments and interpretations apply for the first time in 2022, but do not have any material impact on the consolidated financial statements of the Group.

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 Group's financial statements are disclosed below. The Group intends to adopt these new and amended standards and interpretations, if applicable, when they become effective.

- Amendments to IAS 1: Classification of Liabilities as Current or Non-current – effective 1 Jan 2023
- Definition of Accounting Estimates **-** Amendments to IAS 8 – effective 1 Jan 2023
- Disclosure of Accounting Policies **-** Amendments to IAS 1 and IFRS Practice Statement 2 – effective 1 Jan 2023

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.

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.

4 SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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.

4 SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue recognition (continued)

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.

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.

4 SIGNIFICANT ACCOUNTING POLICIES (continued)

Property, plant and equipment (continued)

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:

	Life (years)
Asset	
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.

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.

4 SIGNIFICANT ACCOUNTING POLICIES (continued)

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)**

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.

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.

4 SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

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.

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.

4 SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Derivative financial instruments and hedge accounting (continued)

Cash flow hedges (continued)
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.

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.

4 SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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.

4 SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment (continued)

Non-derivative financial assets (continued)

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.

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.

4 SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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.

5 FINANCIAL RISK MANAGEMENT (continued)

Credit risk (continued)

Cash and cash equivalents
The Group held cash and cash equivalents of AED 13,094 thousand at 31 December 2022 (2021: AED 13,795 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.

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:

	2022 AED'000	*2021 AED'000*
Type of revenue		
Sale of goods	**635,456**	493,894

	2022 AED'000	*2021 AED'000*
Geographical markets		
Within UAE	**478,341**	375,745
Outside UAE	**157,115**	118,149
Total revenue from contracts with customers	**635,456**	493,894

Timing of revenue recognition

	2022 AED'000	*2021 AED'000*
Goods transferred at a point in time	**635,456**	493,894

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 227,503 thousand (2021: AED 174,911 thousand) (note 14) and short term advances received from customers to supply the goods are AED 5,899 thousand (2021: AED 2,067 thousand) as at 31 December 2022.

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 (2021: 150 to 210 days).

7 INVESTMENTS INCOME

	2022 AED'000	*2021 AED'000*
Gain on change of fair value of investments carried at FVTPL (note 12)	**1,078**	4,965
Realised loss on disposal of investments carried at FVTPL (note 12)	**(1,850)**	(199)
Net operating gain/(loss) on investment properties (note 10)	**757**	(2,791)
Dividend income	**5,122**	3,995
Profit distribution from funds	**-**	4,740
Others	**653**	(1)
	5,760	10,709

8 LOSS FOR THE YEAR

The loss for the year is stated after charging:

	2022 ***AED'000***	*2021* *AED'000*
Staff costs:		
Wages and salaries	**37,668**	36,015
End of service benefits (note 18)	**3,997**	2,210
Other employee benefits	**19,351**	18,156
	61,016	56,381
Finance expenses:		
Interest on bank borrowings	**16,765**	10,391
Bank charges	**1,931**	2,056
	18,696	12,447
Cost of sales:		
Material consumed	**329,446**	256,191
Depreciation on property, plant and equipment and investment properties (note 9 and 10)	**79,581**	78,592

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 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
At 1 January 2022	23,852	429,620	1,529,897	45,625	47,081	4,364	6,124	2,086,563
Additions	-	-	4,113	377	1,104	-	58,846	64,440
Disposals	-	-	(102)	(476)	(541)	-	-	(1,119)
Transfer	-	7,084	14,868	-	-	-	(21,952)	-
At 31 December 2022	**23,852**	**436,704**	**1,548,776**	**45,526**	**47,644**	**4,364**	**43,018**	**2,149,884**
Depreciation								
At 1 January 2021	-	255,149	759,652	38,163	43,960	3,813	-	1,100,737
Charge for the year (note 8)	-	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
At 1 January 2022	-	269,265	811,371	40,778	44,248	3,878	-	1,169,540
Charge for the year (note 8)	-	14,263	53,282	2,500	951	64	-	71,060
On disposals	-	-	(102)	(173)	(541)	-	-	(816)
At 31 December 2022	-	**283,528**	**864,551**	**43,105**	**44,658**	**3,942**	-	**1,239,784**
Net book value								
At 31 December 2022	**23,852**	**153,176**	**684,225**	**2,421**	**2,986**	**422**	**43,018**	**910,100**
At 31 December 2021	23,852	160,355	718,526	4,847	2,833	486	6,124	917,023

9 PROPERTY, PLANT AND EQUIPMENT (continued)

Depreciation has been allocated as follows:

	2022 AED'000	*2021 AED'000*
Cost of sales	**67,609**	65,899
Administrative and general expenses	**3,451**	3,878
	71,060	69,777

a) Capital work in progress included in property, plant and equipment at 31 December 2022 was mainly relating to expenditure for dry mortar plant and other plant & machinery in the course of construction.
b) At 31 December 2022, the cost of fully depreciated property, plant and equipment that is still in use amounted to AED 484 million (2021: AED 473 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).
d) The Group started the construction of Dry Mortar Plant during the year 2022. The plant is mainly financed by borrowing from a local bank in UAE. The amount of borrowing costs capitalized during the year ended 31 December 2022 was AED 825 thousand which include trade finance cost of AED 102 thousand from other banks by way of TR's and LC's. The rate used to determine the amount of borrowing costs varies from 1.9% to 6.5% p.a.

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 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
At 1 January 2022	53,301	43,466	224,331	1,866	322,964
Additions	-	-	-	-	-
At 31 December 2022	**53,301**	**43,466**	**224,331**	**1,866**	**322,964**
Depreciation and impairment:					
At 1 January 2021	748	-	60,686	1,866	63,300
Charge for the year (note 8)	-	-	8,815	-	8,815
At 31 December 2021	748	-	69,501	1,866	72,115
At 1 January 2022	748	-	69,501	1,866	72,115
Charge for the year (note 8)	-	-	8,521	-	8,521
At 31 December 2022	**748**	**-**	**78,022**	**1,866**	**80,636**
Net book value:					
At 31 December 2022	**52,553**	**43,466**	**146,309**	**-**	**242,328**
At 31 December 2021	52,553	43,466	154,830	-	250,849

10 INVESTMENT PROPERTIES (continued)

Net operating income / (loss) from investment properties is as below

	2022 ***AED'000***	*2021* *AED'000*
Rental income derived from investment properties	**14,737**	11,848
Direct operating expenses	**(5,459)**	(5,824)
Rental income net off direct operating expenses	**9,278**	6,024
Depreciation charge	**(8,521)**	(8,815)
Net profit/(loss) arising from investment properties	**757**	(2,791)

Investment properties are carried at cost and the fair value of the investment properties as of 31 December 2022, based on valuation undertaken by an independent qualified value, amounted to AED 409,560 thousand (2021: AED 397,533 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 (2021: AED nil thousand) was recorded during the year.

11 ASSET HELD FOR SALE

	2022 ***AED'000***	*2021* *AED'000*
Opening balance	**47,293**	45,016
Additions made during the year (refer note (iii) below)	**-**	2,277
Closing balance	**47,293**	47,293

(i) This represents 35.5% shareholding of Autoline Industrial Park Limited ("AIPL) in India which holds industrial plots of land in Maharashtra, India.

(iii) During the year 2021, company paid an amount of AED 2.3 million towards subscription of 858,231 equity shares of AIPL. Allotment of shares was completed in 2022 and the formalities of dematerialization of shares was completed during the year ended 31 December 2022.

(iv) The Board of Directors of AIPL has approved the sale of AIPL and has signed an indicative term sheet with a potential buyer who is in the process of completing the legal and financial due diligence. Board of Directors of the Group also approved sale of its shareholding in AIPL and the Group has signed an indicative term sheet to sale its shareholding in AIPL to this potential buyer. The Group expects to conclude the sale of this investment within next 12 to 15 months.

(v) Management is of the view that the fair value less cost to sell is expected to be higher than the carrying value.

12 INVESTMENTS

	2022	*2021*
	AED'000	*AED'000*
Non-current investments		
Investments carried at FVTOCI		
Investment in quoted securities	**106,120**	135,561
Investment in unquoted securities	**28,309**	29,002
	134,429	164,563
Current investments		
Investments carried at FVTPL		
Investment in quoted securities	**30,105**	33,660
Closing balance	**164,534**	198,223
Quoted:		
UAE	**108,545**	138,139
Outside UAE	**27,680**	31,082
Unquoted:		
UAE	**1,673**	1,972
Outside UAE	**26,636**	27,030
	164,534	198,223

Investments carried at FVTOCI

	2022	*2021*
	AED'000	*AED'000*
As at 1 January	**164,563**	125,614
Purchases made during the year	**5,120**	10,997
Net change in fair value	**(5,105)**	30,104
Disposals during the year	**(30,149)**	(2,152)
As at 31 December	**134,429**	164,563

Cumulative changes in fair value reserve of investment carried at FVTOCI

	2022	*2021*
	AED'000	*AED'000*
As at 1 January	**19,350**	(10,260)
Net change in fair value during the year	**(5,105)**	30,104
Less: transfer to retained earnings upon disposal	**(10,835)**	(494)
As at 31 December (i)	**3,410**	19,350

12 INVESTMENTS (continued)

Change in fair value of interest rate swap

	2022	*2021*
	AED'000	*AED'000*
As at 1 January	**(586)**	(2,054)
Change in fair value during the year	**107**	1,468
As at 31 December (ii)	**(479)**	(586)
Fair value reserve as at 31 December (i) + (ii)	**2,931**	18,764

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 10,612 thousand (2021: AED 13,556 thousand).

Unquoted investments are carried at fair value of shares in the respective investee companies as at 31 December 2022. 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:

	2022	*2021*
	AED'000	*AED'000*
As at 1 January	**33,660**	22,651
Purchases made during the year	**5,993**	11,010
Fair value gain (note 7)	**1,078**	4,965
Loss on disposal of investments (note 7)	**(1,850)**	(199)
Disposals during the year	**(8,776)**	(4,767)
As at 31 December	**30,105**	33,660

13 INVENTORIES

	2022	*2021*
	AED'000	*AED'000*
Raw materials	**101,850**	76,200
Work in progress and semi-finished goods	**80,595**	57,920
Finished goods	**16,630**	15,110
Stores and spares	**102,014**	97,751
	301,089	246,981
Less: provision for slow moving inventories	**(22,053)**	(30,231)
	279,036	216,750
Goods-in-transit	**11,859**	3,253
	290,895	220,003

13 INVENTORIES (continued)

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

	2022 ***AED'000***	*2021* *AED'000*
At 1 January	**30,231**	24,393
Add: provided during the year	**-**	9,838
Less: written back during the year (refer note below)	**(8,178)**	(4,000)
	22,053	30,231

Provision for slow moving inventories was written bank during the year based of the Group's assessment of the net realizable value of the semi-finished goods and also the consumption of the old stock of finished goods during the year ended 31 December 2022.

14 TRADE AND OTHER RECEIVABLES

	2022 ***AED'000***	*2021* *AED'000*
Trade receivables	**227,503**	174,911
Less: allowance for impairment	**(6,226)**	(6,227)
	221,277	168,684
Prepayments and advances to suppliers	**16,519**	12,099
Deposits and other receivables	**2,510**	4,648
	240,306	185,431

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

	2022 ***AED'000***	*2021* *AED'000*
At 1 January	**6,227**	6,237
Less: reversal during the year	**(1)**	(10)
	6,226	6,227

Trade receivables are non-interest bearing and are generally on terms of 150 to 210 days. Ageing analysis of gross trade receivables are as follows:

			Past due		
	Total *AED'000*	*Neither past due nor impaired* *AED'000*	*1 - 90 days* *AED'000*	*91 - 180 days* *AED'000*	*Above 180 days* *AED'000*
2022	**227,503**	**43,458**	**118,679**	**56,885**	**8,481**
2021	174,911	29,823	57,167	64,145	23,776

15 CASH IN HAND AND AT BANK

	2022 AED'000	*2021 AED'000*
Cash in hand	**659**	543
Cash at bank	**12,435**	13,252
	13,094	13,795

16 TRADE AND OTHER PAYABLES

	2022 AED'000	*2021 AED'000*
Trade payables	**120,535**	53,305
Accruals and other payables	**53,604**	38,094
Unclaimed dividend payable to shareholders	**13,035**	13,357
*Payable against construction of property, plant and equipment	**1,100**	1,638
	188,274	106,394

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

17 BANK BORROWINGS

	2022 AED'000	*2021 AED'000*
Long term borrowings:		
Term loans	**143,875**	172,632
Less: short term portion of term loans	**(48,944)**	(58,756)
Long term portion of loan	**94,931**	113,876
Short term borrowings:		
Short term loans	**271,534**	207,265
Current portion of term loans	**48,944**	58,756
	320,478	266,021
	415,409	379,897

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

(ii) Bank borrowings are secured by:

- Demand promissory note for AED 296 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 36 million in favour of one of the banks in UAE. (note 9)
- Registered pledge and assignment of insurance policy over waste heat recovery plant for an amount of AED 30 million in favour of one of the banks in UAE.

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. These covenants were met by the Group as at 31 December 2022 except for the covenants of one bank, where the bank has waived the covenant testing till 31 December 2023.

(iv) The Group has unused credit facilities of AED 180 million (2021: AED 161 million) as at 31 December 2022.

(v) The Group has short-term borrowing with average interest rate of 6.25% to 7.25% p.a. (2021: 2.5% to 3.5% p.a.) as at 31 December 2022.

18 PROVISION FOR STAFF TERMINAL BENEFITS

	2022 AED'000	*2021 AED'000*
At 1 January	**27,955**	27,453
Provision made during the year	**3,997**	2,210
Payments made during the year	**(852)**	(1,708)
At 31 December	**31,100**	27,955

19 SHARE CAPITAL

	2022 AED'000	*2021 AED'000*
Authorised, issued and fully paid up:		
608,253,746 shares of AED 1 each (2021: 608,253,746 shares of AED 1 each)	**608,254**	608,254

20 STATUTORY RESERVE

In accordance with Article 241 of the UAE Federal Law No. (32) of 2021 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 (2021: 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 (2021: 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 2022, calculated as follows:

	2022	*2021*
Net loss for the year (AED'000)	**(39,606)**	(33,802)
Weighted average number of shares outstanding ('000)	**608,254**	608,254
Basic and diluted loss per share (AED)	**(0.065)**	(0.056)

23 CONTINGENT LIABILITIES AND COMMITMENTS

As at 31 December 2022, the Group has issued guarantees relating to performance bonds amounting to AED 1,910 thousand (2021: AED 1,661 thousand), from which it is anticipated that no material liabilities will arise.

The group has commitments towards letter of credit at the reporting date amounted to AED 15,234 thousand (2021: AED 3,236 thousand).

Estimated capital expenditure commitment at the reporting date amounted to AED 7,396 thousand (2021: AED 16,300 thousand).

The Group also has commitments of AED 8,233 thousand (2021: AED 4,486 thousand) 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 02 March 2023, the directors have proposed no cash dividend in respect of the year ended 31 December 2022 (31 December 2021: 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)

	2022 ***AED'000***	*2021* *AED'000*
Manufacturing		
Revenue	**635,456**	493,894
Cost of sales	**(637,002)**	(501,165)
Gross loss	**(1,546)**	(7,271)
Miscellaneous income	**3,319**	2,903
Expenses	**(17,024)**	(15,296)
Net segment results	**(15,251)**	(19,664)
Investment		
Income from investment in private and public equities and funds	**5,003**	13,500
Income from investment properties	**9,278**	6,024
Depreciation	**(8,521)**	(8,815)
Net segment results	**5,760**	10,709
Finance costs	**(18,696)**	(12,447)
Unallocated expenses - Head office	**(11,419)**	(12,400)
Loss for the year	**(39,606)**	(33,802)

Other information

At 31 December 2022	***Manufacturing*** ***AED'000***	***Investment*** ***AED'000***	***Total*** ***AED'000***
Segment assets	**1,454,375**	**454,175**	**1,908,550**
Segment liabilities	**634,780**	**3**	**634,783**
Depreciation	**71,060**	**8,521**	**79,581**
Capital expenditure	**64,439**	**5,121**	**69,560**

At 31 December 2021	*Manufacturing* *AED'000*	*Investment* *AED'000*	*Total* *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

25 SEGMENT REPORTING (continued)

Geographical information

The following table presents revenue, asset and liability information regarding geographic segments for the years ended 31 December 2022 and 31 December 2021.

At 31 December 2022	***Domestic AED'000***	***International AED'000***	***Total AED'000***
Revenue	**478,341**	**157,115**	**635,456**
Investment income	**6,185**	**(425)**	**5,760**

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 2022	***Domestic AED'000***	***International AED'000***	***Total AED'000***
Assets	**1,769,488**	**139,062**	**1,908,550**
Liabilities	**534,854**	**99,929**	**634,783**
Capital expenditure	**65,242**	**4,318**	**69,560**

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

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:

	2022 AED'000	*2021 AED'000*
Short term employee benefits and end of service benefits	**8,261**	8,173
Number of key management personnel	**15**	16
Director's fees (note below)	**-**	-

26 RELATED PARTIES TRANSACTIONS (continued)

At the Board of Directors meeting held on 02 March 2023, the directors proposed an appropriation for the directors' fee amounting to AED nil for the year ended 31 December 2022 which is subject to the approval by the shareholders in the annual general meeting. At the Annual General Meeting held on 7 March 2022, the shareholders approved the directors' fee amounting to AED nil for the year ended 31 December 2021.

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 2022.

27 FINANCIAL INSTRUMENTS BY CATEGORY

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

	2022	*2021*
	AED'000	*AED'000*
Financial assets		
Loans and receivables		
Trade and other receivables (excluding advances & prepayments) (Note 14)	**223,787**	173,332
Cash and bank balances (Note 15)	**13,094**	13,795
	236,881	187,127
FVPTL financial assets (Note 12)	**30,105**	33,660
FVTOCI financial assets (Note 12)	**134,429**	164,563
	401,415	385,350
Financial liabilities		
Other financial liabilities at amortised cost		
Trade and other payables (excluding deposits and advances)	**186,513**	105,787
Borrowings (Note 17)	**415,409**	379,897
	601,922	485,684

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:

	2022	*2021*
	AED'000	*AED'000*
Trade receivables (less provision for impairment loss)	**221,277**	168,684
Deposits and other receivables	**2,510**	4,648
Cash at banks	**12,435**	13,252
	236,222	186,584

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:

	2022 AED'000	*2021 AED'000*
Domestic	**197,176**	164,075
Other regions	**39,047**	22,509
	236,222	186,584

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 2022:

	Gross value 2022 AED'000	***Allowances for expected credit losses 2022 AED'000***	***Expected credit loss (ECL)***
Secured trade receivables	**136,334**	**-**	**0.00%**
Unsecured trade receivables	**88,891**	**4,248**	**4.78%**
Specific provision on trade receivable	**1,978**	**1,978**	**100.00%**
	227,203	**6,226**	

	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	

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 2022				
Non-derivative financial liabilities				
Trade and other payables	**188,274**	**188,274**	**188,274**	**-**
Payable against construction of property, plant and equipment/Investment property	**1,100**	**1,100**	**1,100**	**-**
Bank borrowings	**415,409**	**453,782**	**349,692**	**104,090**
	604,783	**643,156**	**539,066**	**104,090**

	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

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:

	2022 AED'000	*2021 AED'000*
Fixed rate instruments		
Financial assets	**-**	508
Financial liabilities	**26,798**	65,283
Variable rate instruments		
Financial liabilities	**388,611**	314,596

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 2022	**Nominal Amount**	**320,478**	**94,931**
	Fair value assets (liabilities)	**349,692**	**104,090**
31 December 2021	Nominal Amount	266,021	113,876
	Fair value assets (liabilities)	272,062	117,398

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 2022	**(3,886)**	**3,886**
31 December 2021	(3,146)	3,146

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 2022 and 2021. Capital comprises share capital, reserves, fair value reserves and accumulated losses. As at 31 December 2022, the Group's capital is measured at AED 1,273,767 thousand (2021: AED 1,318,371 thousand).

28 FINANCIAL RISK MANAGEMENT (continued)

Capital Risk Management (continued)

	1 January 2022 AED'000	***Cash inflows AED'000***	***Cash outflows AED'000***	***31 December 2022 AED'000***
Short term loan	**207,266**	**826,591**	**(762,323)**	**271,534**
Term loans	**172,631**	**30,000**	**(58,756)**	**143,875**
	379,897	**856,591**	**(821,079)**	**415,409**

	1 January 2021 AED'000	*Cash inflows AED'000*	*Cash outflows 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

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 non-performance 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.

29 MEASUREMENT OF FAIR VALUES (continued)

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

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 loss of AED 5,105 thousand has been recorded during the current year in other comprehensive income (2021: gain AED 30,104 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 2022				
Financial Asset				
Investments carried at FVTOCI	**106,120**	**-**	**28,309**	**134,429**
Investments carried at FVTPL	**30,105**	**-**	**-**	**30,105**
Non Financial Asset				
Investment properties	**-**	**-**	**409,560**	**409,560**
	136,225	**-**	**437,869**	**574,094**
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

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 2022 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 508 thousand (2021: 583 thousand).

32 RISK MANAGEMENT

The market environment in the construction sector is being influenced by the negative effects of the Russian / Ukraine conflict and energy, raw material and transport prices have risen considerably, especially in recent months. In this context, uncertainties remain. Global GDP growth is expected to slow down and risk of recession could be amplified by rising interest rates intended to curb inflation.

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 2022, 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 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 2022 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 on the financial statements other than changes to fair values which have been incorporated as at the year end.

33 TAXATION

Federal Decree Law No 47 of 2022 was issued on 3 October 2022 relating to taxation of Corporations and Businesses in the United Arab Emirates and is effective for tax periods commencing on or after 1 June 2023. Management is in the process of reviewing the Decree Law and will ensure compliance with the requirements of the law from the effective period applicable to the Group.

Governance Report for the year 2022

1. **Measures taken to complete the governance system during the year 2022:**
The Board of Directors of "Sharjah Cement and Industrial Development Company" (PJSC) - (the Board) stresses the importance of what has been established in terms of renewed regulatory reference systems and directives, contained in the decision of the Chairman of the Board of Directors of the Securities and Commodities Authority No.: (3/R.M)) for the year 2020 regarding the adoption of the Governance Guide for Public Shareholding Companies and its amendments, (Governance Decision) in what constitutes and considers the Board of Directors one of the strategic assets in any company. Therefore, the effectiveness of the Board is an important element for the success of the company as a whole through its application of effective practices in the field of governance in a way that contributes to providing better protection for shareholders.

In addition, what is new in the "Governance Resolution" in terms of principles, provisions, and directives that establish the desired goals in terms of obligatory implementation of these regulatory controls, those directed to the company's board of directors to develop the necessary strategy and supervision, which obliges management to adhere to the principles of transparency, disclosure, accountability, responsibility, and justice in order to achieve the sound vision and enhance the validity of the company's decision-making mechanism. All of this leads to what preserves and protects the rights of all stakeholders in legislation and enhances the professional and ethical behavior pursued by the company. There is no doubt that this dispels the concerns of investors and gives confidence in the company and in the capital market in the country in general, in addition to contributing to attracting foreign or local investments.

In the context of continuous oversight efforts to measure the effectiveness of applying the corporate governance system, the Board of Directors confirms that it conducts a periodic review of the governance framework at the various levels of the company and makes the necessary adjustments to its elements, in accordance with the company's adoption of the following:

a. The company's legal reference and regulatory directives adhere to the Securities and Commodities Authority's decision (No. 3/R.M) for the year 2020 regarding the adoption of the Governance Guide for Public Shareholding Companies and its amendments. The "Governance Decision" amending the Company's Articles of Association to comply with the Authority's aforementioned decision 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 Decision No. (3 / R.M) for the year 2020 regarding the adoption of the Governance Guide for

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Public Shareholding Companies in the formation of the Board of Directors of the company, and its amendment by Resolution No. (8 / R.M) for the year 2021 amending Article (9) / item (3) of the "Authority Resolution" No. (3/R.M) for the year 2020 regarding the company's commitment to include at least "one" female member in the formation of the Board of Directors, in whatever the case may be, whether by appointment, election, vacancy of a position, or increase in membership 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. At the level of the work of the Board during the year 2022, the full compliance of the Board of Directors of the company with the work mechanisms that take into account the principles and basic elements of governance, those that are specific and sponsor the mechanism for holding meetings of the Board and its permanent committees in accordance with the approved charter of the "Board" that regulates the work of the committees and follow-up on the recommendations of the reports submitted to the Board during the year in line with the required controls governing the work of the Internal Control Department, as the Board is 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's work, in a manner that secures the permanent control effort of the "Board" to measure the effectiveness of applying the company's governance system.

d. The Board's keenness and commitment and the company's obligations to comply with the applicable regulations and directives of the regulatory authorities in terms of disclosing periodic financial reports, material information, the ownership of insiders and their relatives, the dealings of related parties with the company and the benefits that may be enjoyed by members of the Board of Directors and the senior executive management and other disclosures required in Their time periods specified by the decisions of the Authority and/or the financial markets in the country and other relevant regulatory authorities, in a way that ensures transparency and fosters the general investment climate.

e. The company's compliance with the periodic update of the regular disclosure of the company's insider register confirms the commitment to the directives of the UAE's regulatory authorities and the revision of the company's professional conduct regulations in terms of the confidentiality of information deposited with them by the company or its clients and the prohibition of leaking that essential internal information that affects and distinguishes some over others in dealing in the company's shares by the aim of enhancing investor confidence.

f. Commitment to integrity and rational professional behavior as a policy pursued by the company in communicating with shareholders, employees and other stakeholders in order to ensure the establishment of transparency and fairness

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through regulatory controls issued from time to time by the Authority regarding the proper application of those decisions, which oblige information to be presented transparently, impartially and in a timely manner.

g. Continuous guidance of the company with what is decided by the Board regarding the fulfillment of all social, environmental and institutional responsibilities imposed by the legislative systems in the country, commitment of the company towards the environmental issues and adherence to the established controls. As well as participating in activities and community development events.

The Board's adoption of the above application frameworks confirms its core commitment - as one of the most important pillars of corporate governance for shareholders to obtain all their rights related to their shares as established by law and system.

2. Transactions of Board members, their spouses, and children in the company's securities during the year 2022 :

Name	Position/ Relationship	Total purchase	Total sale	Shares owned on 31/12/2022
Mr. Othman Mohamed Sharif Zaman	Chairman of Board of Directors	Nil	Nil	998,870 shares
Dr. Saeed Abdullah Jumah Al-Mutawa	Vice Chairman	Nil	Nil	Nil
His Exc. / Abdul Rahman Mohammed Al Owais	member	Nil	Nil	Nil
Omar Ibrahim Abdullah Al-Mulla	member	Nil	Nil	Nil
Rashid Abdullah Muhammad Ali Burehaima	member	Nil	Nil	Nil
Khaled Mohammed Abdullah Al-Khayal	member	Nil	Nil	7,328,187
Nawaf Abdullah Muhammad Al-Rifai	member	Nil	Nil	6,430
Mohamed Ahmed Omar Al-Karbi	member	Nil	Nil	185.000
Al-Salem Company Ltd. "LLC" represented by Ahmed Salem Abdullah Al Hosani	member	Nil	Nil	32,484,350

3. Formation of the Board of Directors:

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Pursuant to the regulation of Article (9) of the directives of the Chairman of the Authority's Board of Directors Decision No. (3/R.M) for the year 2020 regarding the adoption of the Governance Guide for Public Shareholding Companies and taking into account the subsequent decisions approved by (Decision No. (8 / R.M) for the year 2021 - and Resolution No. (6 / R.M) for the year 2022), the current Board of Directors includes (9) nine members who were appointed and elected from the company's shareholders (session 2020-2023 and their nature is emphasized in accordance with the guidelines of Article 9 mentioned above.

a. Statement of the formation of the current Board of Directors:

1- Othman Mohamed Sharif Zaman			
Position	Category	Experience and qualifications	Membership starting date
Chairman of Board of Directors	Independent	* Bachelor of Industrial Engineering * An expert in financial and banking affairs.	1996
2- Dr. Saeed Abdullah Al Mutawa			
Position	Category	Experience and qualifications	Membership starting date

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Vice President	Non-Executive/ Independent	* PhD in Management - University of Salford - UK. * Master of Executive Business Administration - University of Sharjah - United Arab Emirates. * Bachelor of Business Administration - University of Arizona - United States of America. * Diploma in General Studies - Pima College, Arizona - USA. * Diploma in Business Administration - Pima College, Arizona - USA. * Member of the National Council (2015-2019). * Member of the International Parliament (2017-2019) * Associate lecturer at (University of Sharjah Center for Continuing Education and Community Service. (2018-2019). * Vice President of the Asian Parliamentary Union (2016-2018). * Chairman of the Finance 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 Council of the Government of Sharjah (1998-2008). * Department of Finance - Government of Sharjah (1990-1998). * Director of the Financial Aid Department. (1996-1998). * Head of Government Accounts Department (1990-1994)	2020
3- His Exc. / Abdul Rahman Mohammed Al Owais			
Position	Category	Experience and qualifications	Membership starting date
Member	Independent	* B.Sc in Accounting, UAE University	2017
4- Omar Ibrahim Abdullah Al-Mulla			

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Position	Category	Experience and qualifications	Membership starting date
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 Abdullah Muhammad Ali Burehaima

Position	Category	Experience and qualifications	Membership starting date
Member	Non-Executive/ Independent	* Bachelor of Business Administration - Portland State University - USA	2020

6- Khaled Mohammed Abdullah Al-Khayyal

Position	Category	Experience and qualifications	Membership starting date
Member	Non-Executive	* Bachelor of Accounting - Higher Colleges of Technology	2020

7- Nawaf Abdullah Muhammad Al-Refae

Position	Category	Experience and qualifications	Membership starting date
Member	Independent	* Bachelor of Business Administration - Marketing - Kuwait University	2017

8- Mohamed Ahmed Omar Al-Karbi

Position	Category	Experience and qualifications	Membership starting date
Member	Independent	* Bachelor of Science in Civil Engineering "American University - Sharjah". * Master's Degree in Business Administration, "UAE University, Abu Dhabi". * Holder of PMP certificate.	2017

9- Al-Salem Company Ltd. "LLC" represented by Ahmed Salem Abdullah Al Hosani

Position	Category	Experience and qualifications	Membership starting date

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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-	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-	His Excellency / 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-	Omar Ibrahim Abdullah Al-Mulla	* Chairman of the Board of Directors of the Sharjah Hamriyah Independent Energy Company. * Executive Director of the Investment and Business Partnerships Sector - Sharjah Asset Management Company. * Member of the Sports Marketing and Investment Committee - Sharjah Sports Board.
5-	Rashid Abdullah Mohammed Burehaima	* Director of Business and Partnerships - Sharjah Asset Management Company.
6-	Khaled Mohammed Abdullah Al-Khayal	* Member of the Board of Directors of Sharjah Insurance Company. (Previously). * Chairman of the Board of Trustees of Sharjah Charitable House Foundation * Member of the Board of Directors of Al Khayal 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).

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7-	Nawaf Abdullah Al-Refae	* 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-	Mohamed Ahmed Omar Al-Karbi	* Member of the Board of Directors of the Al Mushrif Cooperative Society - Abu Dhabi
9-	Ahmed Salem Abdullah Al Hosani Representative of Al Salem Company Limited (LLC)	* Managing Director of Sharjah Insurance 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. **Percentage of female representation in the Board of Directors for the year 2022:**
There is no representation of females in the current Board composition (2020-2023), bearing in mind that all necessary measures have been taken to comply 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 of public shareholding companies to make it mandatory for women to be represented in the composition of the board of directors and disclose it properly.

c. **Reasons for females not running for candidacy for board membership:**
The absence of a female member within the composition of the current Board of Directors (2020-2023) session is due to the fact that no female member submitted a candidacy for membership for the Board in its current session. The company affirms its commitment and adoption of the directions of the gender diversity policy in the company's board of directors and works to urge and encourage the female component who meet the legal conditions for candidacy for board membership in / or before the next session of the board, pursuant to Authority Decision No. (3 / R.M) of 2020 Amendment 2021 in the matter of governance.

d. **Board member's Remuneration:**
Determining the remuneration of the company's board of directors falls under the tasks of the existing Nominations and Remunerations Committee, which is based on the directives and controls of Article "29" of the Authority's Decision No. 3/2020 and Article No. 57 of the Articles of Association for the company so that it does not exceed (10)% of the net profit for the ending fiscal year after deducting depreciation and reserves.

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1. The total remuneration of the members of the Board of Directors for the year 2021: No remuneration has been allocated to the members of the Board of Directors of the company for the **year 2021.**
2. The Board of Directors will discuss the recommendation of the Annual General Assembly for the year 2022, **not to allocate** remuneration for the members of the Board for the **year 2022.**

3. Statement of allowances for attending committee sessions for the fiscal **year 2022:**No allowances were paid for attending committee meetings, or additional salaries or fees were allocated to any member during the year 2022.

Details of allowances or salaries received by a member of the Board of Directors other than allowances for attending committees for the year 2022:

The members of the Board of Directors did not receive any fees for attending the meetings of the Board and/or its committees during the year 2022, 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	Nil	"7" meetings
2-	Omar Ibrahim AlMulla	Audit and Compliance Committee The Remuneration Nominations Committee and the Investment Committee	Nil	"7" meetings
3-	Rashid Abdullah Burehaima	The Remuneration Nominations Committee and the Investment Committee	Nil	"4" meetings
4-	Khalid Mohd. Abdullah Khayyal	Nomination &Remuneration Committee+ Audit and Compliance Committee	Nil	"6" meetings
5-	Mohd. Ahmed Omar Al-Kurbi	Audit and Compliance Committee and Nomination and Remuneration Committee	Nil	"7"meetings
6-	Ahmed Salim Abdullah	Nomination and Remuneration Committee	Nil	The Nomination Committee didn't hold a meeting in 2022

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e. The number of meetings of the Board of Directors during the fiscal year 2022 , the dates of the meetings and attendance :

The company's board of directors held (4) meetings during the year 2022 as follows:

Name	7, March 2022	28, April 2022	28 July 2022	8, Nov. 2022
Othman Moh. Sharif Zaman	✓	✓	✓	✓
Dr. Saeed Abdullah Juma	✓	✓	✓	✓
HE. Abd Al Rahman Moh. AlOwais	Apology	Apology	✓	Apology
Omar Ibrahim Al Mulla	✓	✓	✓	✓
Rashid Abdullah Burehaima	-	✓	✓	✓
Khalid Moh. Khayyal	-	✓	✓	✓
Nawaf Abdullah AlRefae	Apology	✓	✓	✓
Moh. Ahmed Omar Kurbi	✓	Apology	✓	✓
Ahmed Salim Abdullah Hussani	✓	✓	Apology	✓

f. Board resolutions passed by circulation during the fiscal year 2022:
Nothing

g. The tasks and competencies of the Board of Directors entrusted to the Executive Management during the year 2022:

The Board of Directors of the company in its current session "2020-2023" delegated the "General Manager" and the senior executive management team to carry out the following tasks and duties in accordance with the approved plans and in compliance with the strategic directives of the Board and in accordance with the framework of the Board's obligations contained in Article "14" of the "Authority Resolution" No. (3/ R.M) for the year 2020 regarding the Governance Guide:

1. Daily management of the company's operations according to operational plans and directing the executive staff according to the company's strategic objectives approved and assigned by the Board of Directors.

2. Submit accurate periodic reports detailing the company's technical and financial conditions, its business, and the measures taken to manage risks and the company's internal control system in a timely manner, in order to enable the board to adopt its decisions in the correct manner for achieving the

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company's interests, as well as to enable the company's board of directors to implement control in terms of the consistency of what the management is doing, executive objectives, plans and policies set by him.

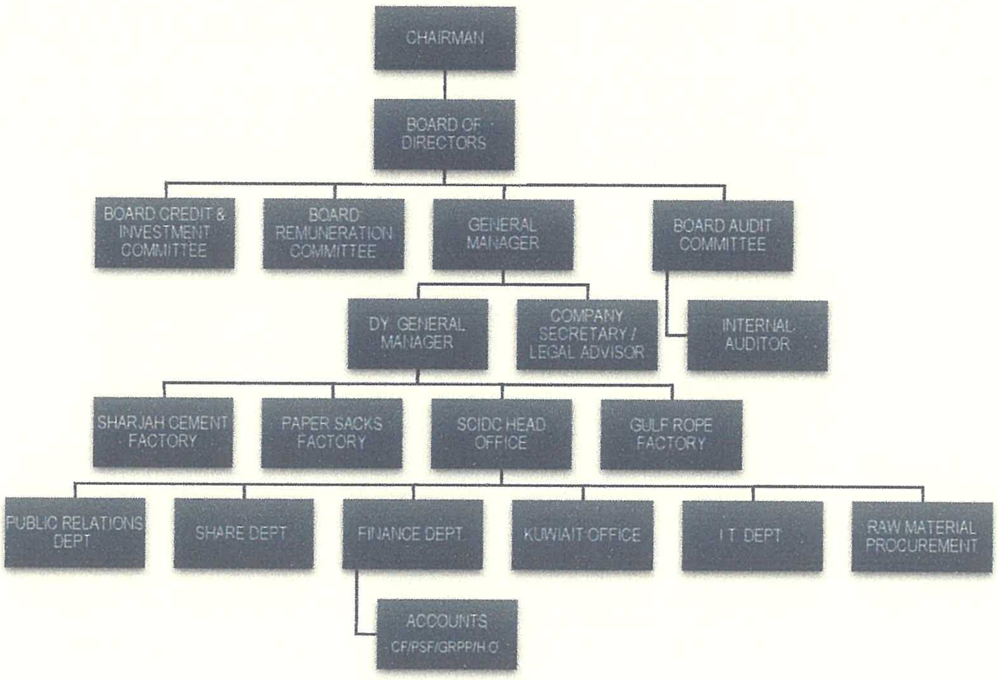
3. Manage the executive body of the company in accordance with the goals and business strategy approved by the Board to ensure compliance and activation of laws and regulations to ensure the implementation of the company's objectives within the framework of the approved "Authority Resolution" directives, the Abu Dhabi Securities Market and the applicable laws and in accordance with the expectations of the shareholders.

4. Carry out the implementation of plans and the development of current and future policies and strategies in accordance with the approved frameworks of the Board's strategy, which mainly aim at complying with laws, regulations, requirements of the regulatory authorities, internal policy, regulations and procedures established in a way that enhances the advancement of the company's business in carrying out its business.

h. Transactions that took place with related parties during the year 2022:

There were no transactions with related parties during the year 2022.

i. SHARJAH CEMENT & INDUSTRIAL DEVELOPMENT CO. ORGANIZATION CHART



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

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

Position	Service years	Total salaries & allowances paid in 2022/AED	Total remunerations paid in 2022	Any other in-kind remunerations paid in 2022 or future expected
Gen. Manager	46	1,141,000	N/A	....
DGM	7	924,000	N/A	....
Legal Advisor/Company Secretary	17	559,596	N/A	....
Cement Factory works Manager	15	510,000	N/A	....
Gulf Rope works Manager	8	346,800	N/A	....
Paper sacks Factory works Manager	47	471,000	N/A	....

4-: External Auditor:

a. Brief on the company's Auditors:

Ernst & Young of the United Arab Emirates is one of the largest British companies and a global leader in the field of insurance, transactions, taxation, advisory services, accounting services and auditing in the UAE. Ernst & Young is affiliated to the global organization of member firms of Ernst & Young International Limited. Its professional service network extends globally to include all of Europe, the Middle East, India, Africa and Asia. Ernst & Young has been providing its specialized professional services in the Emirate of Dubai since 1967 and in the Emirate of Sharjah since 1975, through a team of qualified chartered accountants, methodology and quality control. "Ernst & Young" provides its specialized professional accounting and auditing services to "Sharjah Cement and Industrial Development Company" among many of the major public shareholding companies in the country because of its global professional reputation.

b. Statement of fees and costs for auditing or services for the year 2022:

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

- Quarterly reviews (first, second and third quarters).
- Auditing the annual financial statements.
- Attending the meetings of the general assemblies, presenting its report and answering the questions posed by the shareholders of the general assembly.
- Evaluating the presentation of financial statements and ensure their validity.

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- Ensure that the company maintains regular accounts in accordance with the rules.

During the year 2022, 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	**3 years**
The number of years the partner auditor spent auditing the company's accounts	**3 years**
Total audit fees for the financial statements for the year 2022	AED 375,000 +5 % "Value Added Tax"
Fees and costs for special services other than auditing the financial statements for the year 2022	There is no
Details and nature of other services provided	There are no
Other services performed by an external auditor other than the company's auditor during 2022	Auditor Name: Baker Tilly "MKM " Certified Public Accountants Services provided: ICV for SCF MBC Audit Firm provided: ICV for Gulf Rope Factory

c. Reservations made by the company's auditor included in the interim and annual financial statements for 2022:
There are no reservations by the company's auditor regarding the financial and/or annual statements of the company for the year 2022.

5. **Audit and Compliance Committee:**
   a. **Acknowledgment by the Chairman of the Audit Committee of the responsibility for the committee system in the company:**
   Dr. Saeed Abdullah Al-Mutawa, in his capacity as Chairman of the Audit and Compliance Committee, acknowledges his responsibility for the committee system in the company and for reviewing its work mechanism and ensuring its effectiveness.
   b. **The Audit and Compliance Committee consists of the following members of the Board of Directors:**
   c. **The number of meetings held by the committee during the year 2021, their dates and the personal attendance of the members:**

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Ser.	Name	Meeting No. "1" 7/3//2022	Meeting No."2" 28/4/2022	Meeting No. "3" 28/7/2022	Meeting No. "4" 7/11/2022
1-	Dr. Saeed Abdullah Al-Mutawa	✓	✓	✓	✓
2-	Mr. Omar Ibrahim Al-Mulla	✓	✓	✓	✓
3-	Mr. Khaled Mohamed Al Khayal	✓	✓	✓	apology
4-	Mr. Mohamed Ahmed Al-Karbi	✓	✓	✓	✓

The responsibilities and tasks of the committee according to the directives 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 Governance Guide for Public Shareholding Companies" emphasized the role and importance of the audit committee when it requires all of its members to have knowledge and know-how in financial and accounting matters and the previous experience of at least one of its members in The field of accounting or financial matters, as it is the most important permanent committee emanating from the Board of Directors and supporting the Board with the responsibilities entrusted to it by the company's shareholders, especially those related to the company's financial and accounting policies and procedures.
The decision 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) Highlighting aspects subject to management discretion.
  (c) Substantial changes resulting from the audit.
  (d) Assuming the continuity of the company's business.
  (e) Compliance with the accounting standards decided by the Authority.
  (f) Adhere to the listing and disclosure rules and other legal requirements related to the preparation of financial reports.

- Coordinating with the company's board of directors, the senior executive management, the financial manager or the manager carrying out the same tasks in the company in order to perform its duties.

- Considering any important and unusual items that are or should be included in those reports and accounts, and they must pay due attention

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to any issues raised by the company's financial manager, the manager performing the same duties, the compliance officer, or the auditor.

- Submitting and raise recommendation to the Board of Directors regarding the appointment, 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 into consideration.

- Developing and implementing the policy of contracting with the auditor, and submitting a report to the Board of Directors specifying the issues that it deems important to take action on, along with providing its recommendations of the necessary steps to be taken.

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

- Meeting with the company's auditor without the presence of any of the senior executive management or its representatives, 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. And approving the additional work carried out by the external auditor for the benefit of the company and the fees he charges for those works.

- Reviewing and evaluating the company's internal audit and risk management systems.

- Ensuring the availability of the necessary resources for the internal audit function and reviewing and monitoring the effectiveness of that department.

- Any other matters determined by the Board of Directors.

6. **Nominations and Remuneration Committee:**

a. Mr. Khaled Mohammed Abdullah Al-Khayyal, in his capacity as Chairman of the Nominations and Remunerations Committee, acknowledges his responsibility for the committee system in the company and for reviewing its work mechanism and ensuring its effectiveness.

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b. The Nominations and Remuneration Committee consists of the following members of the Board of Directors. The following is a list of meetings and attendance:

	Members	Meetings in 2022(N/A)	Attendance
1-	Mr Khaled Mohammed Al-Khayal	-	-
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 2022:

In accordance with the directives of Article "59" of the Authority's Decision No. (3/R.M) for the year 2020 regarding the adoption of the Governance Guide for Public Shareholding Companies, and its amendments, the tasks of the Nominations and Remuneration Committee is as follows:

- Developing policy for candidacy for the membership of the Board of Directors and Executive Management aimed at taking into account gender diversification within the formation and encouraging women through incentive and training benefits and programmers, and providing the Authority with these policies and any amendments thereto.

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

- Ensuring the independence of the independent members on an ongoing basis. Provided that it intends to monitor the availability of the conditions of independence among the members, with the obligation - when the member is no longer independent - to present the matter to the Board to address the member to clarify the justifications for the lack of independence from him and the member's response about that and in accordance with the organizational directives that must be taken into account.

- Preparing the policy for awarding remunerations, benefits, incentives and salaries for the members and employees of the Board and reviewing it on an 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.

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- Annual review of the required requirements of suitable skills for membership of the Board of Directors and preparation of a description of the capabilities and qualifications required for membership of the Board of Directors, including determining the time that the member should devote to the work of the Board of Directors.

- Reviewing the structure of the Board of Directors and making recommendations regarding changes that may 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 on an annual basis.

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

7. **Committee for Follow-up and Supervision of Insider Dealings:**
   a. An acknowledgment from the person charged with responsibility for the system of follow-up and supervision of insider transactions:
   Mr. Alameldin Gaafar Malik, in his capacity as the "designate" and authorized person for follow-up and supervision of the insiders' dealings, acknowledges his responsibility for the system adopted in the company regarding the follow-up and supervision of the dealings of the insiders and for his review of the work mechanism and ensuring the effectiveness of that.

   b. Mr. Alameldin Gaafar Malik - Legal Adviser and Secretary of the Board of Directors and the company was approved by the Board of Directors in meeting No. "2"/2019 held on May 25, 2019. to follow up and supervise the insiders' dealings.

   Among the duties and competences of the aforementioned, and on the basis of Article “33” of the Authority’s decision regarding controls of governance:

   - Create a register of the names and data of insiders, including persons who may be considered insiders indirectly or temporarily, and who have the right or access to the internal information of the company before it is published, provided that the register includes the previous and subsequent disclosures of the insiders.

   - Management, follow-up and supervision of insider transactions and their ownership, and keeping their records.

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- Submission of periodic reports and updated lists of insiders names at the beginning of each fiscal year to the regulatory authorities and any amendments to them during the fiscal year in accordance with the applicable regulatory directives.

- Full compliance with the necessary disclosures on the Abu Dhabi Securities Exchange website.

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

- Continuous review of the adopted policy regarding insider trading and submitting urgent recommendations regarding any amendments to the Board of Directors to work on their approval in accordance with the rules.
- Preparing the official declarations signed by the insiders and providing them to the regulatory authorities - upon request - and sensing the knowledge of the insider that he possesses internal data and information related to the company and its customers and the legal implications of the insider leaking this information or data or giving advice on the basis of the information he possesses.

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

c. Report on the work of the committee during the year 2022:

- In compliance with the regulatory directives issued by the Securities and Commodities Authority under the periodic circulars that require the disclosure of the names of the company's insiders periodically and at the end of each quarter, the abovementioned has provided the Authority and the Abu Dhabi Securities Exchange with a list that includes the names of the company's insiders and an indication of whether there have been transactions with them in their aforementioned capacity in accordance with the proper form prepared for that, during the year 2022.

8. **Investment Committee:**

A. Dr. Saeed Abdullah Al-Mutawa, Chairman of the Investment Committee, acknowledges his responsibility for the committee's system in the company and for reviewing its work mechanism and ensuring its effectiveness.

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B. The Investment Committee consists of the following members of the Board of Directors. It has held (3) meetings during the year 2022, in the presence of all its members:

Ser.	Name	Meeting No. "1" 17/4/2022	Meeting No. "2" 27/7/2022	Meeting No. "3" 7/11/2022
1-	Dr. Saeed Abdullah Al-Mutawa	✓	✓	✓
2-	Omar Ibrahim Al-Mulla	✓	✓	✓
3-	Rashid A.Moh.Burihaimah	✓	✓	✓
4-	Mr. Mohamed Ahmed Al-Karbi	✓	✓	✓

The committee is entrusted with providing assistance and advice to the Board, reviewing proposals for real estate investments and large stocks, and submitting recommendations to the Board for approval. It also reviews proposals for new businesses or major expansions in factories, and submits recommendations to the Board for approval of routine capital expenditures in factories as part of the annual budget as well as reviewing 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 and 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 internal control system in the company and for continuous review of its effectiveness and efficiency in accordance with the directives of the regulatory authorities. The Governance Guide 2020, which is properly applied to the Board of Directors of the company, confirms the establishment of a permanent internal control system for the company aimed at developing an assessment of the means and procedures for risk management in the company and verifying and ensuring employee compliance with the application of governance rules and the provisions of applicable laws, regulations and decisions governing its work And detailed internal policies and procedures for what the company's internal control system should be.

B. According to the approved work mechanism for approving the recommendations of the "Nomination Committee" in the Board, a management team for internal control was appointed, consisting of a manager and assistants with high qualifications and rich experience in this field in January 2017, and the following were appointed:

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Mr. Kartik Sejpal: Director of the Internal Control Department, a graduate of the Institute of Chartered Accountants of India in 2012. He has professional experience of more than 10 years in the field of auditing and financial management.

C. The Director of Internal Control was also entrusted with the duties of the compliance officer in terms of the company's and employees' compliance with the rules and regulations, while submitting periodic reports to the Board of Directors.

D. In accordance with the Authority's decision No. 3/R.M for the year 2020 regarding the Governance Guide, and pursuant to the directives of Articles (66 and 67) of the Governance Guide, and following the mechanism used in the matter of implementing regulations, adopting appropriate procedures regarding risk management, internal auditing, periodic verification of the company's compliance with the approved mechanism, and monitoring of the company's internal policies and periodic reporting to each of the Board and the Audit Committee in accordance with the applicable directives regarding the implementation of the provisions of the above articles. **The company did not face any problems in the year 2022**.

E. The Internal Control Department issued (4) interim/quarterly reports for the year 2022 on audit work. The committee conducts examination and makes recommendations to the Board of Directors.

10. Violations committed during the year 2022:

No financial violations were detected during the year 2022.

11. The cash and in-kind contributions that the company made during the year 2022 for development of the local community and the environment:

Sharjah Cement and Industrial Development Company, within the framework of its responsibilities towards the community, has maintained the consolidation of the principles approved by the governance controls, its compliance by contributing to the support of the local community of the United Arab Emirates by taking into account the societal and other environmental aspects in the field of the company's activities in consistency with the legislative systems governing that, which contributes accordingly to compliance in its daily operations, the company takes decisions that always take into account the required legislation in the country in terms of the company's social and environmental responsibility alike. The company's contributions always come in support of the local community of the United Arab Emirates with its charitable and community institutions, and sponsoring many activities of social and sports institutions, schools and public benefit associations alike, including: Donations / cash contributions of the company in charitable and social activities:

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Entity Name	Amount (AED)
Khorfakkan Club for the Disabled	50,000
Sharjah City for Humanitarian Services	200,000
Municipality of Al-Bataeh area	20,000
Emirates Society for the Visually Impaired	25,000
WAPA	18,000
Expert Center for Education of the Disabled	20,000
UAE Down Syndrome Association	15,000
Rashid Center	15,000
Sudanese Social Center	25,000
Al-Salam Rehabilitation Center	20,000
Sheikh Mohammed Center	15,000
Al-Tareq Center for autism	15,000
West Asian Disabled Sports Federation	20,000
Sarah Center for Speech and Hearing Rehabilitation	15,000
Emirates Blind Association	20,000
Private Day Care Charity	15,000
Total	508,000

The company also works hard in the matter of the environment and its full compliance remains in place towards its responsibilities in this regard by working to preserve the company's work environment and its 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. A statement of the company's share price in the market (closing price, highest and lowest end price of each month) during the year 2022:

SCIDC TRADES (REGULAR MARKET)

SCIDC Regular Trades During The Year 2022										
Year	Month	OPEN (AED)	CLOSE (AED)	HIGH (AED)	LOW (AED)	Value (AED)	VOLUME	TRADES	Change	% Change
2022	01	0.715	0.670	0.770	0.624	3,359,842.59	4,796,557	207	(0.097)	(12.65)
2022	02	0.678	0.637	0.729	0.625	2,317,255.17	3,585,329	139	(0.033)	(4.93)
2022	03	0.640	0.613	0.699	0.600	2,490,154.86	4,037,381	111	(0.024)	(3.77)
2022	04	0.620	0.655	0.660	0.601	1,676,003.83	2,672,100	97	0.042	6.85
2022	05	0.699	0.645	0.699	0.600	1,073,256.80	1,743,117	41	(0.010)	(1.53)
2022	06	0.645	0.633	0.645	0.577	344,306.66	561,722	31	(0.012)	(1.86)
2022	07	0.580	0.600	0.620	0.580	154,260.00	255,560	9	(0.033)	(5.21)
2022	08	0.550	0.605	0.659	0.548	1,515,278.21	2,520,704	47	0.005	0.83
2022	09	0.600	0.625	0.655	0.550	382,870.51	637,896	19	0.020	3.31
2022	10	0.621	0.590	0.628	0.560	60,850.27	100,961	17	(0.035)	(5.60)
2022	11	0.590	0.570	0.640	0.542	527,105.88	907,340	31	(0.020)	(3.39)
2022	12	0.620	0.615	0.630	0.520	416,021.53	698,456	34	0.045	7.89
						14,317,206.31	**22,517,123**	**783**		

Total	
Value (AED)	14,317,206.31
Volume	22,517,123
Trades	783

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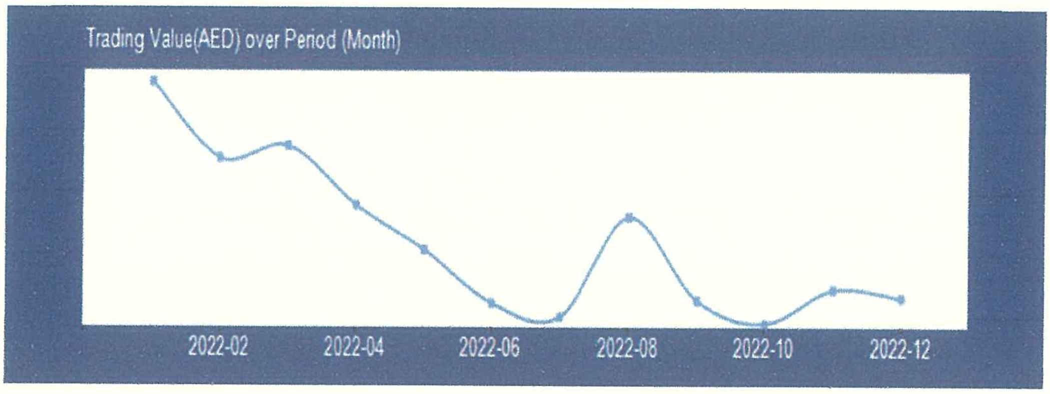

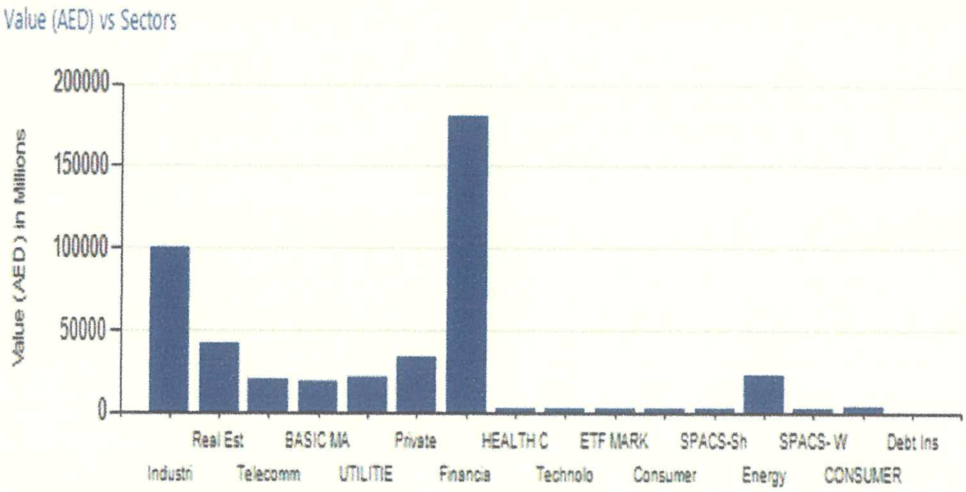

B. Graph indicating sectors' performance in comparison with Adx General Index in 2022

Index Summary

Index		High	Low	Prev Close	Index Close	Change	Change %
FADX15	FADX 15(FADX15)	10,651.15	8,173.70		10,188.57		
FADFSI	FTSE ADX FINANCIALS INDEX(FADFSI)	18,211.46	4,913.64	12,016.26	17,669.13	5,652.87	47.04
FADCSI	FTSE ADX CONSUMER STAPLES INDEX(FADCSI)	11,292.10	4,991.96	10,702.33	8,418.17	(2,284.16)	(21.34)
FADREI	FTSE ADX REAL ESTATE INDEX(FADREI)	8,688.41	5,205.78	6,118.64	6,659.67	541.03	8.84
FADGII	FTSE ADX INDUSTRIALS INDEX(FADGII)	5,053.64	3,590.57	3,721.37	4,028.64	307.27	8.26

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FADENI	FTSE ADX ENERGY INDEX(FADENI)	4,959.91	2,075.71	2,203.93	2,108.65	(95.28)	(4.32)
FADTELI	FTSE ADX TELECOMMUNI-CATIONS INDEX (FADTELI)	9,543.68	4,951.08	7,780.61	5,645.73	(2,134.88)	(27.44)
FADHCI	FTSE ADX HEALTH CARE INDEX(FADHCI)	5,169.97	3,160.24		3,538.61		
FADBMI	FTSE ADX BASIC MATERIALS INDEX(FADBMI)	7,941.18	4,866.31		5,797.34		
FADCDI	FTSE ADX CONSUMER DISCRETIONARY INDEX(FADCDI)	6,027.73	4,604.70		5,454.53		
FADUTI	FTSE ADX UTILITIES INDEX(FADUTI)	16,425.60	4,612.40		13,510.75		
FADGI	FTSE ADX GENERAL INDEX(FADGI)	10,671.32	8,236.89	8,488.36	10,211.09	1,722.73	20.30
FADGMI	FTSE ADX Growth Market Index (FADGMI)(FADGMI)	990.42	-		917.13		

SCIDC's share performance in 2022 compared to ADX General & Industrial Index

Rate	Adx General Index	Adx Industrial Index	SCIDC Index
High	10,671.32	5,053.64	0.770
Low	8,236.89	3,590.57	0.520
Previous Close	8,488.36	3,721.37	0.615
Index Close	10,211.09	4,028.64	0.715
Change	1,722.73	307.27	0.045

P.O. Box: 2083
Sharjah - U.A.E
SHARJAH CEMENT & INDUSTRIAL DEVELOPMENT.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
Tel.: 06-5695666/5684681/5686102-03, Fax: 5683171 هاتف: ٠٣-٥٦٨٦١٠٢/٥٦٨٤٦٨١/٥٦٩٥٦٦٦-٠٦، فاكس: ٥٦٨٣١٧١
E-mail: scidcho@eim.ae, Website: www.sharjahcement.com

P.O. Box: 2083
Sharjah - U.A.E
SHARJAH CEMENT & INDUSTRIAL DEVELOPMENT.CO
شركة الشارقة للاسمنت والتنمية الصناعية

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E-mail: scidcho@eim.ae, Website: www.sharjahcement.com

C. **Distribution of shareholders' ownership as of December 31, 2022 (individuals, companies, governments) classified as follows: local, Arabs and foreigners.**

Owned Shares				
Category	**Individuals**	**Corporates**	**Government**	**Total**
Local	77,763,180	260,114,300	145,220,419	483,097,899
Arabs	33,612,096	84,681,846	--	118,293,942
Foreigners	1,715,122	5,146,783	--	6,861,905
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, 2022**

	Name of the shareholder	Quantity	Ratio
1-	Sharjah Asset Management	89,924,624	14.78%
2-	Ahmed Omar Salim AlKurbi	62,096,759	10.20%
3-	Sharjah Social Security Fund	55,295,795	9,09%
4-	Salem Abdullah Salem Al Hosani	33,532,313	5.51%
5-	AL Salim Co. Ltd	32,484,350	5.34%

E. **Shareholders tabled according to the size of ownership as on December 31, 2022**

	Stock ownership	**Number of shareholders**	**Quantity of Owned Shares**	**Percentage of Owned Shares from the capital**
1-	Less than 50 thousand	1195	11,042,602	1,82%
2-	More than 50 thousand and less than 500 thousand	255	70,199,785	11.53%
3-	More than 500 thousand and less than 5 million	140	127,177,420	20.91%
4-	More than 5 million	16	399,833,940	65.74%
5-	Share Capital	1606	608,253,747	100.00%

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E-mail: scidcho@eim.ae, Website: www.sharjahcement.com

F. **Actions taken regarding investor relations controls:**

The Executive Management works on reviewing the company's policy and strategy in the field of investment, periodic supervision of the policies applied by the company in light of economic changes, standing on decisions related to investments and development projects of the company, as well as approving policies and strategies for development projects. It is also reviewing several matters, including looking into the company's new investments, feasibility studies, financing methods related to it, and everything that would achieve the management's objectives in terms of advancing 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 of the special resolutions presented to the General Assembly in 2022:**

- At the company's General Assembly meeting held in April 2022, and by virtue of a special decision, the amendment of the company's articles of association was approved in accordance with the provisions of Federal Decree Law No. (32) of 2021 regarding commercial companies and the decision of the Chairman of the Securities and Commodities Authority No. (3/R.M).) for the year 2020 regarding approving the Governance Guide for Public Shareholding Companies and its amendments.

H. **Board meeting's 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

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E-mail: scidcho@eim.ae, Website: www.sharjahcement.com

I. **Statement of the material events and important disclosures that the company encountered during the year 2022:**
Non

J. **Deals carried out by the company with more than 5% of the company's capital during 2022:**
Non.

K. **Statement of Emiratization percentage in the company by the end of the years: 2020, 2021, 2022:**
- Emiratization percentage by the end of 2020: 11.75 %
- Emiratization percentage by the end of 2021: 11.8 %
- Emiratization percentage by the end of 2022: 17.24 %

L. **A statement of the innovative projects and initiatives undertaken by the company or being developed during the year 2022:**
Non

Approval of the Corporate Governance Report for the year 2022

Signature	Signature
Chairman of the Board of Directors	Chairman of the Audit and Compliance Committee ....
Date: 2/3/2023	Date: 2/3//2023
Signature Chairman of the Nomination & Remuneration Committee	Signature Director of the Internal Control Department ....
Date: 2/3/2023	Date: 2/3/2023

P.O. Box: 2083 Sharjah - U.A.E
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E-mail: scidcho@eim.ae, Website: www.sharjahcement.com

SUSTAINABILITY REPORT

2022

SHARJAH CEMENT AND INDUSTRIAL DEVELOPMENT CO.

www.sharjahcements.com

“Grow Sustainably with Continuous Quality in Products, Process and People”

CONTENTS

About This Report

1

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 2022 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 and Abu Dhabi Economic Vision 2030.

Scope of the Report

YEAR

The report covers our environmental, social and governance performance for the year 2022.

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@sharjahcementfactory.ae

EXTERNAL ASSURANCE

Our internal team 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 2022

Sustainable Growth

Shareholder equity is AED 1,274 Million.
Book value per share is AED 2.09.
No Incident of Non-compliance with External Laws and Regulations
No Incident of Non-compliance with the Code of Conduct

Health, Safety and Wellbeing of our People

Diverse workforce of 1074 employees from more than 12 different nationalities at SCIDC.
Provided 5,485 hours of training for our employees, Sponsored Students and Trainees including health seminars.
9% Employee Turnover Rate.
No fatality or major accident at work.

Environmental Leadership

Reduced 70,000 tons of annual Carbon emission reduction with Waste Heat Recovery System.
Zero waste to Landfill.
Ensured all waste water is completely recycled and no fresh water is drawn for plant.
Planted 2,000 trees during 2022 and continue to do so in the foreseeable future.
Invested AED 70 million so far in technology to make use of alternative fuels to reduce coal consumption and replace it with recycled waste.

Corporate Social Responsibility

31.25% employees with monthly salaries above AED 8,000 are UAE nationals.
74.52% of total production cost including payroll are procured from local suppliers.
Invested AED 508,000 invested in Community Development and Support.

MESSAGE FROM THE CHAIRMAN

Dear Shareholders,

On behalf of the Board of Directors and myself, I am delighted to share SCIDC's sustainability report for the year 2022. In this report, we share our efforts and performance in the arena of sustainable growth, environment, our people and our broader social responsibility.

We recognize our responsibilities towards preservation of Environment and have worked actively to remain strategically aligned with the UAE Green Agenda and Abu Dhabi Economic Vision 2030.

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.

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 multiple agreement with various Waste Management Organizations for supply of more than 200,000 tons of Solid Recovered Fuel (SRF) generated from industrial and commercial waste in its landfill annually, allowing us to reduce our carbon emissions further. With these agreements and other ongoing arrangements, we plan to replace more than 30% of fossil fuel with alternative fuels during 2023. We are also pleased to announce that we are investing in technology and actively partnering with Municipalities and other private players to enhance the use of alternative fuels further.

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. Our factory campus hosts more than 6000 trees, and we are proud to be one of the greenest factories in the UAE.

We have partnered with Sharjah Municipality to recycle wastewater generated by their water treatment plant in Sharjah. We have used 32 million gallons of wastewater in our cement plant during 2022. 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

About Us

2

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.

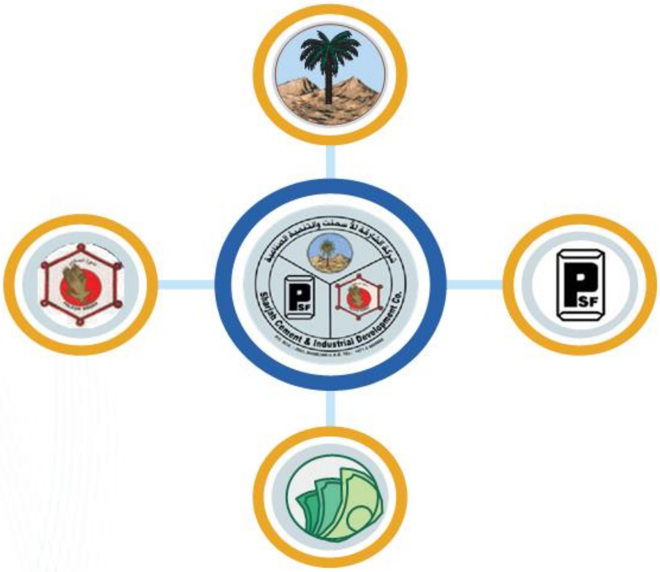
The registered office of the Company is P.O. Box 2083 Sharjah, United Arab Emirates.

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

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.

SCIDC's MOTTO is to "Grow Sustainably with Continuous Quality in Production, Process & People".



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.

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.

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**

American Petroleum Institute

2018-151 | Digital

Certificate of Authority to use the Official API Monogram

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

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**

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

Vice President of Global Industry Services

---

bsi. BSI Kitemark Scheme for Cement

Certificate of Conformity

KITEMARK LICENCE No. KM 35069

Cement Details:

Scheme Code:	SHBA
British Standard:	BS EN 197-1 : COMMON CEMENTS
Classification:	CEM I-SR 3 42,5N
Manufactured by:	SHARJAH CEMENT FACTORY
at:	PO BOX 5419 SHARJAH U.A.E.

Conformity of this cement to the above Standard is evaluated in accordance with EN 197-2 and the Kitemark Product Certification Protocol for Cement by means of:

- continuous sampling and testing by the manufacturer
- independent selection and testing of audit samples by BSI or its agent

This certificate remains valid subject to ongoing assessment by BSI.

Julie Higgins, Certification Manager, BSI
Date: 1st January 2023

Certificate of Conformity valid to: 31st December 2023

bsi. Inspiring trust for a more resilient world.

This Certificate remains the property of BSI and shall be returned immediately upon request.

Information and contact: BSI, Kitemark House, Maylands Avenue, Hemel Hempstead, HP2 4SQ, United Kingdom. Tel: +44 0345 076 5606. BSI Assurance UK Limited, registered in England under number 7805321, at 389 Chiswick High Road, London, W4 4AL, UK. A member of the BSI Group of Companies.

---

bsi. BSI Kitemark Scheme for Cement

Certificate of Conformity

KITEMARK LICENCE No. KM 35068

Cement Details:

Scheme Code:	SHAA
British Standard:	BS EN 197-1 : COMMON CEMENTS
Classification:	CEM I 42,5N
Manufactured by:	SHARJAH CEMENT FACTORY
at:	PO BOX 5419 SHARJAH U.A.E.

Conformity of this cement to the above Standard is evaluated in accordance with EN 197-2 and the Kitemark Product Certification Protocol for Cement by means of:

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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: Theuns Kotze, Managing Director Assurance - IMETA

Original Registration Date: 2011-01-10
Latest Revision Date: 2022-11-03
Effective Date: 2023-01-11
Expiry Date: 2026-01-10

Page: 1 of 1

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An electronic certificate can be authenticated online.
Printed copies can be validated at www.bsigroup.com/ClientDirectory

Information and Contact: BSI, Kitemark Court, Davy Avenue, Knowlhill, Milton Keynes MK5 8PP. Tel: + 44 345 080 9000
BSI Assurance UK Limited, registered in England under number 7805321 at 389 Chiswick High Road, London W4 4AL, UK.
A Member of the BSI Group of Companies.

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: 2021-11-25
Effective Date: 2022-01-10
Expiry Date: 2025-01-09

Page: 1 of 1

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Information and Contact: BSI, Kitemark Court, Davy Avenue, Knowlhill, Milton Keynes MK5 8PP. Tel: + 44 345 080 9000

BSI Assurance UK Limited, registered in England under number 7805321 at 389 Chiswick High Road, London W4 4AL, UK.

BSI Kitemark Scheme for Cement
Certificate of Conformity

KITEMARK LICENCE No. KM 58897

Cement Details:

Scheme Code:	SHGGBS
British Standard:	BS EN 15167-1 : GROUND GRANULATED BLASTFURNACE SLAG
Classification:	GGBS
Manufactured by:	SHARJAH CEMENT FACTORY
at:	PO BOX 5419 SHARJAH U.A.E.

Conformity of this cement to the above Standard is evaluated in accordance with EN 197-2 and the Kitemark Product Certification Protocol for Cement by means of:

- continuous sampling and testing by the manufacturer
- independent selection and testing of audit samples by BSI or its agent

This certificate remains valid subject to ongoing assessment by BSI.

Julie Higgins, Certification Manager, BSI
Date: 1st January 2023

Certificate of Conformity valid to: 31st December 2023

bsi. Inspiring trust for a more resilient world.

This Certificate remains the property of BSI and shall be returned immediately upon request.

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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 Untill:	September 20, 2024
Date of First Approval:	September 21, 2006

GCAS Representative

The certificate remains the property of GCAS Quality Certifications. This certificate will remain valid as long as periodical annual surveillance audits are conducted, client management system conformance to the certified standard and conditions as set out in the terms & conditions. To check this certificate validity, please visit www.gcasquality.com or contact P.O.Box 65561, Dubai, email: info.dubai@gcasquality.com. Further clarification regarding scope of certificate and the applicability of the management system requirements may be obtained by consulting the organization.

Making Challenges into Prosperity

CORDAGE INSTITUTE
SINCE 1920
ADVANCING ROPE AND CORDAGE PRODUCTS

Certificate
OF MEMBERSHIP

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, 2023

EXPIRATION DATE

EFIBCA

- Certificate of Membership -

This certifies that

Gulf Rope & Plastic Products Co. LLC

is a member of the

European Flexible Intermediate Bulk Container Association (EFIBCA)

European Flexible Intermediate Bulk Container Association
2023
EFIBCA

Seref Orhun
EFIBCA President

Torben Knoess
EFIBCA General Secretary

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 2022

August 10th, 2022
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

IMPA MEMBER 2023

impa

CERTIFICATE OF MEMBERSHIP

This is to certify that

Gulf Rope & Plastic Products Co. Llc.

February 2023 - January 2024

has been approved as a **Supplier Member**
of the International Marine Purchasing Association

IMPA1013329

Membership Number

Susan Koefoed
IMPA Chair & CEO

impa International Marine Purchasing Association

Founded in 1978, the International Marine Purchasing Association has been the leading Association for marine purchasing and supply professionals across the globe. The present member has fulfilled all requirements related to the application process and commits to observing the Association's Bylaws.

LR Lloyd's Register

Page 1 of 1
Certificate No: LR2079876TA-01
Issue Date: 07/12/2020
Expiry Date: 06/12/2025

Type Approval Certificate

This is to certify that the undernoted product(s) has/have been tested with satisfactory results in accordance with the relevant requirements of the Lloyd's Register Type Approval System.

Manufacturer	**Gulf Rope & Plastic Products CO LLC.**
Address	Sajaa Industrial Area, Dhaid Road, P.O. Box 21422,, Sharjah,, United Arab Emirates
Type	Mooring Ropes
Description	Polypropylene + Polyethylene
Trade Name	Gulf Rope
Application	Mooring lines
Specified Standard	OCIMF (MEG 4) 4th edition, appendix B8 BS EN ISO 10572:2009 Mixed Polyolefin Fibre Ropes
Ratings	Rope diameters: 32mm to 96mm

This certificate is not valid for equipment, the design, ratings or operating parameters of which have been varied from the specimen tested. The manufacturer should notify Lloyd's Register EMEA of any modification or changes to the equipment in order to obtain a valid Certificate.

The Design Appraisal Document LR2079876TA and its supplementary Type Approval Terms and Conditions form part of this Certificate.

Mayur Jogia
Lead Specialist - Non-Metallics to Lloyd's Register EMEA
A member of the Lloyd's Register group

71 Fenchurch Street, London, EC3M 4BS, United Kingdom

TA01 1.0.0

Our Value Chain

RAW MATERIALS	-	**Extraction & Procurement:** SCF procures its raw materials from local and international suppliers. Extraction materials are also extracted from our own quarrying sites. PSF purchases paper in international markets and other raw materials such as glues and colors are procured locally. GRPP procures raw materials from local and international market.
MANUFACTURING & PRODUCTION	-	**Cement, Paper Bags, 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.
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.

Sustainability at SCIDC

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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 needs to address.

The Sustainable Development Goals (SDGs), otherwise known as the Global Goals, are a universal call to action to end poverty, protect the planet and ensure that all people enjoy peace and prosperity.

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 (GRI) is an international, not-for-profit organization working in the public interest towards a vision of a sustainable global economy where organizations manage their economic, environmental, social, and governance performance and impacts responsibly. Thousands of corporate and public sector reporters in over 90 countries use the GRI Guidelines. GRI's activities are twofold: firstly, the provision of sustainability reporting guidelines and secondly, the development of engagement activities, products and partnerships to enhance the value of sustainability reporting for organizations.

THE INTERNATIONAL INTEGRATED REPORTING COUNCIL (IIRC)

The International Integrated Reporting Council (IIRC) is a group of international leaders from the corporate, investment, accounting, securities, regulatory, academic, standard-setting and civil society areas with a mission to create the Integrated Reporting framework. The Framework will provide material information about an organization's strategy, governance, performance and prospects in a concise and comparable format, a fundamental shift in corporate reporting.

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. For this reason, we acknowledge the importance of identifying each group and how best to engage them so we can implement their views into our business operations. We frequently interact with our stakeholders through various communication channels, allowing 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.

STAKEHOLDER 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. • Publish 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	• Environmental 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 and 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 pinpoint the most relevant sustainability topics to our organization. An Internal team of management across all factories was constituted to brainstorm and identify key focus areas, assess their impact, and identify and implement 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 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
- Customer relations and satisfaction
- Employee development
- Waste management
- Market expansion
- Health and Safety
- Water management
- GHG emissions
- Product innovation
- Reduce environmental impact
- Energy management

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 continuously. 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 and Profitable Operations

Health, Safety and Wellbeing of our People

Environmental Leadership

Corporate Social Responsibilities

Responsible, Ethical and Profitable Growth

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

Environmental Leadership

SCIDC works continuously to ensure that our operations causes no harm to the surrounding living environment, 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.

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

Corporate Social Responsibility

In line with the 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

Responsible, Ethical & Profitable Growth

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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.

2022 continued to be a challenging year due to significant supply chain issues and multifold increase in commodity prices. While the hospitality, real estate and other sectors bounced back post Covid, construction activities and cement demand in the UAE are yet to see the improvements. In addition, very high energy costs throughout the year, drained our resources and made cement production very expensive. As a result, company reported losses during 2022. The company however managed all other costs wisely and ensured that the company's EBIDTA remained strongly positive during 2022. Company also managed its cash flows to manage its debts. Thus the company was successful in maintaining the shareholders' equity.

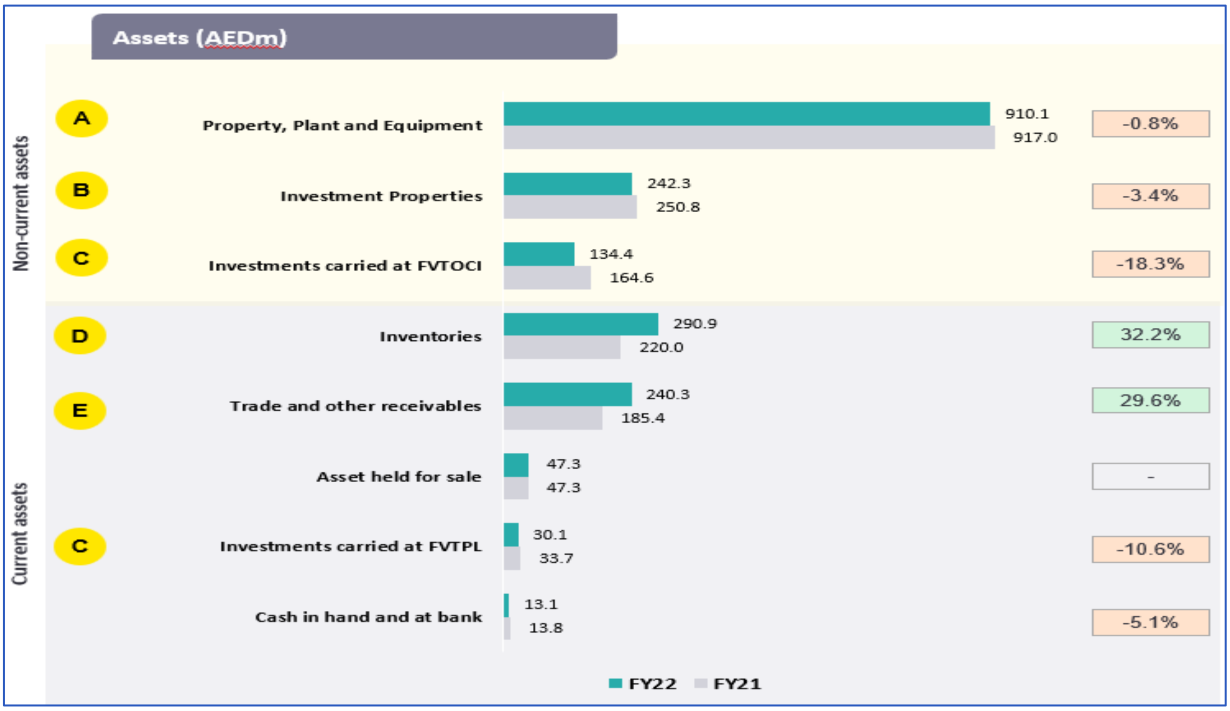
All other cement companies in the country also faced similar challenges and recorded significant losses.

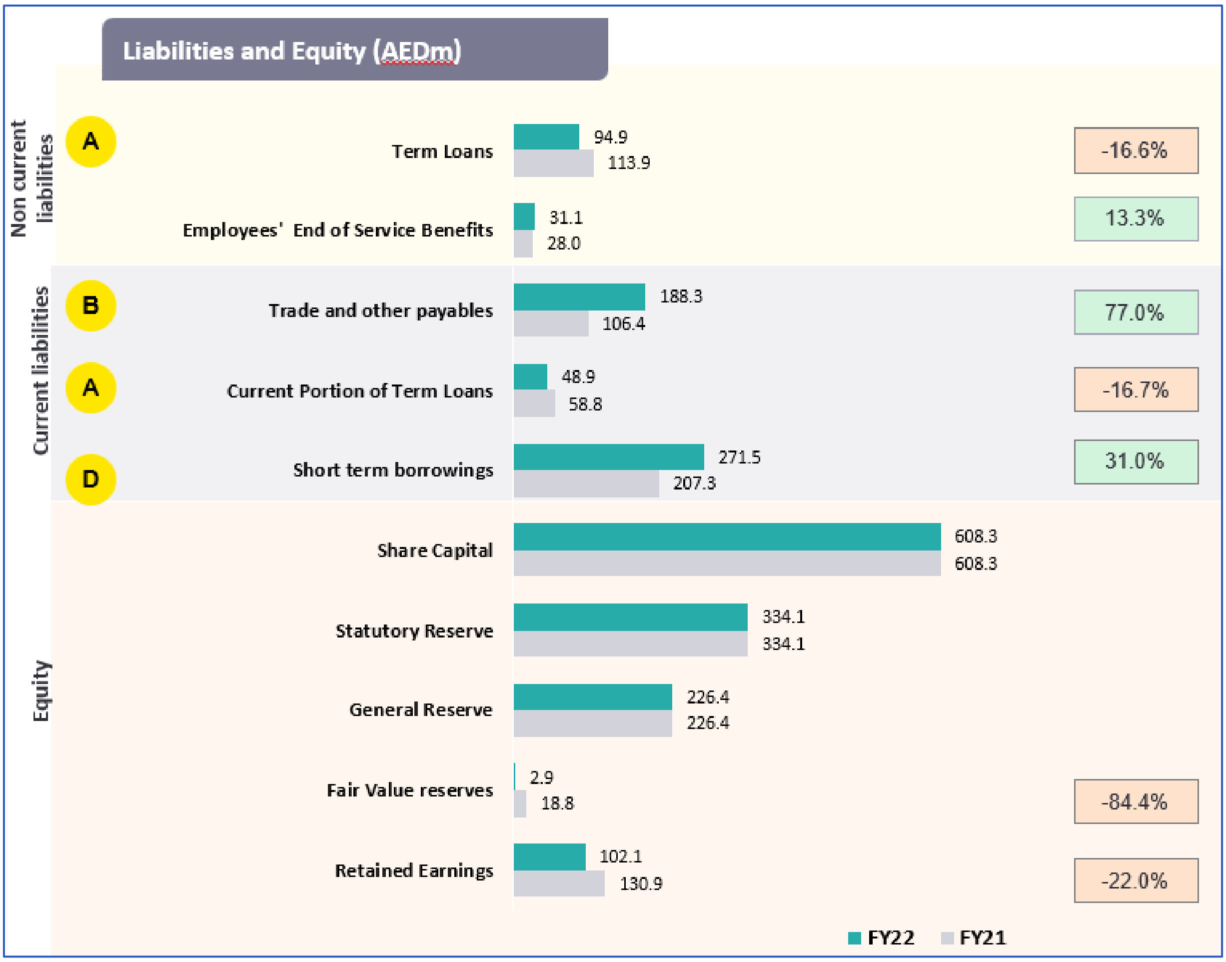
Despite challenges, the company had a turnover of 635.4 million dirhams from the factory operation in 2022, compared to a turnover of 493.9 million dirhams showing an impressive growth of 29% in the revenue. Investment operations resulted in a profit of AED 5.8 million in 2022. The net loss for 2022 was AED 39.6 million, compared to a net loss of AED 33.8 million in 2021.

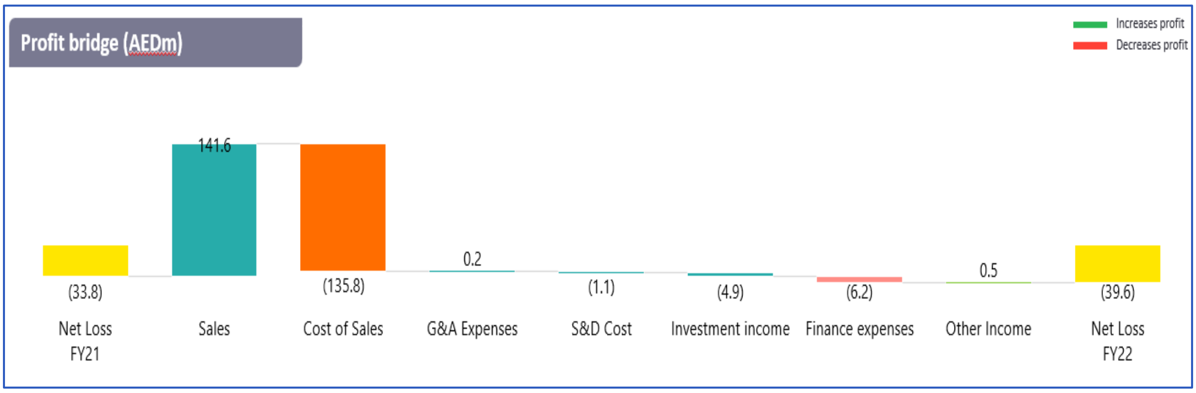
Our Economic Performance

As a major cement producer, we play a significant role in the economic development of the Emirates of Sharjah and UAE. Our 2022 and 2021 performances are highlighted below:

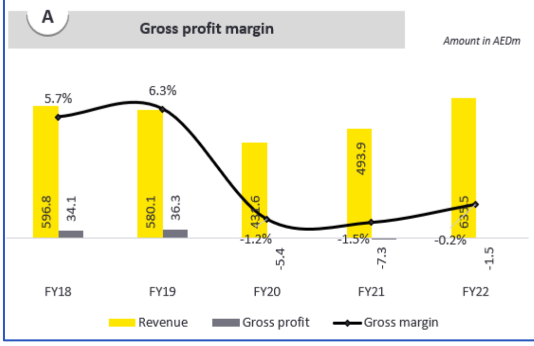
Particulars	FY22 (AEDm)	FY21 (AEDm)	Variance %
Sales	**635.4**	493.9	28.6
Cost of Sales	**(637.0)**	(501.2)	27.1
Gross Loss	**(1.6)**	(7.3)	-78.1
G&A expenses	**(20.7)**	(20.9)	-1.0
Selling and Distribution Cost (S&D cost)	**(7.8)**	(6.7)	16.4
Investment income	**5.8**	10.7	-45.8
Finance expenses	**(18.7)**	(12.5)	49.6
Other Income	**3.4**	2.9	17.2
Loss for the year	**(39.6)**	(33.8)	17.2

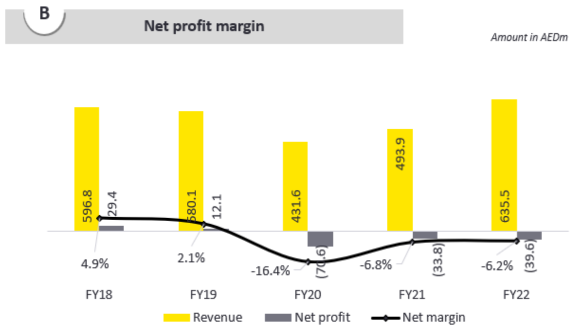

Assets (AEDm)
Non-current assets
Current assets
A Property, Plant and Equipment 910.1 917.0 -0.8%
B Investment Properties 242.3 250.8 -3.4%
C Investments carried at FVTOCI 134.4 164.6 -18.3%
D Inventories 290.9 220.0 32.2%
E Trade and other receivables 240.3 185.4 29.6%
Asset held for sale 47.3 47.3 -
C Investments carried at FVTPL 30.1 33.7 -10.6%
Cash in hand and at bank 13.1 13.8 -5.1%
FY22 FY21


Liabilities and Equity (AEDm)
Non current liabilities
Current liabilities
Equity
A Term Loans 94.9 113.9 -16.6%
Employees' End of Service Benefits 31.1 28.0 13.3%
B Trade and other payables 188.3 106.4 77.0%
A Current Portion of Term Loans 48.9 58.8 -16.7%
D Short term borrowings 271.5 207.3 31.0%
Share Capital 608.3 608.3
Statutory Reserve 334.1 334.1
General Reserve 226.4 226.4
Fair Value reserves 2.9 18.8 -84.4%
Retained Earnings 102.1 130.9 -22.0%
FY22 FY21

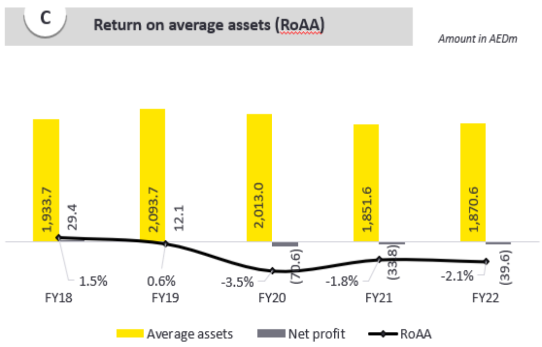


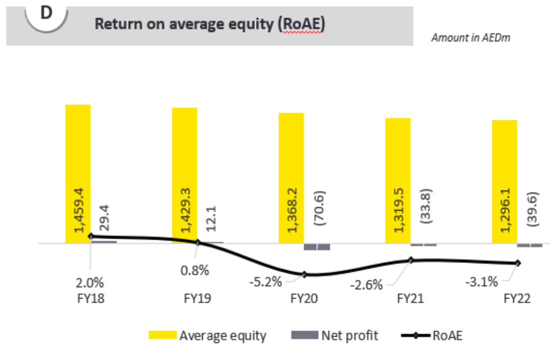
Profitability analysis



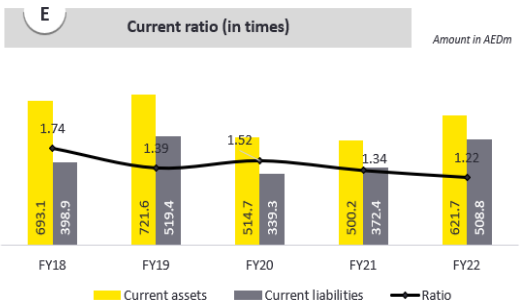


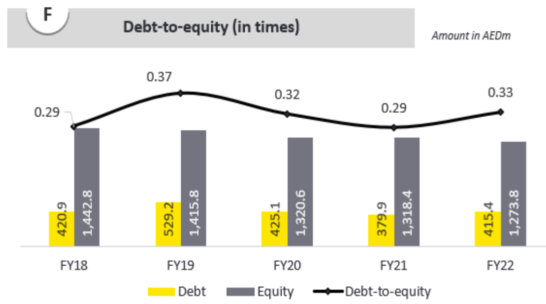
Profitability analysis





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 in the 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.
- Regular trainings of our people to expand their knowledge to keep pace with rapidly expanding technological innovations.

Product Quality

- State of the art quality labs with latest equipment.
- Online 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).
- Online 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

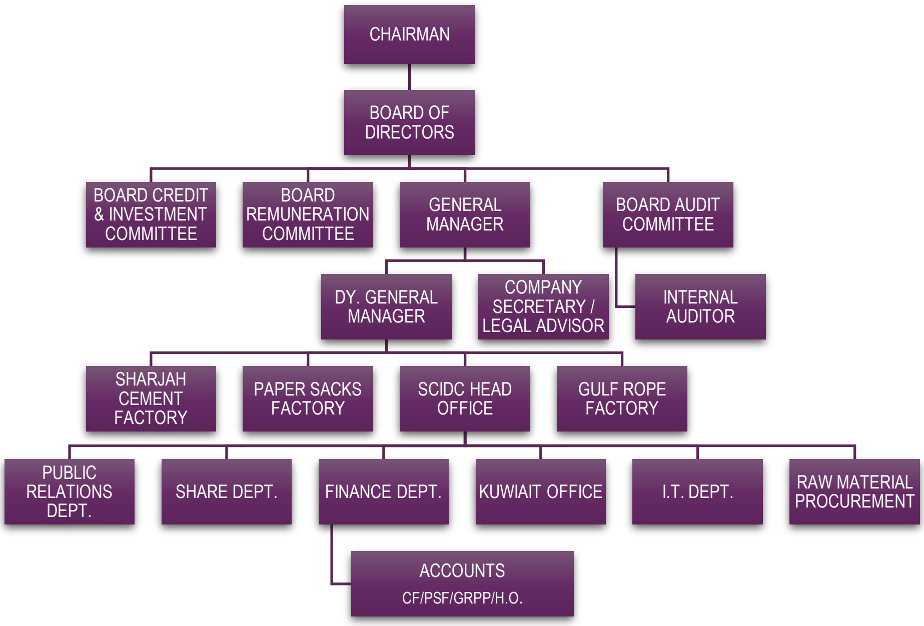
SCIDC realizes the importance of the efforts made by the Securities and Commodities Authority ("SCA") as well as, all the regulatory authorities.

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".

Organization 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 2022, 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:**

   The 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 2022.

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

Dr. Saeed Abdullah Juma AlMutawa	(Committee Chairman)
Mr. Omar Ibrahim Abdalla Ahmed AlMulla	(Member)
Mr. Khalid Mohammed Abdullah AlKhayyal	(Member)
Mr. Mohamed Ahmed Omar Salem AlKarbi	(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 Securities regarding Governance Guide confirmed the role and the importance of the Audit Committee. It stressed that all members of the Committee should have the knowledge and experience in matters of finance and accounting. It is the most important committee formed by the Board of directors and it supports of the board with regard to the responsibilities entrusted to it 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 2022 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 structure of the Board of Directors, 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 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 3 times during the year 2022.

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. Committee also establishes procedures and standards for monitoring, evaluating and comparing performance results on a regular basis and reports 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 Internal Audit Function of the company is Co-Sourced to Aswaar Management Consultancy (AMC), which is a premier management consultancy firm which 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 Big four, financial, banking, and business back grounds and its leaders have worked for two to three decades in the UAE.

The Board Audit & Compliance Committee approved the two years internal audit plan (2023-2024) to cover all business units and focus on core business areas including; production, maintenance, sales, supply chain and support service processes such as finance activities, human resources, administration, corporate governance and compliance. Internal audit reports are presented to the Board Audit & Compliance Committee.

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

- **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.

- **Performance Audit**
  Performance audits benchmark the performance of the company against set goals and industry best practices for performance evaluation and opportunities for improvements.

- **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 2022, the Internal Audit and Compliance Department conducted 11 audits as per the scope agreed with the Board Audit & Compliance Committee.

Health Safety & Wellbeing of our People 5

World Health Organization describes Health is a state of complete mental, social and physical wellbeing, not merely the absence of disease or infirmity. Fostering and promoting wellbeing is good for both employees and organization as organizations can only thrive when positive working environments are created, and this can be a core enabler of employee engagement and organizational performance. We are aware that the work environment and the nature of the work are important influences on health and safety, and they have been the key focus of SCIDC. As an organization, we too play a key role in taking care of and promoting the physical and emotional health, safety, and wellbeing of our employees.

Human Rights

Principles of Human Rights guide our relationship with employees, suppliers, customers, and the communities we operate in. We are committed to ensuring that all our employees are safe, supported and always respected.

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

We fully comply with the Labour Law in vogue and abide by all the policies laid out by the Ministry of Human Resources and Emiratization and ensure that this also extends to all our subcontracted personnel. We subcontract from companies approved by the Ministry of Interior and conduct a Health Safety and Environment induction training for new personnel.

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

Our Human Capital

People cannot be separated from their knowledge, skills, health, or values in the way they can be separated from their financial and physical assets. Education, training, and health are the most important investments in human capital. The value of an individual's experience and skills is the repository of human capital that any organization possesses. These attributes are important as they help employees to perform their jobs more effectively and efficiently.

Employees at SCIDC are a determined team, together we have achieved several important milestones to ensure that the plant is run efficiently. Two projects that are worth mentioning are the Dry Mortar Plant to produce Dry Mortar products, Jumbo Bag Filling stations and Jumbo bag Manufacturing plant. Expertise in project management and technical skills has helped SCIDC in the completion of these projects on time.

Diversity and Inclusion

In a diverse and inclusive environment all employees establish a sense of belonging, this is the reason employees feel connected at work and tend to deliver their best and produce quality work. This in a natural way brings in large gains to the organization by keeping the employees engaged, continuous innovation, improving business results and decision making. To strengthen engagement and accelerate trust in our employees we believe in the following principles when it comes to diversity and inclusion.

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

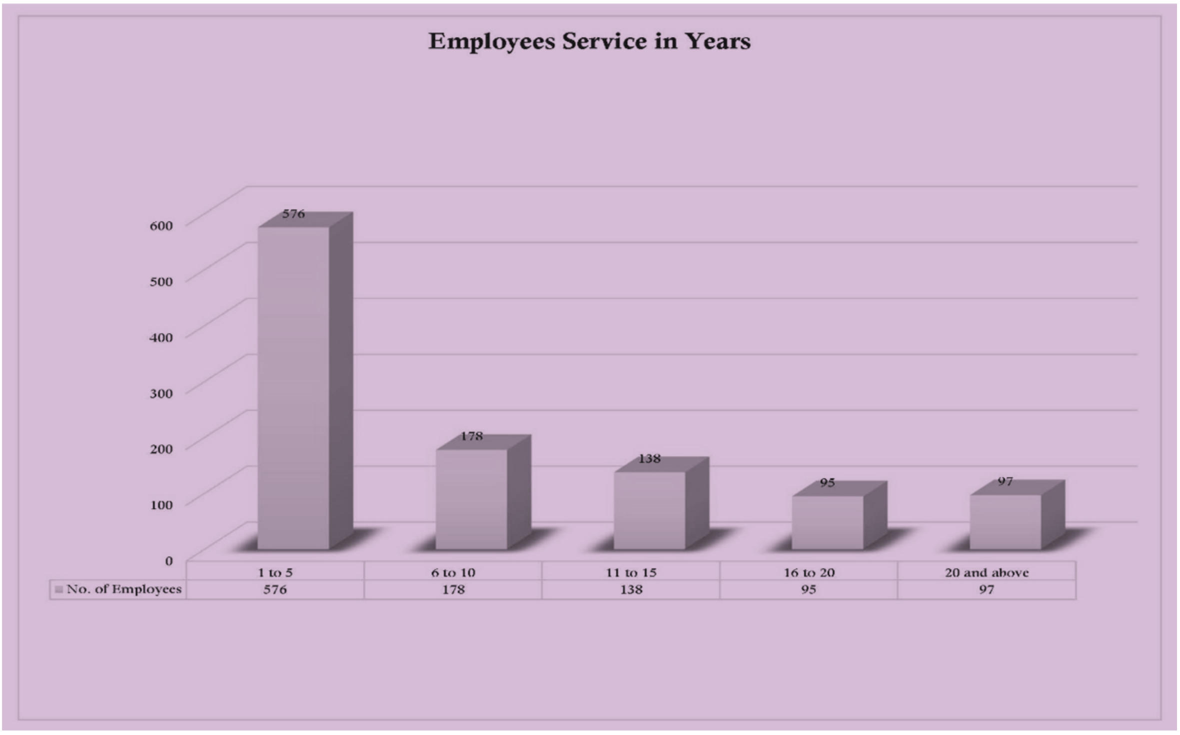
Employee Attraction and Retention

"You're not just recruiting employees but are sowing the seeds of your reputation." This quote is sensitive in all respects. It is a highly competitive environment where everyone is fishing from the same small talent pool and to successfully attract a resource from that pool is like getting people through the door which is only half the battle.

We have managed to attract as well as retain talent, as an organization by adopting the following practices:

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

Our average years of retention of employees is above 11 years.



Employee Training

One of the best ways to enhance knowledge and skills is through training. By providing employees with training relevant to industry can help improve performance and efficiency in the workplace. This also helps the organization in preparing the employee to take up higher responsibilities and also reinforces the fact that they are valued. High potential employees are provided with opportunities to learn "on the job" which directly impacts the employee's career advancement program. Classroom type training is also conducted throughout the year to improve people's knowledge of advancement in technologies, product development and best practices in the industry.

We are proud to highlight that SCIDC has actively participated in the SALAMA training program on Health and Safety initiated by the Government of Sharjah for the last 2 years.

Safety training is an ongoing activity throughout the year this encompasses , First Aid, CPR, Firefighting for both employees and family members residing in the Factory accommodations, Training for Heavy Duty Drivers on Road Safety, Safe offloading of cement and Safe Tipping of raw material, training on Cement Technology both for manufacturing and maintenance related and on various quality, Health, Environmental, Energy standards and to be updated with recent amendments in Labour laws.

A total of 1086 employees were trained, and 5,485 man hours have been dedicated for training activities during 2022.

Employee Engagement

When we invest in employee engagement and team building activities it encourages resilience and helps nurture a culture of growth and development in the workplace. A recent study done by Gartner, a research consultancy firm, has found that 82% of employees are motivated to stay and perform better when they are valued and engaged. Employee engagement is a beautiful platform when employees are recognized and rewarded, as an organization we realize that disengagement leads to lower employee productivity, lower customer engagement and higher employee attritions and to address these and build trust and transparency among employees we have been recognizing and rewarding employees on following best safety practices , timely project completion and execution of special tasks.

We conduct internal Cricket, Football, Volleyball, Badminton, Table Tennis, Carroms and Chess tournaments for employees and family members and also encourage participation of employees in tournaments organized by external sports councils in the UAE ,Rashid Al Leem Premium League, Sharjah Cricket Club, RAK Badminton, Volleyball by RAK Hospital, Badminton Sports Academy, Dubai, Sharjah Municipality to name a few.

Our organization has provided ample space with facilities like Cricket and Football ground, Tennis Court, Badminton Court, Gymnasium, and a Children play area for the residents.

For the enhancement of mind and body, a yoga, meditation room along with a gymnasium with the latest equipment have been provided and for brisk walkers a walking track in a garden atmosphere to walk, exercise and relax for employees and family members is a crowning accomplishment as this encapsulates a 360 degrees of people's engagement.



Occupational Safety

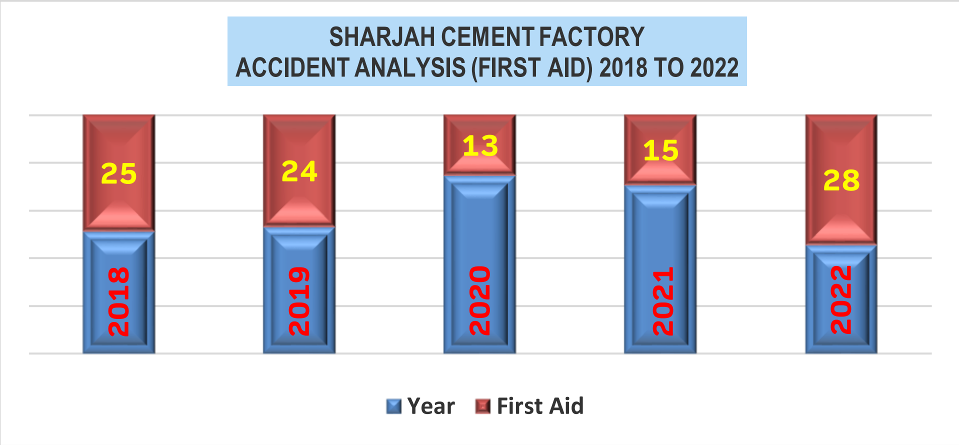
SCIDC Adopts ISO 45001-2018 (OHS) management systems by British Standard Institution (BSI). The HSE department of the company is headed by a full time safety officer who is a qualified International Diploma Health and Safety Engineer.

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:

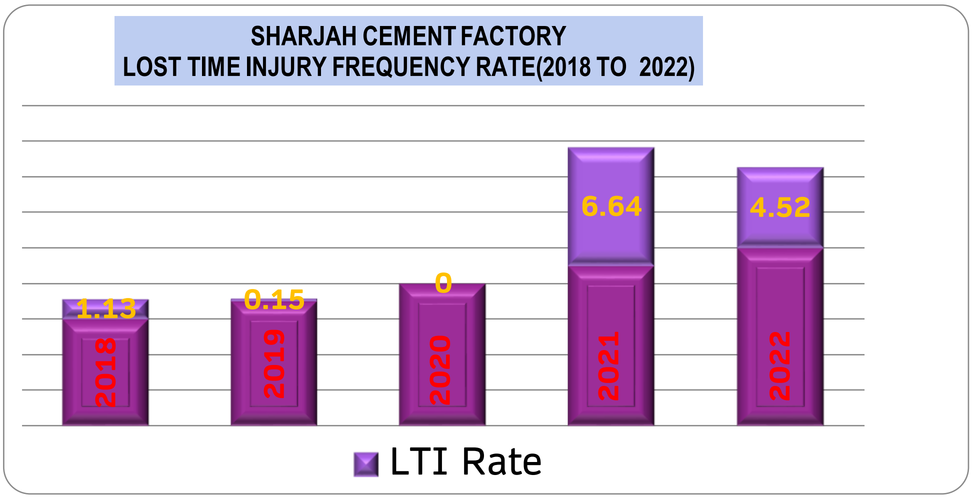
The company is proud of its safety record and has consistently improved its safety performance as shown in the six year graph below:

1. **Accident First Aid and Lost time Injury Analysis (2018 to 2022)**



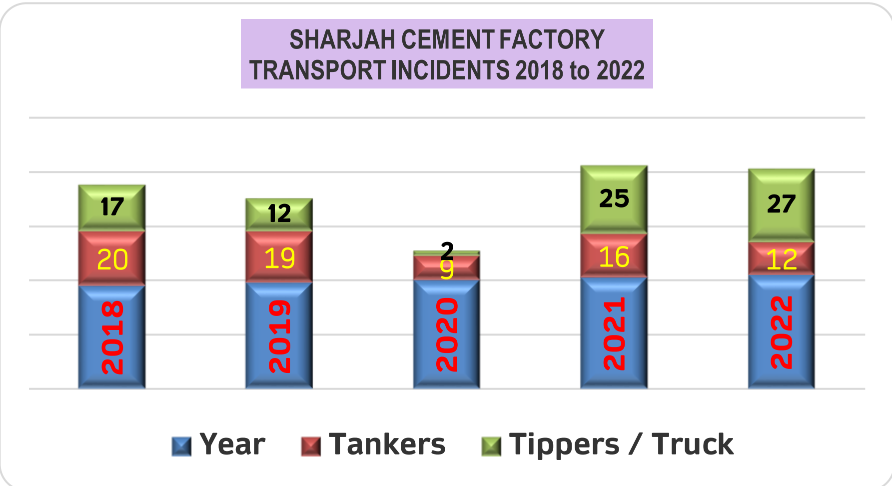
Year	First Aid
2018	25
2019	24
2020	13
2021	15
2022	28

2. **Lost time Injury Analysis (2018 to 2022)**

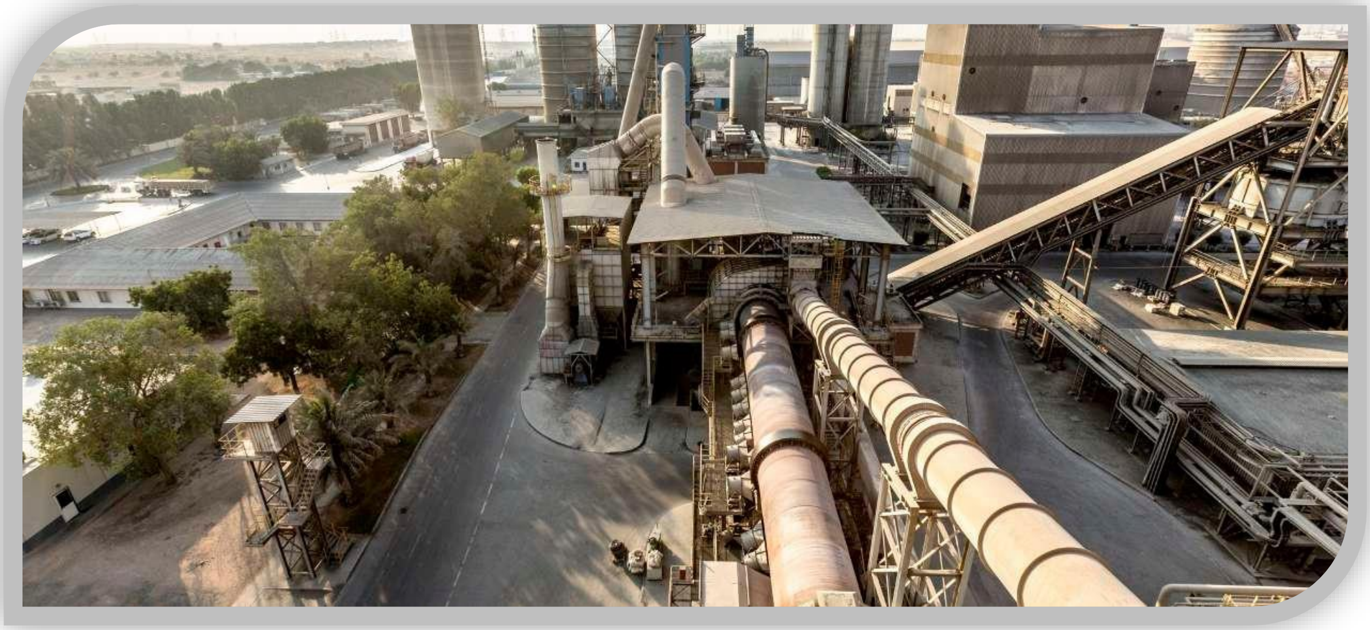


Year	LTI Rate
2018	1.13
2019	0.15
2020	0
2021	6.64
2022	4.52

3. **Transport incident (2018 to 2022).**



Year	Tankers	Tippers / Truck
2018	20	17
2019	19	12
2020	9	2
2021	16	25
2022	12	27



Environmental Leadership, Vision and Mission 6

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.

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.

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 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.

Our Achievements

- **Waste Heat Recovery System**
  - Company's Waste Heat Recovery system was established in 2015 to generate up to 9 MW of electricity from exhaust gases of the Kilns which resulted in annual reduction of 70000 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 multiple agreements with various Waste Management Organizations for supply of around 200,000 tons of Solid Recovered Fuel (SRF) generated from industrial and commercial waste in its landfill annually. 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 10% prescribed by the law.

BEEAH RECYCLING AWARDS CEMENT FACTORY FOR LOWERING EMISSIONS

SHARJAH, 18th January, 2023 (WAM) -- BEEAH Recycling, the waste processing and material recovery business of BEEAH Group, has awarded the title of "Green Partner" to Sharjah Cement Factory for being among the UAE's first cement production facilities to utilize lower emission fuels, contribute to net-zero emissions targets and support the circular economy.

The awarding ceremony was held at the BEEAH Group stand at the World Future Energy Summit (WFES) during Abu Dhabi Sustainability Week (ADSW) in the presence of Issa Al Hashemi, Assistant Under-Secretary for the Sustainable Communities Sector and Acting Assistant Under-Secretary for the Green Development and Climate Change Sector, Ministry of Climate Change and Environment and Khaled Al Huraimel, the Group CEO of BEEAH Group.

- **Recycling of Waste**
  - Sharjah Cement factory has implemented “Zero waste to Landfill” whereby all waste including green waste, ash and other factory waste is recycled.

- **Reuse of Water**
  - Sharjah Cement Factory has signed a reuse agreement with Qatra Water Solutions whereby Qatra will provide dry sludge and treated water from its water treatment plant.
  - The entire factory now runs on treated waste water. We use Zero fresh water in the plant.
  - Sharjah Cement Factory has established a water treatment Plant to recycle all household and factory waste water which is then used for plantations.

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

- **Green Plant**
  - Sharjah Cement Factory boasts to be the greenest plant in the region. During 2022, we have achieved a feat of planting more than 2000 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 latest and efficient plant load management systems like First Bus Transfer (FBT) & 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.

Corporate Social Responsibility

7

Emiratization

- In tune with the vision of HH Dr. Sheikh Sultan Al Qasimi, Ruler of Sharjah, for 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 and Supplier Management

- The company contributed more than 74.52% towards local procurement and supplier management during the year 2022. We are consistently trying to improve this % 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 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.

SHARJAH CEMENT AND
INDUSTRIAL DEVELOPMENT
CO. PJSC

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